

**SUBSTITUTE FOR
SENATE BILL NO. 821**

A bill to amend 1975 PA 228, entitled
"Single business tax act,"
by amending section 37c (MCL 208.37c), as amended by 2000 PA
429.

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
3 determined by the Michigan economic growth authority, a taxpayer
4 that is an authorized business may credit against the tax imposed
5 by section 31 the amount certified each year by the Michigan
6 economic 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, 1995 PA 24, MCL 207.801 to 207.810, shall not
10 exceed the payroll of the authorized business attributable to

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

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

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) A taxpayer that claims a credit under this section or
19 section 37d that has an agreement with the Michigan economic
20 growth authority based on qualified new jobs as defined in
21 section 3(j)(ii) of the Michigan economic growth authority act,
22 1995 PA 24, MCL 207.803, that removes from this state 51% or more
23 of those qualified new jobs within 3 years after the first year
24 in which the taxpayer claims a credit described in this
25 subsection shall pay to the department no later than 12 months
26 after those qualified new jobs are removed from the state an
27 amount equal to the total of all credits described in this

Senate Bill No. 821 as amended November 12, 2003

1 subsection that were claimed by the taxpayer.

2 (7) ~~<<Each tax year that a taxpayer claims a credit under this~~
3 ~~section, the taxpayer shall attach to its annual return on which the~~
4 ~~credit is claimed a statement prepared by a certified public accountant~~
5 ~~verifying>> that the actual number of new jobs created is the same as~~
6 ~~the number of new jobs used to calculate the credit under this~~
7 ~~section claimed for the tax year.~~

8 (8) ~~—(7)—~~ An affiliated group as defined in this act, a
9 controlled group of corporations as defined in section 1563 of
10 the internal revenue code and further described in 26
11 C.F.R. 1.414(b)-1 and 1.414(c)-1 to 1.414(c)-5, or an entity
12 under common control as defined by the internal revenue code
13 shall claim only 1 credit under this section for each tax year
14 for each expansion or location evidenced by a written agreement
15 whether or not a combined or consolidated return is filed.

16 (9) ~~—(8)—~~ A credit shall not be claimed by a taxpayer under
17 this section if the taxpayer's initial certification as required
18 in subsection (3) is issued after December 31, ~~—2003—~~ 2009.

19 (10) ~~—(9)—~~ As used in this section:

20 (a) "Authority" or "Michigan economic growth authority" means
21 the Michigan economic growth authority created in the Michigan
22 economic growth authority act, 1995 PA 24, MCL 207.801 to
23 207.810.

24 (b) "Authorized business", "facility", "full-time job", and
25 "written agreement" mean those terms as defined in the Michigan
26 economic growth authority act, 1995 PA 24, MCL 207.801 to
27 207.810.

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

(d) "Qualified new jobs" means 1 or more of the following:

(i) 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 the Michigan economic growth authority act, 1995 PA 24, MCL 207.801 to 207.810.

(ii) After July 1, 2000, the average number of full-time jobs at a facility created by an eligible business within 120 days before becoming an authorized business, that is in excess of the average number of full-time jobs that the business maintained in this state 120 days before becoming an authorized business, as determined under the Michigan economic growth authority act, 1995 PA 24, MCL 207.801 to 207.810.

(e) "Tax rate" means the rate imposed under sections 51 and ~~51b to 51e~~ **51d** of the income tax act of 1967, 1967 PA 281, MCL 206.51 and ~~206.51b to 206.51e~~ **206.51d**, for the tax year in which the tax year of the taxpayer for which the credit is being computed begins.

Enacting section 1. This amendatory act does not take effect unless Senate Bill No. 824 of the 92nd Legislature is enacted into law.