

HOUSE BILL No. 4036

January 28, 2003, Introduced by Rep. LaSata and referred to the Committee on Tax Policy.

A bill to amend 1975 PA 228, entitled
"Single business tax act,"
(MCL 208.1 to 208.145) by adding section 39h.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 39h. (1) Subject to subsection (3), for tax years that
2 begin after December 31, 2002 and before January 1, 2013, a
3 taxpayer may claim a credit of up to 20% of the amount paid in
4 the tax year to purchase machinery and equipment used exclusively
5 in or on the premises of a manufacturing facility in this state
6 that is the taxpayer's place of business and that is used to
7 manufacture, process, compound, or produce items of tangible
8 personal property from recyclable materials for sale or to
9 process postconsumer waste material used exclusively to produce
10 finished products.

11 (2) To qualify for the credit allowed under this section, the

1 taxpayer shall submit all of the following with the annual return
2 required by this act on which the credit is claimed:

3 (a) Certification from the department of environmental
4 quality that the machinery and equipment purchased are integral
5 to the recycling process.

6 (b) Either of the following:

7 (i) Purchase receipts, invoices, and other documentation of
8 the cost paid for the machinery or equipment.

9 (ii) Other auditable documentation that includes details of
10 the cost paid for the machinery and equipment.

11 (3) The total of the amounts claimed as credits under this
12 section and section 39g for any tax year shall not exceed 20% of
13 the total amount paid by the taxpayer in the tax year to purchase
14 and install machinery and equipment described in subsection (1).

15 (4) The total amount allowable as credits under this section
16 and section 39g for any tax year shall not exceed 20% of the tax
17 liability for that year as determined without regard to this
18 section and section 39g.

19 (5) If the total credits allowed under this section and
20 section 39g for the tax year and any unused carryforward of the
21 credits allowed by this section and section 39g exceed 20% of the
22 claimant's tax liability for the tax year, that portion that
23 exceeds 20% of the tax liability for the tax year shall not be
24 refunded but may be carried forward to offset tax liability in
25 subsequent tax years for 10 years or until used up, whichever
26 occurs first.

27 (6) For purposes of this section, a taxpayer that has a 52-

1 or 53-week tax year beginning not more than 7 days before
2 December 31 of any year is considered to have a tax year
3 beginning after December 31 of that year.

4 (7) Costs paid for machinery and equipment used to calculate
5 a credit under this section or section 39g shall not be used to
6 calculate a credit under section 23.

7 (8) As used in this section:

8 (a) "Manufacturing facility" means buildings and structures
9 the primary purpose of which is either of the following:

10 (i) The manufacture of goods or materials or the processing
11 of goods and materials by physical or chemical change.

12 (ii) The provision of research and development laboratories
13 of companies whether or not the company manufactures the products
14 developed from their research activities.

15 (b) "Recyclable materials" means any product that has served
16 its intended end use and that has been separated from solid waste
17 for the purpose of collection, marketing, and disposition and
18 that does not include demolition waste or more than 15% secondary
19 waste material or demolition waste.

20 (c) "Secondary waste material" means waste material generated
21 after the completion of a manufacturing process.

22 Enacting section 1. This amendatory act does not take
23 effect unless Senate Bill No. _____ or House Bill No. _____
24 (request no. 00257'03) of the 92nd Legislature is enacted into
25 law.