

SUBSTITUTE FOR  
SENATE BILL NO. 748

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
(MCL 206.1 to 206.713) by adding section 31a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1           SEC. 31A. (1) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT  
2   AND FOR THE 2012 TAX YEAR AND EACH TAX YEAR AFTER 2012, "TAXABLE  
3   INCOME" MEANS TAXABLE INCOME AS DETERMINED UNDER SECTION 30 AND,  
4   EXCEPT AS OTHERWISE PROVIDED, SUBSEQUENTLY ADJUSTED UNDER THIS  
5   SECTION.

6           (2) FOR THE 2012 TAX YEAR AND EACH TAX YEAR AFTER 2012 AND TO  
7   THE EXTENT AND FOR THE DURATION PROVIDED IN THE MICHIGAN  
8   RENAISSANCE ZONE ACT, 1996 PA 376, MCL 125.2681 TO 125.2696, TO  
9   DETERMINE TAXABLE INCOME, A QUALIFIED TAXPAYER MAY DEDUCT, TO THE  
10   EXTENT INCLUDED IN ADJUSTED GROSS INCOME, AN AMOUNT EQUAL TO THE

1 SUM OF ALL OF THE FOLLOWING:

2 (A) EXCEPT AS PROVIDED IN SUBDIVISIONS (B), (C), AND (D),  
3 INCOME EARNED OR RECEIVED DURING THE PERIOD OF TIME THAT THE  
4 QUALIFIED TAXPAYER WAS A RESIDENT OF A QUALIFIED RENAISSANCE ZONE.

5 (B) INTEREST AND DIVIDENDS RECEIVED IN THE TAX YEAR DURING THE  
6 PERIOD THAT THE QUALIFIED TAXPAYER WAS A RESIDENT OF A QUALIFIED  
7 RENAISSANCE ZONE.

8 (C) CAPITAL GAINS RECEIVED IN THE TAX YEAR PRORATED BASED ON  
9 THE PERCENTAGE OF TIME THAT THE ASSET WAS HELD BY THE QUALIFIED  
10 TAXPAYER WHILE THE QUALIFIED TAXPAYER WAS A RESIDENT OF THE  
11 QUALIFIED RENAISSANCE ZONE.

12 (D) INCOME RECEIVED BY THE QUALIFIED TAXPAYER FROM WINNING AN  
13 ON-LINE LOTTERY GAME SPONSORED BY THIS STATE ONLY IF THE DATE ON  
14 WHICH THE DRAWING FOR THAT GAME WAS HELD WAS AFTER THE TAXPAYER  
15 BECAME A RESIDENT OF A QUALIFIED RENAISSANCE ZONE AND INCOME  
16 RECEIVED BY THE QUALIFIED TAXPAYER FROM WINNING AN INSTANT LOTTERY  
17 GAME SPONSORED BY THIS STATE ONLY IF THE TAXPAYER WAS A RESIDENT OF  
18 A QUALIFIED RENAISSANCE ZONE ON THE VALIDATION DATE OF THE LOTTERY  
19 TICKET FOR THAT GAME.

20 (3) INCOME USED TO CALCULATE A DEDUCTION UNDER ANY OTHER  
21 SECTION OF THIS ACT SHALL NOT BE USED TO CALCULATE A DEDUCTION  
22 UNDER THIS SECTION.

23 (4) IF A QUALIFIED TAXPAYER COMPLETES THE RESIDENCY  
24 REQUIREMENTS UNDER SUBSECTION (11) (E), THE QUALIFIED TAXPAYER MAY  
25 CLAIM THE DEDUCTION ALLOWED UNDER THIS SECTION.

26 (5) TO BE ELIGIBLE FOR THE DEDUCTION UNDER THIS SECTION, A  
27 TAXPAYER SHALL FILE AN ANNUAL RETURN UNDER THIS ACT.

1 (6) A QUALIFIED TAXPAYER SHALL FILE A WITHHOLDING FORM  
2 PRESCRIBED BY THE DEPARTMENT WITH HIS OR HER EMPLOYER WITHIN 10  
3 DAYS AFTER THE DATE THE TAXPAYER COMPLETES THE REQUIREMENTS UNDER  
4 SUBSECTION (11) (E).

5 (7) IF THE DEPARTMENT FINDS THAT A TAXPAYER HAS CLAIMED A  
6 DEDUCTION UNDER THIS SECTION TO WHICH HE OR SHE IS NOT ENTITLED,  
7 THE TAXPAYER IS SUBJECT TO THE INTEREST AND PENALTY PROVISIONS  
8 UNDER 1941 PA 122, MCL 205.1 TO 205.31.

