

# HOUSE BILL No. 4967

September 13, 2011, Introduced by Rep. Farrington 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 206.713) by adding section 673.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 673. (1) A TAXPAYER THAT HAS CLAIMED A CREDIT UNDER  
2 FORMER 1975 PA 228 OR UNDER THE MICHIGAN BUSINESS TAX ACT, 2007 PA  
3 36, MCL 208.1101 TO 208.1601, THAT INCLUDED A PROVISION THAT  
4 ALLOWED FOR A REDUCTION IN THE CREDIT AMOUNT, A TERMINATION OF THE  
5 CREDIT, OR A PERCENTAGE OF THE CREDIT AMOUNT PREVIOUSLY CLAIMED  
6 ADDED BACK TO THE TAX LIABILITY OF THAT TAXPAYER UNDER THAT ACT IF  
7 THE TAXPAYER FAILED TO COMPLY WITH ANY TERMS OF THE AGREEMENT OR  
8 OTHER CONDITIONS OF THAT CREDIT OR IF THE TAXPAYER SELLS OR  
9 OTHERWISE MOVES THE PROPERTY FOR WHICH A CREDIT WAS CLAIMED LESS  
10 THAN 5 YEARS AFTER THE YEAR IN WHICH THE CREDIT WAS ORIGINALLY  
11 CLAIMED UNDER FORMER 1975 PA 228 OR THE MICHIGAN BUSINESS TAX ACT,

1 2007 PA 36, MCL 208.1101 TO 208.1601, SHALL HAVE A PERCENTAGE, OR  
2 THE ENTIRE AMOUNT, OF THE CREDIT AMOUNT PREVIOUSLY CLAIMED UNDER  
3 FORMER 1975 PA 228 OR THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36,  
4 MCL 208.1101 TO 208.1601, ADDED BACK TO THE TAXPAYER'S TAX  
5 LIABILITY UNDER THIS ACT IN THE YEAR THAT THE TAXPAYER FAILED TO  
6 SATISFY OR BREACHED THE CONDITIONS OF THAT CREDIT SET FORTH UNDER  
7 FORMER 1975 PA 228 OR THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36,  
8 MCL 208.1101 TO 208.1601.

9 (2) A TAXPAYER THAT HAS CLAIMED A CREDIT UNDER SECTION 35A OF  
10 FORMER 1975 PA 228 OR UNDER SECTION 403 OF THE MICHIGAN BUSINESS  
11 TAX ACT, 2007 PA 36, MCL 208.1403, FOR A TANGIBLE ASSET THAT THE  
12 TAXPAYER HAS SOLD, TRANSFERRED OUT OF THIS STATE, OR OTHERWISE  
13 DISPOSED OF DURING THE CURRENT TAX YEAR SHALL TO THE EXTENT THE  
14 CREDIT WAS USED, AND AT THE RATE AT WHICH THE CREDIT WAS USED UNDER  
15 FORMER 1975 PA 228 OR AT THE RATE AT WHICH THE CREDIT WAS USED  
16 UNDER SECTION 403 OF THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL  
17 208.1403, HAVE AN AMOUNT EQUAL TO THE SUM OF THE AMOUNTS CALCULATED  
18 UNDER SUBDIVISIONS (A), (B), AND (C) ADDED BACK TO THE TAXPAYER'S  
19 LIABILITY UNDER THIS ACT FOR THAT SAME TAX YEAR:

20 (A) CALCULATE THE GROSS PROCEEDS OR BENEFIT DERIVED FROM THE  
21 SALE OR OTHER DISPOSITION OF TANGIBLE ASSETS, OTHER THAN MOBILE  
22 TANGIBLE ASSETS, MINUS THE GAIN, MULTIPLIED BY THE APPORTIONMENT  
23 FACTOR FOR THE TAXABLE YEAR AS PRESCRIBED IN CHAPTER 14, AND PLUS  
24 THE LOSS, MULTIPLIED BY THE APPORTIONMENT FACTOR FOR THE TAXABLE  
25 YEAR AS PRESCRIBED IN CHAPTER 14 FROM THE SALE OR OTHER DISPOSITION  
26 REFLECTED IN FEDERAL TAXABLE INCOME AND MINUS THE GAIN FROM THE  
27 SALE OR OTHER DISPOSITION ADDED TO THE CORPORATE INCOME TAX BASE IN

1 SECTION 623.

2 (B) CALCULATE THE GROSS PROCEEDS OR BENEFIT DERIVED FROM THE  
3 SALE OR OTHER DISPOSITION OF MOBILE TANGIBLE ASSETS MINUS THE GAIN  
4 AND PLUS THE LOSS FROM THE SALE OR OTHER DISPOSITION REFLECTED IN  
5 FEDERAL TAXABLE INCOME AND MINUS THE GAIN FROM THE SALE OR OTHER  
6 DISPOSITION ADDED TO THE CORPORATE INCOME TAX BASE IN SECTION 623.  
7 THIS AMOUNT SHALL BE MULTIPLIED BY THE APPORTIONMENT FACTOR FOR THE  
8 TAX YEAR AS PRESCRIBED IN CHAPTER 14.

9 (C) CALCULATE THE FEDERAL BASIS USED FOR DETERMINING GAIN OR  
10 LOSS AS OF THE DATE OF THE TRANSFER OF TANGIBLE ASSETS OTHER THAN  
11 MOBILE TANGIBLE ASSETS.

12 Enacting section 1. This amendatory act takes effect January  
13 1, 2012.