

# HOUSE BILL NO. 4829

June 15, 2023, Introduced by Rep. Aiyash and referred to the Committee on Tax Policy.

A bill to amend 2007 PA 36, entitled  
"Michigan business tax act,"  
by amending section 437 (MCL 208.1437), as amended by 2021 PA 93.

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

1       Sec. 437. (1) Subject to the criteria under this section, a  
2 qualified taxpayer that has unused credits or has a preapproval  
3 letter issued after December 31, 2007 and before January 1, 2014,  
4 or a taxpayer that received a preapproval letter prior to January  
5 1, 2008 under section 38g of former 1975 PA 228 and has not  
6 received a certificate of completion prior to the taxpayer's last

1 tax year, provided that the project is completed not more than 5  
2 years after the preapproval letter for the project is issued unless  
3 extended under subsection (9) or (34) or if it is a multiphase  
4 project not more than 10 years after the preapproval letter, as  
5 amended, if applicable, or as otherwise extended under subsection  
6 (10), for the project is issued, or an assignee under subsection  
7 (20), (21), or (22) may claim a credit that has been approved under  
8 section 38g of former 1975 PA 228 or under subsection (2), (3), or  
9 (4) against the tax imposed by this act equal to either of the  
10 following:

11 (a) For projects approved before April 8, 2008, if the total  
12 of all credits for a project is \$1,000,000.00 or less, 10% of the  
13 cost of the qualified taxpayer's eligible investment paid or  
14 accrued by the qualified taxpayer on an eligible property provided  
15 that the project does not exceed the amount stated in the  
16 preapproval letter, as amended. For projects approved, or amended,  
17 on and after April 8, 2008, if the total of all eligible  
18 investments for a project are \$10,000,000.00 or less, up to 12.5%  
19 of the costs of the qualified taxpayer's eligible investment paid  
20 or accrued by the qualified taxpayer on an eligible property or up  
21 to 15% of the costs of the qualified taxpayer's eligible investment  
22 paid or accrued by the qualified taxpayer on an eligible property  
23 if the project is designated as an urban development area project  
24 by the Michigan economic growth authority to the extent that the  
25 project does not exceed the amount stated in the preapproval  
26 letter, as amended, or, until December 31, 2010, up to 20% of the  
27 costs of the qualified taxpayer's eligible investment paid or  
28 accrued by the qualified taxpayer on an eligible property if the  
29 project is designated as an urban development area project by the

1 Michigan economic growth authority. If eligible investment exceeds  
2 the amount of eligible investment in the preapproval letter, as  
3 amended, for that project, the total of all credits for the project  
4 shall not exceed the total of all credits on the certificate of  
5 completion.

6 (b) For projects approved before April 8, 2008, if the total  
7 of all credits for a project is more than \$1,000,000.00 but  
8 \$30,000,000.00 or less and, except as provided in subsection  
9 (6)(b), the project is located in a qualified local governmental  
10 unit, a percentage as determined by the Michigan economic growth  
11 authority not to exceed 10% of the cost of the qualified taxpayer's  
12 eligible investment as determined under subsection (11) paid or  
13 accrued by the qualified taxpayer on an eligible property. For  
14 projects approved, or amended, on and after April 8, 2008 and  
15 before January 1, 2010, if the total of all eligible investments  
16 for a project is more than \$10,000,000.00 but \$300,000,000.00 or  
17 less, up to 12.5% of the costs of the qualified taxpayer's eligible  
18 investment as determined under subsection (11) paid or accrued by  
19 the qualified taxpayer on an eligible property that, except as  
20 provided in subsection (6)(b), is located in a qualified local  
21 governmental unit, up to 15% of the cost of the qualified  
22 taxpayer's eligible investment as determined under subsection (11)  
23 paid or accrued by the qualified taxpayer on an eligible property  
24 if the project is designated as an urban development area project  
25 by the Michigan economic growth authority, or, until December 31,  
26 2010, up to 20% of the costs of the qualified taxpayer's eligible  
27 investment as determined under subsection (11) paid or accrued by  
28 the qualified taxpayer on an eligible property if the project is  
29 designated as an urban development area project by the Michigan

1 economic growth authority. For projects approved, or amended, on  
2 and after January 1, 2010, if the total of all eligible investments  
3 for a project is more than \$10,000,000.00 but \$100,000,000.00 or  
4 less, up to 12.5% of the costs of the qualified taxpayer's eligible  
5 investment as determined under subsection (11) paid or accrued by  
6 the qualified taxpayer on an eligible property that, except as  
7 provided in subsection (6)(b), is located in a qualified local  
8 governmental unit, up to 15% of the cost of the qualified  
9 taxpayer's eligible investment as determined under subsection (11)  
10 paid or accrued by the qualified taxpayer on an eligible property  
11 if the project is designated as an urban development area project  
12 by the Michigan economic growth authority, or, until December 31,  
13 2010, up to 20% of the costs of the qualified taxpayer's eligible  
14 investment as determined under subsection (11) paid or accrued by  
15 the qualified taxpayer on an eligible property if the project is  
16 designated as an urban development area project by the Michigan  
17 economic growth authority. If eligible investment exceeds the  
18 amount of eligible investment in the preapproval letter, as  
19 amended, for that project, the total of all credits for the project  
20 shall not exceed the total of all credits on the certificate of  
21 completion except as authorized under subsection (34).

22 (2) If the cost of a project will be \$2,000,000.00 or less, a  
23 qualified taxpayer shall apply to the Michigan economic growth  
24 authority for approval of the project under this subsection. An  
25 application under this subsection shall state whether the project  
26 is a multiphase project. Subject to the limitation provided under  
27 subsection (31), the chairperson of the Michigan economic growth  
28 authority or his or her designee is authorized to approve an  
29 application or project under this subsection. Only the chairperson

1 of the Michigan economic growth authority is authorized to deny an  
2 application or project under this subsection. A project shall be  
3 approved or denied not more than 45 days after receipt of the  
4 application. If the chairperson of the Michigan economic growth  
5 authority or his or her designee does not approve or deny the  
6 application within 45 days after the application is received by the  
7 Michigan economic growth authority, the application is considered  
8 approved as written. If the chairperson of the Michigan economic  
9 growth authority or his or her designee approves a project under  
10 this subsection, the chairperson of the Michigan economic growth  
11 authority or his or her designee shall issue a preapproval letter  
12 that states that the taxpayer is a qualified taxpayer; the maximum  
13 total eligible investment for the project on which credits may be  
14 claimed and the maximum total of all credits for the project when  
15 the project is completed and a certificate of completion is issued;  
16 and the project number assigned by the Michigan economic growth  
17 authority. If a project is denied under this subsection, a taxpayer  
18 is not prohibited from subsequently applying under this subsection  
19 for the same project or for another project. The Michigan economic  
20 growth authority shall develop and implement the use of the  
21 application form to be used for projects under this subsection.

