

HOUSE BILL No. 6238

June 12, 2008, Introduced by Reps. Clemente, Coulouris, Mayes, Horn, Moolenaar and Griffin and referred to the Committee on New Economy and Quality of Life.

A bill to amend 2007 PA 36, entitled
"Michigan business tax act,"
by amending section 431c (MCL 208.1431c), as added by 2008 PA 88.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 431c. (1) Except as otherwise provided under this
2 section, a qualified taxpayer may claim a credit against the tax
3 imposed by this act equal to the sum of up to 5.0% of the taxable
4 value of each qualified supplier's or customer's taxable property
5 that is located within the 10-mile radius of the qualified taxpayer
6 and that is subject to collection of general ad valorem taxes under
7 the general property tax act, 1893 PA 206, MCL 211.1 to 211.155,
8 for a period of up to 5 years, as determined by the Michigan
9 economic growth authority. If a qualified supplier's or customer's
10 taxable property **THAT IS LOCATED WITHIN THE 10-MILE RADIUS OF THE**

1 **QUALIFIED TAXPAYER** is subject to the specific tax levied under 1974
2 PA 198, MCL 207.551 to 207.572, the qualified taxpayer may only
3 include up to 2.5% of the taxable value of that property in the
4 calculation of the amount of the credit allowed under this section.

5 (2) The Michigan economic growth authority shall not designate
6 more than 5 taxpayers as an anchor company in each calendar year
7 and shall not approve more than 5 new credits in each calendar year
8 under this subsection. A taxpayer has 5 years from the date on
9 which the taxpayer is designated as an anchor company to seek
10 certification as a qualified taxpayer for each qualified supplier
11 or customer for which a credit is sought under this section.

12 **HOWEVER, A CREDIT SHALL NOT BE PROVIDED FOR A TAX YEAR PRIOR TO THE**
13 **TAX YEAR DURING WHICH THE DESIGNATION AS AN ANCHOR COMPANY IS MADE.**
14 **IF A QUALIFIED TAXPAYER IS AWARDED A CREDIT UNDER THIS SECTION, ANY**
15 **SUBSEQUENT CREDITS AWARDED TO THAT QUALIFIED TAXPAYER SHALL NOT BE**
16 **INCLUDED IN DETERMINING THE YEARLY LIMIT OF 5 NEW CREDITS UNDER**
17 **THIS SUBSECTION.**

18 (3) **THE MICHIGAN ECONOMIC GROWTH AUTHORITY MAY PROVIDE THAT**
19 **QUALIFIED SALES TO A QUALIFIED SUPPLIER OR CUSTOMER SHALL NOT BE**
20 **CONSIDERED IN CALCULATING THE SALES FACTOR UNDER THIS ACT FOR THE**
21 **TAX YEAR FOR WHICH A CREDIT IS PROVIDED UNDER THIS SECTION.**

22 (4) ~~(2)~~ A taxpayer shall not claim a credit under this section
23 unless the Michigan economic growth authority has issued a
24 certificate to the qualified taxpayer. ~~However, a credit shall not~~
25 ~~be provided for a tax year prior to the tax year during which the~~
26 ~~certification is issued.~~ The qualified taxpayer shall attach the
27 certificate to the annual return filed under this act on which the

1 credit under this section is claimed. The certificate required by
2 this subsection shall state all of the following:

3 (a) The taxpayer is a qualified taxpayer and the date on which
4 the taxpayer was designated as an anchor company.

5 (b) The amount of the credit under this section for the
6 taxpayer for the designated tax year.

7 (c) The taxpayer's federal employer identification number or
8 the Michigan department of treasury number assigned to the
9 taxpayer.

10 (5) ~~(3)~~—A qualified taxpayer that claims a credit under this
11 section and subsequently fails to meet the requirements of this
12 section or any other conditions established by the Michigan
13 economic growth authority in order to obtain a certificate for
14 which the credit was claimed under this section may, as to be
15 determined by the Michigan economic growth authority, have its
16 credit reduced or terminated or have a percentage of the credit
17 amount previously claimed under this section added back to the tax
18 liability of the qualified taxpayer in the year that the qualified
19 taxpayer fails to comply with this section or the agreement.