9 (8) ANY PORTION OF TAXABLE INCOME DERIVED FROM ILLEGAL  
10 ACTIVITY CONDUCTED ANYWHERE SHALL NOT BE USED TO CALCULATE A  
11 DEDUCTION UNDER THIS SECTION.

12 (9) THE NET OPERATING LOSS DEDUCTION ALLOWED UNDER SECTION  
13 30(1)(N) SHALL BE CALCULATED WITHOUT REGARD TO THE DEDUCTIONS  
14 ALLOWED UNDER THIS SECTION.

15 (10) IF A TAXPAYER WHO WAS A QUALIFIED TAXPAYER DURING THE TAX  
16 YEAR CHANGES STATUS AND IS NOT A QUALIFIED TAXPAYER OR VICE VERSA,  
17 INCOME SUBJECT TO TAX UNDER THIS ACT SHALL BE DETERMINED SEPARATELY  
18 FOR INCOME IN EACH STATUS.

19 (11) AS USED IN THIS SECTION:

20 (A) "DOMICILE" MEANS A PLACE WHERE A PERSON HAS HIS OR HER  
21 TRUE, FIXED, AND PERMANENT HOME AND PRINCIPAL ESTABLISHMENT TO  
22 WHICH, WHENEVER ABSENT, HE OR SHE INTENDS TO RETURN, AND DOMICILE  
23 CONTINUES UNTIL ANOTHER PERMANENT ESTABLISHMENT IS ESTABLISHED.

24 (B) "QUALIFIED RENAISSANCE ZONE" MEANS ONLY THOSE GEOGRAPHIC  
25 AREAS IN A RENAISSANCE ZONE THAT WERE DESIGNATED AS A RENAISSANCE  
26 ZONE UNDER THE MICHIGAN RENAISSANCE ZONE ACT, 1996 PA 376, MCL  
27 125.2681 TO 125.2696, BEFORE JANUARY 1, 2012. A QUALIFIED

Senate Bill No. 748 (S-3) as amended December 14, 2011

1 RENAISSANCE ZONE DOES NOT INCLUDE ANY PORTION OF A RENAISSANCE ZONE  
2 FOR WHICH AN EXTENSION OR RENEWAL IS APPROVED AFTER DECEMBER 31,  
3 2011.

4 (C) "QUALIFIED TAXPAYER" MEANS A TAXPAYER THAT IS A RESIDENT  
5 OF A QUALIFIED RENAISSANCE ZONE AND THAT HAS GROSS INCOME NOT  
6 EXCEEDING \$1,000,000.00 FOR ANY TAX YEAR FOR WHICH THE TAXPAYER  
7 CLAIMS A CREDIT UNDER THIS SECTION.

8 (D) "RENAISSANCE ZONE" MEANS THAT TERM AS DEFINED IN SECTION 3  
9 OF THE MICHIGAN RENAISSANCE ZONE ACT, 1996 PA 376, MCL 125.2683.

10 (E) "RESIDENT" MEANS AN INDIVIDUAL DOMICILED IN AN AREA THAT  
11 IS A QUALIFIED RENAISSANCE ZONE FOR A PERIOD OF 183 CONSECUTIVE  
12 DAYS. A TAXPAYER MAY BEGIN CALCULATING THE 183-DAY PERIOD DURING  
13 THE 183 DAYS IMMEDIATELY PRECEDING THE DESIGNATION OF THE AREA AS A  
14 QUALIFIED RENAISSANCE ZONE. RESIDENT INCLUDES THE ESTATE OF AN  
15 INDIVIDUAL WHO WAS A RESIDENT OF A QUALIFIED RENAISSANCE ZONE AT  
16 THE TIME OF DEATH. AFTER A TAXPAYER HAS COMPLETED THE 183-DAY  
17 RESIDENCY REQUIREMENT UNDER THIS SUBDIVISION, THE TAXPAYER IS  
18 CONSIDERED TO HAVE BEEN A RESIDENT OF THAT QUALIFIED RENAISSANCE  
19 ZONE BEGINNING FROM THE FIRST DAY USED TO DETERMINE IF THE 183-DAY  
20 RESIDENCY REQUIREMENT HAS BEEN MET.

21 Enacting section 1. This amendatory act takes effect January  
22 1, 2012.

23 Enacting section 2. This amendatory act does not take effect  
24 unless [House Bill No. 5157] of the 96th Legislature is enacted into  
25 law.