22 (3) If the cost of a project will be for more than  
23 \$2,000,000.00 but \$10,000,000.00 or less, a qualified taxpayer  
24 shall apply to the Michigan economic growth authority for approval  
25 of the project under this subsection. An application under this  
26 subsection shall state whether the project is a multiphase project.  
27 Subject to the limitation provided under subsection (31), the  
28 chairperson of the Michigan economic growth authority or his or her  
29 designee is authorized to approve an application or project under

1 this subsection. Only the chairperson of the Michigan economic  
2 growth authority is authorized to deny an application or project  
3 under this subsection. A project shall be approved or denied not  
4 more than 45 days after receipt of the application. If the  
5 chairperson of the Michigan economic growth authority or his or her  
6 designee does not approve or deny an application within 45 days  
7 after the application is received by the Michigan economic growth  
8 authority, the application is considered approved as written. The  
9 criteria in subsection (7) shall be used when approving projects  
10 under this subsection. When approving projects under this  
11 subsection, priority shall be given to projects on a facility. The  
12 total of all credits for an approved project under this subsection  
13 shall not exceed the amounts authorized under subsection (1)(a). A  
14 taxpayer may apply under this subsection instead of subsection (4)  
15 for approval of a project that will be for more than  
16 \$10,000,000.00, but the total of all credits for that project shall  
17 not exceed the amounts authorized under subsection (1)(a). If the  
18 chairperson of the Michigan economic growth authority or his or her  
19 designee approves a project under this subsection, the chairperson  
20 of the Michigan economic growth authority or his or her designee  
21 shall issue a preapproval letter that states that the taxpayer is a  
22 qualified taxpayer; the maximum total eligible investment for the  
23 project on which credits may be claimed and the maximum total of  
24 all credits for the project when the project is completed and a  
25 certificate of completion is issued; and the project number  
26 assigned by the Michigan economic growth authority. If a project is  
27 denied under this subsection, a taxpayer is not prohibited from  
28 subsequently applying under this subsection or subsection (4) for  
29 the same project or for another project.

1           (4) If the cost of a project will be for more than  
2 \$10,000,000.00 and, except as provided in subsection (6)(b), the  
3 project is located in a qualified local governmental unit, a  
4 qualified taxpayer shall apply to the Michigan economic growth  
5 authority for approval of the project. An application under this  
6 subsection shall state whether the project is a multiphase project.  
7 The Michigan economic growth authority shall approve or deny the  
8 project not more than 65 days after receipt of the application. A  
9 project under this subsection shall not be approved without the  
10 concurrence of the state treasurer. If the Michigan economic growth  
11 authority does not approve or deny the application within 65 days  
12 after it receives the application, the Michigan economic growth  
13 authority shall send the application to the state treasurer. The  
14 state treasurer shall approve or deny the application within 5 days  
15 after receipt of the application. If the state treasurer does not  
16 deny the application within 5 days after receipt of the  
17 application, the application is considered approved. The Michigan  
18 economic growth authority shall approve a limited number of  
19 projects under this subsection during each calendar year as  
20 provided in subsection (6). The Michigan economic growth authority  
21 shall use the criteria in subsection (7) when approving projects  
22 under this subsection, when determining the total amount of  
23 eligible investment, and when determining the percentage of  
24 eligible investment for the project to be used to calculate a  
25 credit. The total of all credits for an approved project under this  
26 subsection shall not exceed the amount designated in the  
27 preapproval letter, as amended, for that project. If the Michigan  
28 economic growth authority approves a project under this subsection,  
29 the Michigan economic growth authority shall issue a preapproval

1 letter that states that the taxpayer is a qualified taxpayer; the  
2 percentage of eligible investment for the project determined by the  
3 Michigan economic growth authority for purposes of subsection  
4 (1) (b); the maximum total eligible investment for the project on  
5 which credits may be claimed and the maximum total of all credits  
6 for the project when the project is completed and a certificate of  
7 completion is issued; and the project number assigned by the  
8 Michigan economic growth authority. The Michigan economic growth  
9 authority shall send a copy of the preapproval letter to the  
10 department. If a project is denied under this subsection, a  
11 taxpayer is not prohibited from subsequently applying under this  
12 subsection or subsection (3) for the same project or for another  
13 project.

14 (5) If the project is on property that is functionally  
15 obsolete, the taxpayer shall include with the application an  
16 affidavit signed by a level 3 or level 4 assessor, that states that  
17 it is the assessor's expert opinion that the property is  
18 functionally obsolete and the underlying basis for that opinion.

19 (6) The Michigan economic growth authority may approve not  
20 more than 20 projects each calendar year through December 31, 2009,  
21 not more than 19 projects for the 2010 calendar year, and, except  
22 as otherwise provided under subdivision (d), not more than 17  
23 projects for each calendar year after December 31, 2010 under  
24 subsection (4), and the following limitations apply:

25 (a) Of the projects allowed under this subsection, the total  
26 of all credits for each project may be more than \$10,000,000.00 but  
27 \$30,000,000.00 or less for only 1 project before December 31, 2009.

28 (b) Of the projects allowed under this subsection, up to 3  
29 projects may be approved for projects that are not in a qualified



1 local governmental unit if the property is a facility for which  
2 eligible activities are identified in a brownfield plan or, for 1  
3 of the 3 projects, if the property is not a facility but is  
4 functionally obsolete or blighted, property identified in a  
5 brownfield plan. For purposes of this subdivision, a facility  
6 includes a building or complex of buildings that was used by a  
7 state or federal agency and that is no longer being used for the  
8 purpose for which it was used by the state or federal agency.

