

# SENATE BILL NO. 924

May 19, 2020, Introduced by Senator ZORN and referred to the Committee on Finance.

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
(MCL 206.1 to 206.713) by adding section 280.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 280. (1) A taxpayer that makes a qualified investment in  
2 a qualified business after the effective date of the amendatory act  
3 that added this section may claim a credit against the tax imposed  
4 by this part equal to 50% of the qualified investment made during  
5 the tax year. To qualify for the credit under this section, the  
6 taxpayer shall request certification from the Michigan strategic

1 fund within 60 days of making the investment. A taxpayer shall not  
2 claim a credit under this section unless the Michigan strategic  
3 fund has issued a certificate to the taxpayer.

4 (2) The taxpayer shall attach the certificate to the annual  
5 return filed under this part on which a credit under this section  
6 is claimed. The certificate required under this subsection shall  
7 specify all of the following:

8 (a) The total amount of investment made during the tax year by  
9 the taxpayer in each qualified business.

10 (b) The total amount of qualified investments made in each  
11 qualified business if different from the previous amount.

12 (c) The total amount of the credit under this section that the  
13 taxpayer is allowed to claim for the designated tax year.

14 (3) If the amount of the credit allowed under this section  
15 exceeds the tax liability of the taxpayer for the tax year, that  
16 portion of the credit that exceeds the tax liability of the  
17 taxpayer for the tax year shall not be refunded but may be carried  
18 forward to offset tax liability under this part in subsequent tax  
19 years for a period not to exceed 10 tax years or until used up,  
20 whichever occurs first.

21 (4) As used in this section:

22 (a) "Michigan strategic fund" means the Michigan strategic  
23 fund as described in the Michigan strategic fund act, 1984 PA 270,  
24 MCL 125.2001 to 125.2094.

25 (b) "Qualified business" means a business that the Michigan  
26 strategic fund certifies as in compliance with all of the following  
27 at the time of the investment:

28 (i) The business has its headquarters in this state, is  
29 domiciled in this state, and has a majority of its employees

1 working in this state, and its transactions are limited to  
2 residents of this state under section 3(a)(11) of the securities  
3 act of 1933, 15 USC 77c.

4 (ii) The business receives at least 80% of its gross revenues  
5 from the operation of its business in this state.

6 (iii) The business has at least 80% of its assets in this state.

7 (c) "Qualified investment" means a cash or a cash equivalent  
8 investment certified by the Michigan strategic fund in a qualified  
9 business and that is not in a qualified business in which any  
10 member of the investor's family is an employee or owner of the  
11 business or in which the investor or any member of the investor's  
12 family has a preexisting fiduciary relationship with the business.