

HOUSE BILL NO. 5601

December 02, 2021, Introduced by Rep. Hall 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 672.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 672. (1) For tax years that begin on and after January 1,
2 2022, a taxpayer may claim a credit against the tax imposed by this
3 part equal to 15% of the taxpayer's qualified research and
4 development expenses in this state incurred during the tax year.

5 (2) If the amount of the credit allowed under this section
6 exceeds the tax liability of the taxpayer for the tax year, that

1 portion of the credit that exceeds the tax liability of the
2 taxpayer for the tax year shall not be refunded but may be carried
3 forward to offset tax liability under this act in subsequent tax
4 years for a period not to exceed 15 tax years or until used up,
5 whichever occurs first.

6 (3) As used in this section:

7 (a) "Advanced automotive technology" means technology as
8 described in section 88a(a) (iv) of the Michigan strategic fund act,
9 1984 PA 270, MCL 125.2088a.

10 (b) "Automated driving system" and "automated motor vehicle"
11 mean those terms as defined in section 2b of the Michigan vehicle
12 code, 1949 PA 300, MCL 257.2b.

13 (c) "Life sciences" and "life sciences technology" mean those
14 terms as defined in section 88a of the Michigan strategic fund act,
15 1984 PA 270, MCL 125.2088a.

16 (d) "Qualified research and development expenses" means
17 research and development expenses that are related to any of the
18 following:

19 (i) The design, development, or improvement of semiconductors,
20 semiconductor devices and equipment, and other related products and
21 technology, such as integrated circuits, and to the processes,
22 techniques, formulas, software, or inventions to sustain the
23 ability of the semiconductor industry to continually improve
24 semiconductor performance and technology while decreasing costs
25 through technological innovation.

26 (ii) The design, engineering, testing, or diagnostics of
27 automated driving systems for automated motor vehicles, related to
28 advanced automotive technology.

29 (iii) The design, development, or improvement related to life

1 sciences technology.

2 (e) "Research and development expenses" means qualified
3 research expenses as that term is defined in section 41(b) of the
4 internal revenue code.

5 (f) "Semiconductor" means the final or intermediate form of
6 any product having 2 or more layers of metallic, insulating, or
7 semiconductor material, deposited or otherwise placed on, or etched
8 away or otherwise removed from, a piece of semiconductor material
9 in accordance with a predetermined pattern and is intended to
10 perform electronic circuitry functions.

11 (g) "Semiconductor industry" means the aggregate of businesses
12 engaged in the design and fabrication of semiconductors and
13 semiconductor devices.