9 (c) The project allowed under subdivision (a) may also qualify  
10 under subdivision (b).

11 (d) If the Michigan economic growth authority determines that  
12 there are previously issued credits authorized under section 434(6)  
13 available, the Michigan economic growth authority may approve 2  
14 additional projects for each calendar year after December 31, 2010.  
15 As used in this subdivision, "previously issued credits" means the  
16 total amount of credits authorized by the Michigan economic growth  
17 authority for a taxpayer under section 434(6) that meets all of the  
18 following:

19 (i) The taxpayer did not use any or a portion of the credits  
20 authorized under the written agreement under section 434(6).

21 (ii) The authority determined at a meeting upon a vote of the  
22 majority of the members present that the credits previously  
23 authorized satisfy subparagraph (i).

24 (7) The Michigan economic growth authority shall review all  
25 applications for projects under subsection (4) and, if an  
26 application is approved, shall determine the maximum total of all  
27 credits for that project. Before approving a project for which the  
28 total of all credits will be more than \$10,000,000.00 but  
29 \$30,000,000.00 or less only, the Michigan economic growth authority

1 shall determine that the project would not occur in this state  
2 without the tax credit offered under subsection (4). The Michigan  
3 economic growth authority shall consider the following criteria to  
4 the extent reasonably applicable to the type of project proposed  
5 when approving a project under subsection (4), and the chairperson  
6 of the Michigan economic growth authority or his or her designee  
7 shall consider the following criteria to the extent reasonably  
8 applicable to the type of project proposed when approving a project  
9 under subsection (2) or (3) or when considering an amendment to a  
10 project under subsection (9) or (34):

11 (a) The overall benefit to the public.

12 (b) The extent of reuse of vacant buildings and redevelopment  
13 of blighted property.

14 (c) Creation of jobs.

15 (d) Whether the eligible property is in an area of high  
16 unemployment.

17 (e) The level and extent of contamination alleviated by the  
18 qualified taxpayer's eligible activities to the extent known to the  
19 qualified taxpayer.

20 (f) The level of private sector contribution.

21 (g) The cost gap that exists between the site and a similar  
22 greenfield site as determined by the Michigan economic growth  
23 authority.

24 (h) If the qualified taxpayer is moving from another location  
25 in this state, whether the move will create a brownfield.

26 (i) Whether the project is financially and economically sound.

27 (j) Any other criteria that the Michigan economic growth  
28 authority or the chairperson of the Michigan economic growth  
29 authority, as applicable, considers appropriate for the

1 determination of eligibility under subsection (3) or (4).

2 (8) A qualified taxpayer may apply for projects under this  
3 section for eligible investment on more than 1 eligible property in  
4 a tax year. Each project approved and each project for which a  
5 certificate of completion is issued under this section shall be for  
6 eligible investment on 1 eligible property.

7 (9) If, after a taxpayer's project has been approved and the  
8 taxpayer has received a preapproval letter but before the taxpayer  
9 has made an eligible investment, other than soft costs or as  
10 otherwise authorized under subsection (34), at the property, the  
11 taxpayer determines that the project cannot be completed as  
12 preapproved, the taxpayer may petition the Michigan economic growth  
13 authority to amend the project and the preapproval letter to  
14 increase the maximum total eligible investment for the project on  
15 which credits may be claimed and the maximum total of all credits  
16 for the project. A taxpayer may petition the Michigan economic  
17 growth authority to make any other amendments to the project or  
18 preapproval letter at any time before a certificate of completion  
19 is issued. Except as otherwise authorized under subsection (34),  
20 amendments to the project or preapproval letter may include, but  
21 are not limited to, extending the duration of time provided to  
22 complete the project, as long as that extension does not exceed 10  
23 years from the date of the preapproval letter or as otherwise  
24 extended under subsection (10). However, if a project was approved  
25 prior to December 31, 2008 for 20% of the qualified taxpayer's  
26 eligible investment and a total of less than \$2,000,000.00 for all  
27 credits for that project and that project has received a funding  
28 reservation for an allocation of the federal low-income housing tax  
29 credit administered by the Michigan state housing development

1 authority of more than \$1,100,000.00, then that project may be  
2 amended to extend the duration of time provided to complete the  
3 project to the placed-in-service date of the carryover allocation  
4 agreement for the federal low-income housing tax credit.

5 (10) A project may be a multiphase project. If a project is a  
6 multiphase project, when each component of the multiphase project  
7 is completed, the taxpayer shall submit documentation that the  
8 component is complete, an accounting of the cost of the component,  
9 and the eligible investment for the component of each taxpayer  
10 eligible for a credit for the project of which the component is a  
11 part to the Michigan economic growth authority or the designee of  
12 the Michigan economic growth authority, who shall verify that the  
13 component is complete. When the completion of the component is  
14 verified, a component completion certificate shall be issued to the  
15 qualified taxpayer which shall state that the taxpayer is a  
16 qualified taxpayer, the credit amount for the component, the  
17 qualified taxpayer's federal employer identification number or the  
18 Michigan treasury number assigned to the taxpayer, and the project  
19 number. The taxpayer may assign all or part of the credit for a  
20 multiphase project as provided in this section after a component  
21 completion certificate for a component is issued. The qualified  
22 taxpayer may transfer ownership of or lease the completed component  
23 and assign a proportionate share of the credit for the entire  
24 project to the qualified taxpayer that is the new owner or lessee.  
25 A multiphase project shall not be divided into more than 10  
26 components. A component is considered to be completed when a  
27 temporary or final certificate of occupancy has been issued by the  
28 local municipality in which the project is located for all of the  
29 buildings or facilities that comprise the completed component and a

