

HOUSE BILL No. 4060

January 28, 2003, Introduced by Reps. Wojno, Accavitti and Bieda 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 37e.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 37e. (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 and install machinery and equipment used
5 exclusively in or on the premises of a manufacturing facility in
6 this state that is the taxpayer's place of business and that is
7 used to manufacture, process, compound, or produce items of
8 tangible personal property from recyclable materials for sale or
9 to process postconsumer waste material used exclusively to
10 produce 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 or installed
5 are integral 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 and for the
9 installation of the machinery or equipment.

10 (ii) Other auditable documentation that includes details of
11 the cost paid for the purchase of machinery or equipment and for
12 the installation of that machinery or equipment.

13 (3) The total amount allowable as a credit under this section
14 for any tax year shall not exceed 20% of the taxpayer's tax
15 liability for that year as determined without regard to this
16 section.

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

24 (5) For purposes of this section, a taxpayer that has a 52-
25 or 53-week tax year beginning not more than 7 days before
26 December 31 of any year is considered to have a tax year
27 beginning after December 31 of that year.

1 (6) As used in this section:

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

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

6 (ii) The provision of research and development laboratories
7 of companies whether or not the company manufactures the products
8 developed from their research activities.

9 (b) "Recyclable materials" means any product generated by a
10 taxpayer that has served its intended end use and that has been
11 separated from solid waste for the purpose of collection,
12 marketing, and disposition and that does not include demolition
13 waste or more than 15% secondary waste material or demolition
14 waste.

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