

SUBSTITUTE FOR
SENATE BILL NO. 43

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.532) by adding section 272.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 272. (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION,
2 FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2005, A QUALIFIED
3 TAXPAYER WITH A FULL-TIME OR PART-TIME MEDICAL CARE PRACTICE MAY
4 CREDIT \$2,500.00 AGAINST THE TAX IMPOSED BY THIS ACT FOR A MAXIMUM
5 OF 3 CONSECUTIVE TAX YEARS. A CREDIT CLAIMED UNDER THIS SECTION BY
6 A QUALIFIED TAXPAYER WITH A PART-TIME MEDICAL CARE PRACTICE SHALL
7 EQUAL \$2,500.00 MULTIPLIED BY A FRACTION THE NUMERATOR OF WHICH IS
8 THE AVERAGE NUMBER OF HOURS PER WEEK OF THAT PART-TIME MEDICAL CARE

1 PRACTICE AND THE DENOMINATOR OF WHICH IS 40. A FRACTION UNDER THIS
2 SUBSECTION SHALL NOT BE GREATER THAN 1.

3 (2) A QUALIFIED TAXPAYER WHO IS PARTICIPATING IN THE MICHIGAN
4 ESSENTIAL HEALTH PROVIDER PROGRAM MAY CLAIM THE CREDIT ALLOWED
5 UNDER THIS SECTION ONLY IN THE 3 TAX YEARS BEGINNING IN THE YEAR
6 AFTER WHICH THE TAXPAYER HAS COMPLETED HIS OR HER OBLIGATION UNDER
7 THAT PROGRAM.

8 (3) IF A QUALIFIED TAXPAYER INTERRUPTS HIS OR HER FULL-TIME OR
9 PART-TIME MEDICAL CARE PRACTICE TO PARTICIPATE IN A CONTINUING
10 EDUCATION PROGRAM OR A MEDICALLY RELATED SABBATICAL THAT LASTS MORE
11 THAN 1 YEAR, THE QUALIFIED TAXPAYER MAY CLAIM THE CREDIT ALLOWED
12 UNDER THIS SECTION FOR ANY 3 TAX YEARS WITHIN THE 5 CONSECUTIVE TAX
13 YEARS THAT INCLUDE THE PROGRAM OR SABBATICAL AND THAT BEGIN WITH
14 THE FIRST YEAR THAT THE QUALIFIED TAXPAYER CLAIMED A CREDIT UNDER
15 THIS SECTION.

16 (4) IF THE CREDIT ALLOWED UNDER THIS SECTION FOR THE TAX YEAR
17 AND ANY UNUSED CARRYFORWARD OF THE CREDIT ALLOWED BY THIS SECTION
18 EXCEED THE TAXPAYER'S TAX LIABILITY FOR THE TAX YEAR, THAT PORTION
19 THAT EXCEEDS THE TAX LIABILITY FOR THE TAX YEAR SHALL NOT BE
20 REFUNDED BUT MAY BE CARRIED FORWARD TO OFFSET TAX LIABILITY IN
21 SUBSEQUENT TAX YEARS FOR 5 YEARS OR UNTIL USED UP, WHICHEVER OCCURS
22 FIRST.

23 (5) THE DEPARTMENT OF COMMUNITY HEALTH SHALL CERTIFY TO THE
24 DEPARTMENT OF TREASURY WHETHER A TAXPAYER WHO CLAIMS A CREDIT UNDER
25 THIS SECTION IS A QUALIFIED TAXPAYER OR, ONLY AS PROVIDED IN
26 SUBSECTION (7), IS A PHYSICIAN WHO HAS A FULL-TIME OR PART-TIME
27 MEDICAL CARE PRACTICE IN A NONDESIGNATED AREA.

1 (6) A TAXPAYER WHO CLAIMS THE CREDIT UNDER THIS SECTION SHALL
2 ATTACH TO HIS OR HER ANNUAL RETURN ON WHICH THE CREDIT IS CLAIMED
3 AN AFFIDAVIT, IN A FORM PRESCRIBED BY THE DEPARTMENT OR THAT
4 CONTAINS SUBSTANTIALLY THE SAME INFORMATION, THAT STATES THAT THE
5 TAXPAYER MEETS ALL OF THE CONDITIONS AND CRITERIA FOR CLAIMING THE
6 CREDIT UNDER THIS SECTION.

7 (7) IF, AFTER A QUALIFIED TAXPAYER HAS CLAIMED A CREDIT
8 ALLOWED IN THIS SECTION, THE DEPARTMENT OF COMMUNITY HEALTH CHANGES
9 THE DESIGNATION OF THE AREA WHERE THE TAXPAYER'S MEDICAL PRACTICE
10 IS LOCATED FROM THAT OF A DESIGNATED AREA TO THAT OF A
11 NONDESIGNATED AREA, THE TAXPAYER MAY CONTINUE TO CLAIM THE CREDIT
12 AS ALLOWED IN THIS SECTION AS IF THAT DESIGNATION HAD NOT BEEN
13 CHANGED.

14 (8) AS USED IN THIS SECTION:

15 (A) "DESIGNATED AREA" MEANS A HEALTH PROFESSIONAL SHORTAGE
16 AREA AS CERTIFIED BY THE DIRECTOR OF THE DEPARTMENT OF COMMUNITY
17 HEALTH.

18 (B) "FULL-TIME MEDICAL CARE PRACTICE" MEANS A PHYSICIAN'S
19 MEDICAL PRACTICE OF 40 HOURS OR MORE PER WEEK.

20 (C) "PART-TIME MEDICAL CARE PRACTICE" MEANS A PHYSICIAN'S
21 MEDICAL PRACTICE OF LESS THAN 40 HOURS PER WEEK.

22 (D) "PHYSICIAN" MEANS THAT TERM AS DEFINED IN SECTION
23 17001(1)(C) OR 17501(1)(B) OF THE PUBLIC HEALTH CODE, 1978 PA 368,
24 MCL 333.17001 AND 333.17501.

25 (E) "QUALIFIED TAXPAYER" MEANS A PHYSICIAN WHO PROVIDES
26 PRIMARY CARE TO PATIENTS INCLUDING INDIGENT PATIENTS AS PART OF HIS
27 OR HER FULL-TIME MEDICAL CARE PRACTICE OR PART-TIME MEDICAL CARE

1 PRACTICE IN A DESIGNATED AREA.