1 component completion certificate is issued or the chairperson of  
2 the Michigan economic growth authority or his or her designee, for  
3 projects approved under subsection (2) or (3), or the Michigan  
4 economic growth authority, for projects approved under subsection  
5 (4), verifies that the component is complete. A credit assigned  
6 based on a multiphase project shall be claimed by the assignee in  
7 the tax year in which the assignment is made. The total of all  
8 credits for a multiphase project shall not exceed the amount stated  
9 in the preapproval letter, as amended, for the project under  
10 subsection (1). Except as otherwise provided under this subsection,  
11 if all components of a multiphase project are not completed by 10  
12 years after the date on which the preapproval letter, as amended,  
13 if applicable, for the project was issued, the qualified taxpayer  
14 that received the preapproval letter for the project shall pay to  
15 the state treasurer, as a penalty, an amount equal to the sum of  
16 all credits claimed and assigned for all components of the  
17 multiphase project and no credits based on that multiphase project  
18 shall be claimed after that date by the qualified taxpayer or any  
19 assignee of the qualified taxpayer. A qualified taxpayer that was  
20 approved for a credit based on a multiphase project by Resolution  
21 2010-219 adopted by the Michigan economic growth authority and  
22 issued a preapproval letter on June 10, 2011 has until ~~September~~  
23 ~~14, 2023~~ **December 31, 2026** to complete that project and claim the  
24 credit without penalty. The penalty under this subsection is  
25 subject to interest on the amount of the credit claimed or assigned  
26 determined individually for each component at the rate in section  
27 23(2) of 1941 PA 122, MCL 205.23, beginning on the date that the  
28 credit for that component was claimed or assigned. As used in this  
29 subsection, "proportionate share" means the same percentage of the

1 total of all credits for the project that the qualified investment  
2 for the completed component is of the total qualified investment  
3 stated in the preapproval letter, as amended, for the entire  
4 project.

5 (11) When a project under this section is completed, the  
6 taxpayer shall submit documentation that the project is completed,  
7 an accounting of the cost of the project, the eligible investment  
8 of each taxpayer if there is more than 1 taxpayer eligible for a  
9 credit for the project, and, if the taxpayer is not the owner or  
10 lessee of the eligible property on which the eligible investment  
11 was made at the time the project is completed, that the taxpayer  
12 was the owner or lessee of, or was a party to an agreement to  
13 purchase or lease, that eligible property when all eligible  
14 investment of the taxpayer was made. The chairperson of the  
15 Michigan economic growth authority or his or her designee, for  
16 projects approved under subsection (2) or (3), or the Michigan  
17 economic growth authority, for projects approved under subsection  
18 (4), shall verify that the project is completed. The Michigan  
19 economic growth authority shall conduct an on-site inspection as  
20 part of the verification process for projects approved under  
21 subsection (4). When the completion of the project is verified, a  
22 certificate of completion shall be issued to each qualified  
23 taxpayer that has made eligible investment on that eligible  
24 property. The certificate of completion shall state the total  
25 amount of all credits for the project and that total shall not  
26 exceed the maximum total of all credits listed in the preapproval  
27 letter for the project under subsection (2), (3), or (4) as  
28 applicable and as amended under subsection (9) or (34) and shall  
29 state all of the following:

1 (a) That the taxpayer is a qualified taxpayer.

2 (b) The total cost of the project and the eligible investment  
3 of each qualified taxpayer.

4 (c) Each qualified taxpayer's credit amount.

5 (d) The qualified taxpayer's federal employer identification  
6 number or the Michigan treasury number assigned to the taxpayer.

7 (e) The project number.

8 (f) For a project approved under subsection (4) for which the  
9 total of all credits is more than \$10,000,000.00 but \$30,000,000.00  
10 or less, the total of all credits and the schedule on which the  
11 annual credit amount shall be claimed by the qualified taxpayer.

12 (g) For a multiphase project under subsection (10), the amount  
13 of each credit assigned and the amount of all credits claimed in  
14 each tax year before the year in which the project is completed.

15 (12) Except as otherwise provided in this section, qualified  
16 taxpayers shall claim credits under this section in the tax year in  
17 which the certificate of completion is issued. For a project  
18 approved under subsection (4) for which the total of all credits is  
19 more than \$10,000,000.00 but \$30,000,000.00 or less, the qualified  
20 taxpayer shall claim 10% of its approved credit each year for 10  
21 years. A credit assigned based on a multiphase project shall be  
22 claimed in the year in which the credit is assigned.

23 (13) The cost of eligible investment for leased machinery,  
24 equipment, or fixtures is the cost of that property had the  
25 property been purchased minus the lessor's estimate, made at the  
26 time the lease is entered into, of the market value the property  
27 will have at the end of the lease. A credit for property described  
28 in this subsection is allowed only if the cost of that property had  
29 the property been purchased and the lessor's estimate of the market

1 value at the end of the lease are provided to the Michigan economic  
2 growth authority.

3 (14) Credits claimed by a lessee of eligible property are  
4 subject to the total of all credits limitation under this section.

5 (15) Each qualified taxpayer and assignee under subsection  
6 (20), (21), or (22) that claims a credit under this section shall  
7 attach a copy of the certificate of completion and, if the credit  
8 was assigned, a copy of the assignment form provided for under this  
9 section to the annual return filed under this act on which the  
10 credit under this section is claimed. An assignee of a credit based  
11 on a multiphase project shall attach a copy of the assignment form  
12 provided for under this section and the component completion  
13 certificate provided for in subsection (10) to the annual return  
14 filed under this act on which the credit is claimed but is not  
15 required to file a copy of a certificate of completion.

16 (16) Except as otherwise provided in this subsection or  
17 subsection (10), (18), (20), (21), or (22), a credit under this  
18 section shall be claimed in the tax year in which the certificate  
19 of completion is issued to the qualified taxpayer. For a project  
20 described in subsection (11)(f) for which a schedule for claiming  
21 annual credit amounts is designated on the certificate of  
22 completion by the Michigan economic growth authority, the annual  
23 credit amount shall be claimed in the tax year specified on the  
24 certificate of completion.

25 (17) Except as otherwise provided under this subsection, the  
26 credits approved under this section shall be calculated after  
27 application of all other credits allowed under this act. The  
28 credits under this section shall be calculated before the  
29 calculation of the credits under sections 413, 423, 431, and 450.



