

HOUSE BILL No. 4721

May 20, 1999, Introduced by Reps. Lockwood, Garcia, Bob Brown, Spade, Jacobs, Dennis, Woodward, Martinez, Cherry, Jamnick, O'Neil, Vaughn, Bogardus and Lemmons and referred to the Committee on Tax Policy.

A bill to amend 1975 PA 228, entitled
"Single business tax act,"
by amending sections 37c and 37d (MCL 208.37c and 208.37d), as
amended by 1996 PA 470.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 37c. (1) For tax years beginning after December 31,
2 1994 and for a period of time not to exceed 20 years as deter-
3 mined by the Michigan economic growth authority, a taxpayer that
4 is an authorized business may credit against the tax imposed by
5 section 31 the amount certified each year by the Michigan eco-
6 nomic growth authority.

7 (2) The credit under this section for an authorized business
8 for the tax year as determined under the Michigan economic growth
9 authority act shall not exceed the payroll of the authorized

1 business attributable to employees who perform qualified new jobs
2 multiplied by the tax rate.

3 (3) A taxpayer shall not claim a credit under this section
4 unless the Michigan economic growth authority has issued a cer-
5 tificate to the taxpayer. The taxpayer shall attach the certifi-
6 cate to the return filed under this act on which a credit under
7 this section is claimed.

8 (4) The certificate required by subsection (3) shall state
9 all of the following:

10 (a) The taxpayer is an authorized business.

11 (b) The amount of the credit under this section for the
12 authorized business for the designated tax year.

13 (c) The taxpayer's federal employer identification number or
14 the Michigan treasury number assigned.

15 (5) If the credit allowed under this section exceeds the tax
16 liability of the taxpayer for the tax year, the excess shall be
17 refunded to the taxpayer.

18 (6) An affiliated group AS DEFINED IN THIS ACT, a controlled
19 group of corporations as defined ~~by~~ IN SECTION 1563 OF the
20 internal revenue code AND FURTHER DESCRIBED IN 26
21 C.F.R. 1.414(b)-1 AND 1414(c)-1 TO 1.414(c)-5, or an entity under
22 common control as defined by the internal revenue code shall
23 claim only 1 credit under this section for each tax year for each
24 expansion or location evidenced by a written agreement whether or
25 not a combined or consolidated return is filed.

~~(7) A credit shall not be claimed by a taxpayer under this section if the taxpayer's initial certification as required in subsection (3) is issued after December 31, 1999.~~

(7) ~~(8)~~ As used in this section:

(a) "Authority" or "Michigan economic growth authority" means the Michigan economic growth authority created in the Michigan economic growth authority act, ~~Act No. 24 of the Public Acts of 1995, being sections 207.801 to 207.810 of the Michigan Compiled Laws~~ 1995 PA 24, MCL 207.801 TO 207.810.

(b) "Authorized business", "facility", "full-time job", and "written agreement" mean those terms as defined in ~~Act No. 24 of the Public Acts of 1995~~ THE MICHIGAN ECONOMIC GROWTH AUTHORITY ACT, 1995 PA 24, MCL 207.801 TO 207.810.

(c) "Payroll" means the total salaries and wages before deducting any personal or dependency exemptions.

(d) "Qualified new jobs" means the average number of full-time jobs at a facility of an authorized business for a tax year in excess of the average number of full-time jobs the authorized business maintained in this state prior to the expansion or location as that is determined under ~~Act No. 24 of the Public Acts of 1995~~ THE MICHIGAN ECONOMIC GROWTH AUTHORITY ACT, 1995 PA 24, MCL 207.801 TO 207.810.

(e) "Tax rate" means the rate imposed under section ~~51(1)~~ 51 of the income tax act of 1967, ~~Act No. 281 of the Public Acts of 1967, being section 206.51 of the Michigan Compiled Laws~~ 1967 PA 281, MCL 206.51, for the tax year in which the tax year of the taxpayer for which the credit is being computed begins.

1 Sec. 37d. (1) For tax years beginning after December 31,
2 1994, and for a period of time not to exceed 20 years as deter-
3 mined by the Michigan economic growth authority plus any carry-
4 forward years allowed under subsection (5), a taxpayer that is an
5 authorized business may credit against the tax imposed by section
6 31 an amount equal to the tax liability attributable to autho-
7 rized business activity.

8 (2) A taxpayer shall not claim a credit under this section
9 unless the Michigan economic growth authority has issued a cer-
10 tificate to the taxpayer. The taxpayer shall attach the certifi-
11 cate to the return filed under this act on which a credit under
12 this section is claimed.

13 (3) The certificate required by subsection (2) shall state
14 ~~both~~ ALL of the following:

15 (a) The taxpayer is an authorized business.

16 (b) The amount of the credit under this section for the
17 authorized business for the designated tax year.

18 (c) The taxpayer's federal employer identification number or
19 the Michigan treasury number assigned.

20 (4) The tax liability attributable to authorized business
21 activity is the tax liability imposed by this act after the cal-
22 culation of the credits provided in sections 36, 37, 38, and 39
23 multiplied by either of the following fractions as appropriate:

24 (a) For an authorized business locating a facility in this
25 state, a fraction the numerator of which is the ratio of the
26 value of the facility to all of the taxpayer's property located
27 in this state plus the ratio of the taxpayer's payroll

1 attributable to qualified new jobs to all of the taxpayer's
2 payroll in this state and the denominator of which is 2.

3 (b) For an authorized business expanding at an existing
4 site, a fraction the numerator of which is the ratio of the value
5 of the new property added to the site as part of that expansion
6 to all of the taxpayer's property located in this state plus the
7 ratio of the taxpayer's payroll attributable to qualified new
8 jobs to all of the taxpayer's payroll in this state and the
9 denominator of which is 2.

10 (5) If the credit allowed under this section for the tax
11 year and any unused carryforward of the credit allowed by this
12 section exceed the taxpayer's tax liability for the tax year,
13 that portion that exceeds the tax liability for the tax year
14 shall not be refunded but may be carried forward to offset tax
15 liability in subsequent tax years for 10 years or until used up,
16 whichever occurs first.

17 ~~-(6) A credit shall not be claimed by a taxpayer under this~~
18 ~~section if the taxpayer's initial certification, as required in~~
19 ~~subsection (2), is issued after December 31, 1999.~~

20 (6) ~~-(7)~~ As used in this section:

21 (a) "Authorized business" and "facility" mean those terms as
22 defined in the Michigan economic growth authority act, ~~Act~~
23 ~~No. 24 of the Public Acts of 1995, being sections 207.801 to~~
24 ~~207.810 of the Michigan Compiled Laws~~ 1995 PA 24, MCL 207.801 TO
25 707.810.

26 (b) "Authorized business activity" means the business
27 activity of an authorized business certified under ~~Act No. 24 of~~

1 ~~the Public Acts of 1995~~ THE MICHIGAN ECONOMIC GROWTH AUTHORITY
2 ACT, 1995 PA 24, MCL 207.801 TO 207.810.

3 (c) "Michigan economic growth authority" means the Michigan
4 economic growth authority created in ~~Act No. 24 of the Public~~
5 ~~Acts of 1995~~ THE MICHIGAN ECONOMIC GROWTH AUTHORITY ACT, 1995 PA
6 24, MCL 207.801 TO 207.810.

7 (d) "Qualified new jobs" means that term as defined in
8 section 37c.