

SENATE BILL No. 1115

February 14, 2008, Introduced by Senators ALLEN, KAHN, STAMAS, BARCIA and BIRKHOLZ and referred to the Committee on Commerce and Tourism.

A bill to amend 2007 PA 36, entitled
"Michigan business tax act,"
(MCL 208.1101 to 208.1601) by adding section 431a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 431A. (1) A QUALIFIED TAXPAYER MAY CLAIM A CREDIT AGAINST
2 THE TAX IMPOSED BY THIS ACT IN AN AMOUNT UP TO 100% OF THE
3 QUALIFIED SUPPLIER'S OR CUSTOMER'S PAYROLL ATTRIBUTABLE TO
4 EMPLOYEES WHO PERFORM QUALIFIED NEW JOBS AS DETERMINED BY THE
5 MICHIGAN ECONOMIC GROWTH AUTHORITY, MULTIPLIED BY THE TAX RATE FOR
6 THE TAX YEAR FOR A PERIOD OF UP TO 10 YEARS AS DETERMINED BY THE
7 MICHIGAN ECONOMIC GROWTH AUTHORITY. IF THE CREDIT ALLOWED UNDER
8 THIS SUBSECTION EXCEEDS THE LIABILITY OF THE TAXPAYER FOR THE TAX
9 YEAR, THE TAXPAYER MAY ELECT TO HAVE THAT PORTION THAT EXCEEDS THE
10 TAX LIABILITY OF THE TAXPAYER REFUNDED OR TO HAVE THE EXCESS
11 CARRIED FORWARD TO OFFSET TAX LIABILITY IN SUBSEQUENT YEARS FOR 10

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1 YEARS OR UNTIL IT IS USED UP, WHICHEVER OCCURS FIRST. THE MICHIGAN
2 ECONOMIC GROWTH AUTHORITY MAY NOT APPROVE MORE THAN 5 NEW CREDITS
3 IN EACH CALENDAR YEAR UNDER THIS SUBSECTION. IF A QUALIFIED
4 TAXPAYER IS AWARDED A CREDIT UNDER THIS SUBSECTION, ANY SUBSEQUENT
5 CREDITS AWARDED TO THAT QUALIFIED TAXPAYER SHALL NOT BE INCLUDED IN
6 DETERMINING THE YEARLY LIMIT OF 5 NEW CREDITS UNDER THIS
7 SUBSECTION.

8 (2) A TAXPAYER SHALL NOT CLAIM A CREDIT UNDER THIS SECTION
9 UNLESS THE MICHIGAN ECONOMIC GROWTH AUTHORITY HAS ISSUED A
10 CERTIFICATE TO THE TAXPAYER. THE TAXPAYER SHALL ATTACH THE
11 CERTIFICATE TO THE ANNUAL RETURN FILED UNDER THIS ACT ON WHICH THE
12 CREDIT UNDER THIS SECTION IS CLAIMED. THE CERTIFICATE REQUIRED BY
13 THIS SUBSECTION SHALL STATE ALL OF THE FOLLOWING:

14 (A) THE TAXPAYER IS A QUALIFIED TAXPAYER OR QUALIFIED SUPPLIER
15 OR CUSTOMER, WHICHEVER IS APPLICABLE.

16 (B) THE AMOUNT OF THE CREDIT UNDER THIS SECTION FOR THE
17 QUALIFIED TAXPAYER OR THE QUALIFIED SUPPLIER OR CUSTOMER FOR THE
18 DESIGNATED TAX YEAR.

19 (C) THE TAXPAYER'S FEDERAL EMPLOYER IDENTIFICATION NUMBER OR
20 THE MICHIGAN DEPARTMENT OF TREASURY NUMBER ASSIGNED TO THE
21 TAXPAYER.

22 (3) A TAXPAYER THAT CLAIMS A CREDIT UNDER THIS SECTION AND
23 SUBSEQUENTLY FAILS TO MEET THE REQUIREMENTS OF THIS SECTION OR ANY
24 OTHER CONDITIONS INCLUDED IN AN AGREEMENT ENTERED INTO WITH THE
25 MICHIGAN ECONOMIC GROWTH AUTHORITY IN ORDER TO OBTAIN A CERTIFICATE
26 FOR WHICH THE CREDIT WAS UNDER THIS SECTION MAY, AS TO BE
27 DETERMINED BY THE MICHIGAN ECONOMIC GROWTH AUTHORITY, HAVE ITS

1 CREDIT REDUCED OR TERMINATED OR HAVE A PERCENTAGE OF THE CREDIT
2 AMOUNT PREVIOUSLY CLAIMED UNDER THIS SECTION ADDED BACK TO THE TAX
3 LIABILITY OF THE TAXPAYER IN THE YEAR THAT THE TAXPAYER FAILS TO
4 COMPLY WITH THIS SECTION OR THE AGREEMENT.

5 (4) AS USED IN THIS SECTION:

6 (A) "ANCHOR COMPANY" MEANS A QUALIFIED HIGH-TECHNOLOGY
7 BUSINESS THAT IS AN INTEGRAL PART OF A HIGH-TECHNOLOGY ACTIVITY AND
8 THAT HAS THE AUTHORITY OR POTENTIAL AUTHORITY TO DICTATE BUSINESS
9 DECISIONS AND SITE LOCATION OF QUALIFIED SUPPLIERS AND CUSTOMERS.

10 (B) "BUSINESS", "FULL-TIME JOB", "QUALIFIED HIGH-TECHNOLOGY
11 ACTIVITY", "QUALIFIED HIGH-TECHNOLOGY BUSINESS", AND "QUALIFIED NEW
12 JOB" MEAN THOSE TERMS AS DEFINED IN THE MICHIGAN ECONOMIC GROWTH
13 AUTHORITY ACT, 1995 PA 24, MCL 207.801 TO 207.810.

14 (C) "MICHIGAN ECONOMIC GROWTH AUTHORITY" MEANS THE MICHIGAN
15 ECONOMIC GROWTH AUTHORITY CREATED IN THE MICHIGAN ECONOMIC GROWTH
16 AUTHORITY ACT, 1995 PA 24, MCL 207.801 TO 207.810.

17 (D) "QUALIFIED SUPPLIER OR CUSTOMER" MEANS A BUSINESS THAT
18 OPENS A NEW LOCATION IN THIS STATE, A BUSINESS THAT RELOCATES INTO
19 THIS STATE, OR AN EXISTING BUSINESS LOCATED IN THIS STATE THAT
20 EXPANDS ITS BUSINESS WITHIN THE LAST YEAR AS A RESULT OF AN ANCHOR
21 COMPANY AND SATISFIES EACH OF THE FOLLOWING:

22 (i) HAS FINANCIAL TRANSACTIONS WITH THE ANCHOR COMPANY.

23 (ii) BUYS OR SELLS A CRITICAL AND UNIQUE COMPONENT OR
24 TECHNOLOGY NECESSARY FOR THE ANCHOR COMPANY TO MARKET A FINISHED
25 PRODUCT.

26 (E) "QUALIFIED TAXPAYER" MEANS A TAXPAYER THAT IS AN ANCHOR
27 COMPANY THAT HAS BROUGHT A NEW QUALIFIED SUPPLIER OR CUSTOMER INTO

1 THIS STATE THAT CREATED MORE THAN 10 FULL-TIME JOBS AND MADE AN
2 INVESTMENT OF AT LEAST \$1,000,000.00 AS CERTIFIED BY THE MICHIGAN
3 ECONOMIC GROWTH AUTHORITY.