1           (18) Except as otherwise provided under this subsection, if  
2 the credit allowed under this section for the tax year and any  
3 unused carryforward of the credit allowed under this section exceed  
4 the qualified taxpayer's or assignee's tax liability for the tax  
5 year, that portion that exceeds the tax liability for the tax year  
6 shall not be refunded but may be carried forward to offset tax  
7 liability in subsequent tax years for 10 years or until used up,  
8 whichever occurs first. Except as otherwise provided in this  
9 subsection, the maximum time allowed under the carryforward  
10 provisions under this subsection begins with the tax year in which  
11 the certificate of completion is issued to the qualified taxpayer.  
12 If the qualified taxpayer assigns all or any portion of its credit  
13 approved under this section, the maximum time allowed under the  
14 carryforward provisions for an assignee begins to run with the tax  
15 year in which the assignment is made and the assignee first claims  
16 a credit, which shall be the same tax year. The maximum time  
17 allowed under the carryforward provisions for an annual credit  
18 amount for a credit allowed under subsection (4) begins to run in  
19 the tax year for which the annual credit amount is designated on  
20 the certificate of completion issued under this section. A credit  
21 carryforward available under section 38g of former 1975 PA 228 that  
22 is unused at the end of the last tax year may be claimed against  
23 the tax imposed under this act for the years the carryforward would  
24 have been available under former 1975 PA 228. Beginning on and  
25 after April 8, 2008, if the credit allowed under this section for  
26 the tax year exceeds the qualified taxpayer's tax liability for the  
27 tax year, the qualified taxpayer may elect to have the excess  
28 refunded at a rate equal to 85% of that portion of the credit that  
29 exceeds the tax liability of the qualified taxpayer for the tax

1 year and forgo the remaining 15% of the credit and any  
2 carryforward.

3 (19) If a project or credit under this section is for the  
4 addition of personal property, if the cost of that personal  
5 property is used to calculate a credit under this section, and if  
6 the personal property is disposed of or transferred from the  
7 eligible property to any other location, the qualified taxpayer  
8 that disposed of that property, or transferred the personal  
9 property shall add the same percentage as determined under  
10 subsection (1) of the federal basis of the personal property used  
11 for determining gain or loss as of the date of the disposition or  
12 transfer to the qualified taxpayer's tax liability under this act  
13 after application of all credits under this act for the tax year in  
14 which the disposition or transfer occurs. If a qualified taxpayer  
15 has an unused carryforward of a credit under this section, the  
16 amount otherwise added under this subsection to the qualified  
17 taxpayer's tax liability may instead be used to reduce the  
18 qualified taxpayer's carryforward under subsection (18).

19 (20) For credits under this section for projects for which a  
20 certificate of completion is issued before January 1, 2006 and  
21 except as otherwise provided in this subsection, if a qualified  
22 taxpayer pays or accrues eligible investment on or to an eligible  
23 property that is leased for a minimum term of 10 years or sold to  
24 another taxpayer for use in a business activity, the qualified  
25 taxpayer may assign all or a portion of the credit under this  
26 section based on that eligible investment to the lessee or  
27 purchaser of that eligible property. A credit assignment under this  
28 subsection shall only be made to a taxpayer that when the  
29 assignment is complete will be a qualified taxpayer. All credit

1 assignments under this subsection are irrevocable and, except for a  
2 credit based on a multiphase project, shall be made in the tax year  
3 in which the certificate of completion is issued, unless the  
4 assignee is an unknown lessee. If a qualified taxpayer wishes to  
5 assign all or a portion of its credit to a lessee but the lessee is  
6 unknown in the tax year in which the certificate of completion is  
7 issued, the qualified taxpayer may delay claiming and assigning the  
8 credit until the first tax year in which the lessee is known. A  
9 qualified taxpayer may claim a portion of a credit and assign the  
10 remaining credit amount. Except as otherwise provided in this  
11 subsection, if the qualified taxpayer both claims and assigns  
12 portions of the credit, the qualified taxpayer shall claim the  
13 portion it claims in the tax year in which the certificate of  
14 completion is issued or, for a credit assigned and claimed for a  
15 multiphase project before a certificate of completion is issued,  
16 the taxpayer shall claim the credit in the year in which the credit  
17 is assigned. If a qualified taxpayer assigns all or a portion of  
18 the credit and the eligible property is leased to more than 1  
19 taxpayer, the qualified taxpayer shall determine the amount of  
20 credit assigned to each lessee. A lessee shall not subsequently  
21 assign a credit or any portion of a credit assigned under this  
22 subsection. A purchaser may subsequently assign a credit or any  
23 portion of a credit assigned to the purchaser under this subsection  
24 to a lessee of the eligible property. The credit assignment under  
25 this subsection shall be made on a form prescribed by the Michigan  
26 economic growth authority. The qualified taxpayer shall send a copy  
27 of the completed assignment form to the Michigan economic growth  
28 authority in the tax year in which the assignment is made. The  
29 assignee shall attach a copy of the completed assignment form to

1 its annual return required to be filed under this act, for the tax  
2 year in which the assignment is made and the assignee first claims  
3 a credit, which shall be the same tax year. In addition to all  
4 other procedures under this subsection, the following apply if the  
5 total of all credits for a project is more than \$10,000,000.00 but  
6 \$30,000,000.00 or less:

7 (a) The credit shall be assigned based on the schedule  
8 contained in the certificate of completion.

9 (b) If the qualified taxpayer assigns all or a portion of the  
10 credit amount, the qualified taxpayer shall assign the annual  
11 credit amount for each tax year separately.

12 (c) More than 1 annual credit amount may be assigned to any 1  
13 assignee and the qualified taxpayer may assign all or a portion of  
14 each annual credit amount to any assignee.

15 (d) The qualified taxpayer shall not assign more than the  
16 annual credit amount for each tax year.

