

HOUSE BILL No. 6357

July 23, 2008, Introduced by Reps. Knollenberg, Hildenbrand, Agema, Moss, Shaffer, Hune, Marleau, Hoogendyk, Horn, Casperson, Steil, LaJoy, Pastor, Booher, Sheen, Caul, Palmer, Moore, Opsommer, Gaffney, Caswell, Stahl, Rick Jones, Pearce, Pavlov, Moolenaar, Nitz, Amos, Hansen, Ward, Rocca, Meltzer, Proos, Elsenheimer, Schuitmaker, Acciavatti, Meekhof, Nofs, Stakoe, Green, Ball, David Law, Palsrok, Walker, Garfield, DeRoche, Huizenga, Clemente, Calley, Sheltroun and Wenke and referred to the Committee on Tax Policy.

A bill to amend 2007 PA 36, entitled
 "Michigan business tax act,"
 by amending section 405 (MCL 208.1405), as amended by 2007 PA 145.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 405. (1) For the 2008 tax year, a taxpayer may claim a
 2 credit against the tax imposed by this act equal to 1.52% of the
 3 taxpayer's research and development expenses in this state in the
 4 tax year. For the 2009 tax year and each tax year after 2009, a
 5 taxpayer may claim a credit against the tax imposed by this act
 6 equal to 1.90% of the taxpayer's research and development expenses
 7 in this state in the tax year. The credit under this ~~section~~
 8 **SUBSECTION** combined with the total combined credit allowed under
 9 section 403 shall not exceed 65% of the tax liability imposed under

1 this act before the imposition and levy of the surcharge under
2 section 281. ~~As used in this section, "research~~

3 (2) FOR THE 2008 TAX YEAR AND EACH TAX YEAR AFTER 2008, A
4 TAXPAYER THAT IS ENGAGED IN THE RESEARCH AND DEVELOPMENT OF INDUCED
5 PLURIPOTENT STEM CELLS AND DOES NOT CLAIM A CREDIT UNDER SECTION
6 254 OF THE INCOME TAX ACT OF 1967, 1967 PA 281, MCL 206.254, MAY
7 CLAIM AN ADDITIONAL CREDIT AGAINST THE TAX IMPOSED BY THIS ACT
8 EQUAL TO 0.5% OF THE TAXPAYER'S RESEARCH AND DEVELOPMENT EXPENSES
9 IN THIS STATE IN THE TAX YEAR. A TAXPAYER THAT IS ALSO ENGAGED IN
10 THE RESEARCH AND DEVELOPMENT OF HUMAN EMBRYONIC STEM CELLS IS NOT
11 ALLOWED TO CLAIM THE ADDITIONAL CREDIT UNDER THIS SUBSECTION.

12 (3) AS USED IN THIS SECTION:

13 (A) "INDUCED PLURIPOTENT STEM CELL RESEARCH" MEANS THE PROCESS
14 OF GENERATING INDUCED PLURIPOTENT STEM CELLS OR USING INDUCED
15 PLURIPOTENT STEM CELLS TO STUDY DISEASE, DEVELOP DRUGS, CREATE
16 CELL-BASED THERAPIES, OR DEVELOP OR MANUFACTURE PRODUCTS OR FOR USE
17 IN TRANSPLANTATION MEDICINE OR OTHER BENEFICIAL RESEARCH
18 ACTIVITIES.

19 (B) "INDUCED PLURIPOTENT STEM CELLS" MEANS DEDIFFERENTIATED
20 ADULT HUMAN SOMATIC CELLS THAT ARE PLURIPOTENT, ARE NONEMBRYONIC
21 FUNCTIONAL EQUIVALENTS OF EMBRYONIC STEM CELLS, AND ARE GENERATED
22 BY REPROGRAMMING DIFFERENTIATED HUMAN SOMATIC CELLS INTO A
23 PLURIPOTENT STATE WITHOUT USING HUMAN EGGS, EMBRYOS, OR EMBRYONIC
24 STEM CELLS.

25 (C) "PLURIPOTENT" MEANS THE ABILITY TO PERPETUALLY
26 DIFFERENTIATE INTO MESODERM, ECTODERM, AND ENDODERM.

27 (D) "RESEARCH and development expenses" means that term as

1 defined in section 41(b) of the internal revenue code.

2 (E) "RESEARCH AND DEVELOPMENT OF HUMAN EMBRYONIC STEM CELLS"
3 MEANS THE ACTIVITY OF EXTRACTING STEM CELLS FROM EMBRYOS OR USING
4 STEM CELLS EXTRACTED FROM EMBRYOS TO STUDY DISEASE, DEVELOP DRUGS,
5 CREATE CELL-BASED THERAPIES, OR DEVELOP OR MANUFACTURE PRODUCTS OR
6 FOR USE IN TRANSPLANTATION MEDICINE OR OTHER BENEFICIAL RESEARCH
7 ACTIVITIES.