

# HOUSE BILL No. 5505

December 13, 2005, Introduced by Reps. Accavitti, Wojno, Miller and Cushingberry and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
(MCL 206.1 to 206.532) by adding section 275.

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

1           SEC. 275. (1) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31,  
2   2005, A TAXPAYER MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED UNDER  
3   THIS ACT EQUAL TO THE COST PAID IN THE TAX YEAR OF A COMPUTER  
4   SYSTEM, APPLICATION COMPUTER SOFTWARE, OPERATING SYSTEM SOFTWARE,  
5   OR SYSTEM SOFTWARE THAT IS USED EXCLUSIVELY IN THE TAXPAYER'S HOME  
6   NOT TO EXCEED \$1,000.00, IF THE TAXPAYER HAS A CHILD LIVING IN THAT  
7   HOME WHO IS LESS THAN 18 YEARS OF AGE AND WHO THE TAXPAYER CLAIMS  
8   AS A DEPENDENT UNDER SECTION 30(2) FOR THE TAX YEAR IN WHICH THE  
9   CREDIT UNDER THIS SECTION IS CLAIMED.

10           (2) THE CREDIT UNDER THIS SECTION SHALL BE CLAIMED BY A

1 TAXPAYER ONLY ONCE EVERY 5 YEARS.

2 (3) IF THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION  
3 EXCEEDS THE TAX LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT  
4 PORTION OF THE CREDIT THAT EXCEEDS THE TAX LIABILITY SHALL NOT BE  
5 REFUNDED.

6 (4) AS USED IN THIS SECTION:

7 (A) "APPLICATION COMPUTER SOFTWARE" MEANS A SET OF STATEMENTS  
8 OR INSTRUCTIONS THAT WHEN INCORPORATED IN A MACHINE USABLE MEDIUM  
9 IS CAPABLE OF CAUSING A MACHINE OR DEVICE HAVING INFORMATION  
10 PROCESSING CAPABILITIES TO INDICATE, PERFORM, OR ACHIEVE A  
11 PARTICULAR BUSINESS FUNCTION, TASK, OR RESULT FOR THE NONTECHNICAL  
12 END USER. APPLICATION COMPUTER SOFTWARE INCLUDES ANY OTHER COMPUTER  
13 SOFTWARE THAT DOES NOT QUALIFY UNDER SUBDIVISION (B) OR (C).

14 (B) "OPERATING SYSTEM SOFTWARE" MEANS A SET OF STATEMENTS OR  
15 INSTRUCTIONS THAT WHEN INCORPORATED INTO A MACHINE OR DEVICE HAVING  
16 INFORMATION PROCESSING CAPABILITIES IS AN INTERFACE BETWEEN THE  
17 COMPUTER HARDWARE AND THE APPLICATION COMPUTER SOFTWARE OR SYSTEM  
18 SOFTWARE.

19 (C) "SYSTEM SOFTWARE" MEANS A SET OF STATEMENTS OR  
20 INSTRUCTIONS THAT INTERACTS WITH OPERATING SYSTEM SOFTWARE THAT IS  
21 DEVELOPED, LICENSED, AND INTENDED FOR THE EXCLUSIVE USE OF DATA  
22 PROCESSING PROFESSIONALS TO BUILD, TEST, MANAGE, OR MAINTAIN  
23 APPLICATION COMPUTER SOFTWARE FOR WHICH A LICENSE AGREEMENT IS  
24 SIGNED BY THE LICENSOR AND LICENSEE AT THE TIME OF THE TRANSFER OF  
25 THE SOFTWARE AND THAT IS NOT TRANSFERRED TO THE LICENSEE AS PART OF  
26 OR IN CONJUNCTION WITH A SALE OR LEASE OF COMPUTER HARDWARE.