17 (21) Except as otherwise provided in this subsection, for  
18 projects for which a certificate of completion is issued before  
19 January 1, 2006, and except as otherwise provided in this  
20 subsection, if a qualified taxpayer is a partnership, limited  
21 liability company, or subchapter S corporation, the qualified  
22 taxpayer may assign all or a portion of a credit under this section  
23 to its partners, members, or shareholders, based on their  
24 proportionate share of ownership of the partnership, limited  
25 liability company, or subchapter S corporation or based on an  
26 alternative method approved by the Michigan economic growth  
27 authority. A credit assignment under this subsection is irrevocable  
28 and, except for a credit assignment based on a multiphase project,  
29 shall be made in the tax year in which a certificate of completion

1 is issued. A qualified taxpayer may claim a portion of a credit and  
2 assign the remaining credit amount. Except as otherwise provided in  
3 this subsection, if the qualified taxpayer both claims and assigns  
4 portions of the credit, the qualified taxpayer shall claim the  
5 portion it claims in the tax year in which a certificate of  
6 completion is issued or for a credit assigned and claimed for a  
7 multiphase project, before the component completion certificate is  
8 issued, the taxpayer shall claim the credit in the year in which  
9 the credit is assigned. A partner, member, or shareholder that is  
10 an assignee shall not subsequently assign a credit or any portion  
11 of a credit assigned under this subsection. The credit assignment  
12 under this subsection shall be made on a form prescribed by the  
13 Michigan economic growth authority. The qualified taxpayer shall  
14 send a copy of the completed assignment form to the Michigan  
15 economic growth authority in the tax year in which the assignment  
16 is made. A partner, member, or shareholder who is an assignee shall  
17 attach a copy of the completed assignment form to its annual return  
18 required under this act, for the tax year in which the assignment  
19 is made and the assignee first claims a credit, which shall be the  
20 same tax year. A credit assignment based on a credit for a  
21 component of a multiphase project that is completed before January  
22 1, 2006 shall be made under this subsection. In addition to all  
23 other procedures under this subsection, the following apply if the  
24 total of all credits for a project is more than \$10,000,000.00 but  
25 \$30,000,000.00 or less:

26 (a) The credit shall be assigned based on the schedule  
27 contained in the certificate of completion.

28 (b) If the qualified taxpayer assigns all or a portion of the  
29 credit amount, the qualified taxpayer shall assign the annual

1 credit amount for each tax year separately.

2 (c) More than 1 annual credit amount may be assigned to any 1  
3 assignee and the qualified taxpayer may assign all or a portion of  
4 each annual credit amount to any assignee.

5 (d) The qualified taxpayer shall not assign more than the  
6 annual credit amount for each tax year.

7 (22) For projects approved under this section or section 38g  
8 of former 1975 PA 228 for which a certificate of completion is  
9 issued on and after January 1, 2006, a qualified taxpayer may  
10 assign all or a portion of a credit allowed under this section or  
11 section 38g(2), (3), or (33) of former 1975 PA 228 under this  
12 subsection. A credit assignment under this subsection is  
13 irrevocable and, except for a credit assignment based on a  
14 multiphase project, shall be made in the tax year in which a  
15 certificate of completion is issued unless the assignee is an  
16 unknown lessee. If a qualified taxpayer wishes to assign all or a  
17 portion of its credit to a lessee but the lessee is unknown in the  
18 tax year in which the certificate of completion is issued, the  
19 qualified taxpayer may delay claiming and assigning the credit  
20 until the first tax year in which the lessee is known. A qualified  
21 taxpayer may claim a portion of a credit and assign the remaining  
22 credit amount. If the qualified taxpayer both claims and assigns  
23 portions of the credit, the qualified taxpayer shall claim the  
24 portion it claims in the tax year in which a certificate of  
25 completion is issued pursuant to this section or section 38g of  
26 former 1975 PA 228. An assignee may subsequently assign a credit or  
27 any portion of a credit assigned under this subsection to 1 or more  
28 assignees. The credit assignment or a subsequent reassignment under  
29 this subsection shall be made on a form prescribed by the Michigan

1 economic growth authority. The Michigan economic growth authority  
2 or its designee shall review and issue a completed assignment or  
3 reassignment certificate to the assignee or reassignee. An assignee  
4 or subsequent reassignee shall attach a copy of the completed  
5 assignment certificate to its annual return required under this  
6 act, for the tax year in which the assignment or reassignment is  
7 made and the assignee or reassignee first claims a credit, which  
8 shall be the same tax year. A credit assignment based on a credit  
9 for a component of a multiphase project that is completed before  
10 January 1, 2006 shall be made under section 38g(18) of former 1975  
11 PA 228. A credit assignment based on a credit for a component of a  
12 multiphase project that is completed on or after January 1, 2006  
13 may be made under this section. In addition to all other procedures  
14 and requirements under this section, the following apply if the  
15 total of all credits for a project is more than \$10,000,000.00 but  
16 \$30,000,000.00 or less:

17 (a) The credit shall be assigned based on the schedule  
18 contained in the certificate of completion.

19 (b) If the qualified taxpayer assigns all or a portion of the  
20 credit amount, the qualified taxpayer shall assign the annual  
21 credit amount for each tax year separately.

22 (c) More than 1 annual credit amount may be assigned to any 1  
23 assignee, and the qualified taxpayer may assign all or a portion of  
24 each annual credit amount to any assignee.

25 (23) A qualified taxpayer or assignee under subsection (20),  
26 (21), or (22) shall not claim a credit under subsection (1)(a) or  
27 (b) based on eligible investment on which a credit claimed under  
28 section 38d of former 1975 PA 228 was based.

29 (24) When reviewing an application for a project for

1 designation as an urban development area project, the Michigan  
2 economic growth authority for projects approved under subsection  
3 (4) or the chairperson of the Michigan economic growth authority or  
4 his or her designee for projects approved under subsections (2) and  
5 (3) shall consider all of the following criteria:

6 (a) If the project increases the density of the area by  
7 promoting multistory development.

8 (b) If the project promotes mixed-use development and walkable  
9 communities.

10 (c) If the project promotes sustainable redevelopment.

11 (d) If the project addresses areawide redevelopment and  
12 includes multiple parcels of property.

13 (e) If the project addresses underserved markets of commerce.

14 (f) Any other criteria determined by the Michigan economic  
15 growth authority or the chairperson of the Michigan economic growth  
16 authority.

17 (25) An eligible taxpayer that claims a credit under this  
18 section is not prohibited from claiming a credit under section 431.  
19 However, the eligible taxpayer shall not claim a credit under this  
20 section and section 431 based on the same costs.

