

**STATE OF MICHIGAN  
92ND LEGISLATURE  
REGULAR SESSION OF 2004**

Introduced by Senators Hardiman, Kuipers, Sikkema, Hammerstrom, Cropsey, Bishop and Brown

**ENROLLED SENATE BILL No. 863**

AN ACT to amend 1967 PA 281, entitled "An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, and enforcement by lien and otherwise of taxes on or measured by net income; to prescribe the manner and time of making reports and paying the taxes, and the functions of public officers and others as to the taxes; to permit the inspection of the records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits and refunds of the taxes; to prescribe penalties for the violation of this act; to provide an appropriation; and to repeal certain acts and parts of acts," (MCL 206.1 to 206.532) by adding section 51f.

*The People of the State of Michigan enact:*

Sec. 51f. (1) For tax years that begin after December 31, 2004, a taxpayer that is a qualified start-up business that does not have business income attributable to that qualified start-up business for 2 consecutive tax years may claim a credit against the tax imposed under this act for the second of those 2 consecutive tax years and each immediately following consecutive tax year in which the taxpayer does not have business income attributable to that qualified start-up business equal to that portion of the taxpayer's tax liability attributable to that qualified start-up business for the tax year. If the taxpayer has business income attributable to the qualified start-up business in any tax year after the credit under this section is claimed, the taxpayer shall claim the credit under this section for any following tax year only if the taxpayer subsequently has no business income for 2 consecutive tax years. The taxpayer may claim the credit for the second of those 2 consecutive tax years and each immediately following consecutive tax year in which the taxpayer does not have business income attributable to that qualified start-up business. A credit under this section shall not be claimed for more than a total of 5 tax years.

(2) If a taxpayer that took the credit under this section has no business activity related to the qualified start-up business in this state and has any business activity related to the qualified start-up business outside of this state for any of the first 3 tax years after the last tax year for which it took the credit under this section, the taxpayer shall add to its tax liability the following amounts:

(a) If the taxpayer has no business activity in this state related to the start-up business for the first tax year after the last tax year for which a credit under this section is claimed, 100% of the total of all credits claimed under this section.

(b) If the taxpayer has no business activity in this state related to the start-up business for the second tax year after the last tax year for which a credit under this section is claimed, 67% of the total of all credits claimed under this section.

(c) If the taxpayer has no business activity in this state related to the start-up business for the third tax year after the last tax year for which a credit under this section is claimed, 33% of the total of all credits claimed under this section.

(3) As used in this section, "business income" and "qualified start-up business" mean those terms as defined in section 31a of the single business tax act, 1975 PA 228, MCL 208.31a.

Enacting section 1. This amendatory act does not take effect unless House Bill No. 5331 of the 92nd Legislature is enacted into law.

This act is ordered to take immediate effect.

*Carol Morey Viventi*

Secretary of the Senate

*Jay E. Randall*

Clerk of the House of Representatives

Approved .....

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Governor