20 (6) ~~(4)~~—If the credit allowed under this subsection exceeds
21 the liability of the qualified taxpayer for the tax year, the
22 qualified taxpayer may elect to have that portion that exceeds the
23 tax liability of the qualified taxpayer refunded or to have the
24 excess carried forward to offset tax liability in subsequent years
25 for 5 years or until it is used up, whichever occurs first.

26 (7) **A CREDIT UNDER THIS SECTION MAY BE TAKEN AFTER ALL OTHER**
27 **ALLOWABLE NONREFUNDABLE CREDITS UNDER THIS ACT.**

1 (8) ~~(5)~~—As used in this section:

2 (a) "Anchor company" means a qualified high-technology
3 business that is an integral part of a high-technology activity and
4 that has the ability or potential ability to influence business
5 decisions and site location of qualified suppliers and customers.

6 (b) "Business", "qualified high-technology activity", and
7 "qualified high-technology business" mean those terms as defined in
8 the Michigan economic growth authority act, 1995 PA 24, MCL 207.801
9 to 207.810.

10 (c) "Full-time job" means a job performed by an individual for
11 35 hours or more each week and whose income and social security
12 taxes are withheld by 1 or more of the following:

13 (i) A qualified supplier or customer.

14 (ii) An employee leasing company on behalf of a qualified
15 supplier or customer.

16 (iii) A professional employer organization on behalf of a
17 qualified supplier or customer.

18 (d) "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 (e) "Qualified new job" means a full-time job created by a
22 qualified supplier or customer at a facility or facilities that is
23 in excess of the number of full-time jobs a qualified supplier or
24 customer maintained in this state or facility prior to the
25 expansion or location, as determined by the authority.

26 **(F) "QUALIFIED SALES TO A QUALIFIED SUPPLIER OR CUSTOMER"**
27 **MEANS SALES TO A QUALIFIED SUPPLIER OR CUSTOMER THAT ARE IN EXCESS**

1 OF THE MICHIGAN SALES TO THE SUPPLIER OR CUSTOMER PRIOR TO THE YEAR
2 OF EXPANSION OR LOCATION WITHIN THIS STATE AS DETERMINED BY THE
3 MICHIGAN ECONOMIC GROWTH AUTHORITY AND THAT WOULD OTHERWISE BE
4 INCLUDED IN THE CALCULATION OF THE SALES FACTOR UNDER THIS ACT.

5 (G) ~~(f)~~—"Qualified supplier or customer" means a business that
6 opens a new location in this state, a business that locates in this
7 state, or an existing business located in this state that expands
8 its business within the last year as a result of an anchor company
9 and satisfies **PRIOR TO THE ISSUANCE OF A CERTIFICATE AND AT THE**
10 **TIME SPECIFIED IN THE AGREEMENT WITH THE QUALIFIED TAXPAYER**, as
11 certified by the Michigan economic growth authority, each of the
12 following:

13 (i) Has financial transactions with the anchor company.

14 (ii) Sells a critical or unique component or technology
15 necessary for the anchor company to market a finished product **AS**
16 **THE RESULT OF A COMMERCIAL RELATIONSHIP WITH THE ANCHOR COMPANY** or
17 buys a critical or unique component from the anchor company.

18 (iii) Has created more than 10 qualified new jobs.

19 (iv) Has made an investment of at least \$1,000,000.00 as
20 certified by the Michigan economic growth authority.

21 (H) ~~(g)~~—"Qualified taxpayer" means a taxpayer that was
22 designated by the Michigan economic growth authority as an anchor
23 company within the last 5 years and that has influenced 1 or more
24 qualified suppliers or customers to open, locate, or expand their
25 business and conduct business activity within a 10-mile radius of
26 the anchor company.