21 (26) Eligible investment attributable or related to the  
22 operation of a professional sports stadium, and eligible investment  
23 that is associated or affiliated with the operation of a  
24 professional sports stadium, including, but not limited to, the  
25 operation of a parking lot or retail store, shall not be used as a  
26 basis for a credit under this section. Professional sports stadium  
27 does not include a professional sports stadium that will no longer  
28 be used by a professional sports team on and after the date that an  
29 application related to that professional sports stadium is filed



1 under this section.

2 (27) Eligible investment attributable or related to the  
 3 operation of a casino, and eligible investment that is associated  
 4 or affiliated with the operation of a casino, including, but not  
 5 limited to, the operation of a parking lot, hotel, motel, or retail  
 6 store, shall not be used as a basis for a credit under this  
 7 section. As used in this subsection, "casino" means a casino  
 8 regulated by this state pursuant to the Michigan Gaming Control and  
 9 Revenue Act, 1996 IL 1, MCL 432.201 to 432.226.

10 (28) Eligible investment attributable or related to the  
 11 construction of a new landfill or the expansion of an existing  
 12 landfill regulated under part 115 of the natural resources and  
 13 environmental protection act, 1994 PA 451, MCL 324.11501 to  
 14 ~~324.11554~~, **324.11587**, shall not be used as a basis for a credit  
 15 under this section.

16 (29) The Michigan economic growth authority annually shall  
 17 prepare and submit to the house of representatives and senate  
 18 committees responsible for tax policy and economic development  
 19 issues a report on the credits under subsections (2), (3), and (4).  
 20 The report shall include, but is not limited to, all of the  
 21 following:

22 (a) A listing of the projects under subsections (2), (3), and  
 23 (4) that were approved in the calendar year.

24 (b) The total amount of eligible investment for projects  
 25 approved under subsections (2), (3), and (4) in the calendar year.

26 (30) For purposes of this section, taxpayer includes a person  
 27 subject to the tax imposed under chapters 2A and 2B.

28 (31) For the 2008 calendar year, the total of all credits for  
 29 all projects approved under subsection (2) or (3) shall not exceed

1 \$63,000,000.00. For each calendar year after 2008, the total of all  
2 credits for all projects approved under subsection (2) or (3) shall  
3 not exceed \$40,000,000.00. If the Michigan economic growth  
4 authority approves a total of all credits for all projects under  
5 subsection (2) or (3) of less than \$40,000,000.00 in a calendar  
6 year, the Michigan economic growth authority may carry forward for  
7 1 year only the difference between \$40,000,000.00 and the total of  
8 all credits for all projects under this subsection approved in the  
9 immediately preceding calendar year.

10 (32) As used in this section:

11 (a) "Annual credit amount" means the maximum amount that a  
12 qualified taxpayer is eligible to claim each tax year for a project  
13 for which the total of all credits is more than \$10,000,000.00 but  
14 \$30,000,000.00 or less, as approved under subsection (4).

15 (b) "Authority" means a brownfield redevelopment authority  
16 created under the brownfield redevelopment financing act, 1996 PA  
17 381, MCL 125.2651 to 125.2670.

18 (c) "Blighted", "brownfield plan", "eligible activities",  
19 "facility", "functionally obsolete", "qualified local governmental  
20 unit", and "response activity" mean those terms as defined in the  
21 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651  
22 to 125.2670.

23 (d) "Eligible investment" or "eligible investments" means,  
24 when made after the approval date of the brownfield plan but in any  
25 event no earlier than 90 days prior to the date of the preapproval  
26 letter, any demolition, construction, restoration, alteration,  
27 renovation, or improvement of buildings or site improvements on  
28 eligible property and the addition of machinery, equipment, and  
29 fixtures to eligible property after the date that eligible

1 activities on that eligible property have started pursuant to a  
2 brownfield plan under the brownfield redevelopment financing act,  
3 1996 PA 381, MCL 125.2651 to 125.2670, if the costs of the eligible  
4 investment are not otherwise reimbursed to the taxpayer or paid for  
5 on behalf of the taxpayer from any source other than the taxpayer.  
6 The addition of leased machinery, equipment, or fixtures to  
7 eligible property by a lessee of the machinery, equipment, or  
8 fixtures is eligible investment if the lease of the machinery,  
9 equipment, or fixtures has a minimum term of 10 years or is for the  
10 expected useful life of the machinery, equipment, or fixtures, and  
11 if the owner of the machinery, equipment, or fixtures is not the  
12 qualified taxpayer with regard to that machinery, equipment, or  
13 fixtures. For projects approved after April 8, 2008, eligible  
14 investment does not include certain soft costs of the eligible  
15 investment as determined by the Michigan economic growth authority,  
16 including, but not limited to, developer fees, appraisals,  
17 performance bonds, closing costs, bank fees, loan fees, risk  
18 contingencies, financing costs, permanent or construction period  
19 interest, legal expenses, leasing or sales commissions, marketing  
20 costs, professional fees, shared savings, taxes, title insurance,  
21 bank inspection fees, insurance, and project management fees.  
22 Notwithstanding the foregoing, eligible investment does include  
23 architectural, engineering, surveying, and similar professional  
24 fees.

25 (e) "Eligible property", except as otherwise provided under  
26 subsection (33), means property for which eligible activities are  
27 identified under a brownfield plan that was used or is currently  
28 used for commercial, industrial, public, or residential purposes,  
29 including personal property located on the property, to the extent

1 included in the brownfield plan, and that is 1 or more of the  
2 following:

3 (i) Is in a qualified local governmental unit and is a  
4 facility, functionally obsolete, or blighted and includes parcels  
5 that are adjacent or contiguous to that property if the development  
6 of the adjacent and contiguous parcels is estimated to increase the  
7 captured taxable value of that property.

8 (ii) Is not in a qualified local governmental unit and is a  
9 facility, and includes parcels that are adjacent or contiguous to  
10 that property if the development of the adjacent and contiguous  
11 parcels is estimated to increase the captured taxable value of that  
12 property.

13 (iii) Is tax reverted property owned or under the control of a  
14 land bank fast track authority.

15 (f) "Last tax year" means the taxpayer's tax year under former  
16 1975 PA 228 that begins after December 31, 2006 and before January  
17 1, 2008.

18 (g) "Michigan economic growth authority" means the Michigan  
19 economic growth authority created in the Michigan economic growth  
20 authority act, 1995 PA 24, MCL 207.801 to 207.810.

21 (h) "Multiphase project" means a project approved under this  
22 section that has more than 1 component, each of which can be  
23 completed separately.

24 (i) "Personal property" means that term as defined in section  
25 8 of the general property tax act, 1893 PA 206, MCL 211.8, except  
26 that personal property does not include either of the following:

27 (i) Personal property described in section 8(h), (i), or (j) of  
28 the general property tax act, 1893 PA 206, MCL 211.8.

29 (ii) Buildings described in section 14(6) of the general

1 property tax act, 1893 PA 206, MCL 211.14.

2 (j) "Project" means the total of all eligible investment on an  
3 eligible property or, for purposes of subsection (6) (b), 1 of the  
4 following:

5 (i) All eligible investment on property not in a qualified  
6 local governmental unit that is a facility.

7 (ii) All eligible investment on property that is not a facility  
8 but is functionally obsolete or blighted.

9 (k) "Qualified local governmental unit" means that term as  
10 defined in the obsolete property rehabilitation act, 2000 PA 146,  
11 MCL 125.2781 to 125.2797.

12 (l) "Qualified taxpayer" means a taxpayer that meets both of  
13 the following criteria:

14 (i) Owns, leases, or has entered into an agreement to purchase  
15 or lease eligible property.

16 (ii) Certifies that, except as otherwise provided in this  
17 subparagraph, the department of environment, Great Lakes, and  
18 energy has not sued or issued a unilateral order to the taxpayer  
19 pursuant to part 201 of the natural resources and environmental  
20 protection act, 1994 PA 451, MCL 324.20101 to 324.20142, to compel  
21 response activity on or to the eligible property, or expended any  
22 state funds for response activity on or to the eligible property  
23 and demanded reimbursement for those expenditures from the  
24 qualified taxpayer. However, if the taxpayer has completed all  
25 response activity required by part 201 of the natural resources and  
26 environmental protection act, 1994 PA 451, MCL 324.20101 to  
27 324.20142, is in compliance with any deed restriction or  
28 administrative or judicial order related to the required response  
29 activity, and has reimbursed the state for all costs incurred by

1 the state related to the required response activity, the taxpayer  
2 meets the criteria under this subparagraph.

3 (m) "Urban development area project" means a project located  
4 on eligible property in the downtown or traditional central  
5 business district of a qualified local governmental unit or county  
6 seat or along a traditional commercial corridor of a qualified  
7 local governmental unit or county seat as determined by the  
8 Michigan economic growth authority or the chairperson of the  
9 Michigan economic growth authority or his or her designee.

10 (33) For purposes of subsection (2), eligible property means  
11 that term as defined under subsection (32)(e) except that all of  
12 the following apply:

13 (a) Eligible property means property identified under a  
14 brownfield plan that was used or is currently used for commercial,  
15 industrial, public, or residential purposes and that is 1 of the  
16 following:

17 (i) Property for which eligible activities are identified under  
18 the brownfield plan, is in a qualified local governmental unit, and  
19 is a facility, functionally obsolete, or blighted.

20 (ii) Property that is not in a qualified local governmental  
21 unit but is within a downtown district established under part 2 of  
22 the recodified tax increment financing act, 2018 PA 57, MCL  
23 125.4201 to 125.4230, and is functionally obsolete or blighted, and  
24 a component of the project on that eligible property is 1 or more  
25 of the following:

26 (A) Infrastructure improvements that directly benefit the  
27 eligible property.

28 (B) Demolition of structures that is not response activity  
29 under section 20101 of the natural resources and environmental

1 protection act, 1994 PA 451, MCL 324.20101.

2 (C) Lead or asbestos abatement.

3 (D) Site preparation that is not response activity under  
4 section 20101 of the natural resources and environmental protection  
5 act, 1994 PA 451, MCL 324.20101.

6 (iii) Property for which eligible activities are identified  
7 under the brownfield plan, is not in a qualified local governmental  
8 unit, and is a facility.

9 (b) Eligible property includes parcels that are adjacent or  
10 contiguous to the eligible property if the development of the  
11 adjacent or contiguous parcels is estimated to increase the  
12 captured taxable value of the property or tax reverted property  
13 owned or under the control of a land bank fast track authority  
14 pursuant to the land bank fast track act, 2003 PA 258, MCL 124.751  
15 to 124.774.

16 (c) Eligible property includes, to the extent included in the  
17 brownfield plan, personal property located on the eligible  
18 property.

19 (d) Eligible property does not include qualified agricultural  
20 property exempt under section 7ee of the general property tax act,  
21 1893 PA 206, MCL 211.7ee, from the tax levied by a local school  
22 district for school operating purposes to the extent provided under  
23 section 1211 of the revised school code, 1976 PA 451, MCL 380.1211.

24 (34) For credits approved by Resolutions 2011-154 and 2011-155  
25 adopted by the Michigan economic growth authority and subsequently  
26 amended by Resolutions 2019-046 and 2019-047 adopted by the  
27 Michigan economic growth authority, the taxpayer may allocate  
28 eligible investments made for 1 development area to the other  
29 development area to maximize the combined credits for both of the

1 development areas as long as the sum of the credits for both  
2 development areas does not exceed the sum of the credits approved  
3 under Resolutions 2019-046 and 2019-047, and the taxpayer, after an  
4 eligible investment is made, may petition the Michigan economic  
5 growth authority to further amend the project and the preapproval  
6 letter to do the following:

7 (a) To increase the maximum total eligible investment for the  
8 project on which the credit may be claimed and the maximum total of  
9 all credits for the project or allocate eligible investment made  
10 from 1 adjacent development area to the other as long as the  
11 subsequent amendment to the project and preapproval letter does not  
12 exceed the sum of the maximum eligible investment or total credits  
13 approved for each of the adjacent development areas under  
14 Resolutions 2019-046 and 2019-047.

15 (b) To extend the duration of time for up to 5 additional  
16 years to complete the project beyond the 10 years from the date of  
17 the original preapproval letter.