

SENATE BILL No. 653

June 18, 2009, Introduced by Senator GILBERT and referred to the Committee on Finance.

A bill to amend 2007 PA 36, entitled
"Michigan business tax act,"
by amending section 433 (MCL 208.1433), as amended by 2007 PA 215.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 433. (1) A taxpayer that is a business located and
2 conducting business activity within a renaissance zone may claim a
3 credit against the tax imposed by this act for the tax year to the
4 extent and for the duration provided pursuant to the Michigan
5 renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, ~~equal~~
6 ~~to the lesser of the following~~ AS FOLLOWS:

7 (A) EXCEPT AS OTHERWISE PROVIDED UNDER SUBDIVISION (B), FOR A
8 TAXPAYER LOCATED AND CONDUCTING BUSINESS ACTIVITY IN A RENAISSANCE
9 ZONE AFTER NOVEMBER 30, 2002, A CREDIT EQUAL TO THE LESSER OF THE
10 FOLLOWING:

1 **(i)** ~~(a)~~—The tax liability attributable to business activity
 2 conducted within a renaissance zone in the tax year.

3 **(ii)** ~~(b)~~—Ten percent of adjusted services performed in a
 4 designated renaissance zone.

5 **(B)** ~~(c)~~—For a taxpayer located and conducting business
 6 activity in a renaissance zone before December 31—1, 2002, ~~the~~ **OR**
 7 **FOR A TAXPAYER THAT ENTERED INTO A PURCHASE AGREEMENT OR LEASE**
 8 **AGREEMENT BEFORE DECEMBER 1, 2002, FOR REAL OR PERSONAL PROPERTY**
 9 **THAT IS TO BE USED FOR BUSINESS ACTIVITY IN A RENAISSANCE ZONE, A**
 10 **CREDIT EQUAL TO THE GREATER OF THE FOLLOWING:**

11 **(i) THE AMOUNT CALCULATED UNDER SUBDIVISION (A) (i) OR (ii) ,**
 12 **WHICHEVER IS LESS.**

13 **(ii) THE** product of the following:

14 **(A)** ~~(i)~~—The credit claimed under section 39b of former 1975 PA
 15 228 for the tax year ending in 2007.

16 **(B)** ~~(ii)~~—The ratio of the taxpayer's payroll in this state in
 17 the tax year divided by the taxpayer's payroll in this state in its
 18 tax year ending in 2007 under former 1975 PA 228.

19 **(C)** ~~(iii)~~—The ratio of the taxpayer's renaissance zone business
 20 activity factor for the tax year divided by the taxpayer's
 21 renaissance zone business activity factor for its tax year ending
 22 in 2007 under section 39b of former 1975 PA 228.

23 (2) Any portion of the taxpayer's tax liability that is
 24 attributable to illegal activity conducted in the renaissance zone
 25 shall not be used to calculate a credit under this section.

26 (3) The credit allowed under this section continues through
 27 the tax year in which the renaissance zone designation expires.

1 (4) If the amount of the credit allowed under this section
2 exceeds the tax liability of the taxpayer for the tax year, that
3 portion of the credit that exceeds the tax liability shall not be
4 refunded.

5 (5) A taxpayer that claims a credit under this section shall
6 not employ, pay a speaker fee to, or provide any remuneration,
7 compensation, or consideration to any person employed by the state,
8 the state administrative board created in 1921 PA 2, MCL 17.1 to
9 17.3, or the renaissance zone review board created in **SECTION 5 OF**
10 **THE RENAISSANCE ZONE ACT**, 1996 PA 376, MCL ~~125.2681 to 125.2696~~
11 **125.2685**, whose employment relates or related in any way to the
12 authorization or enforcement of the credit allowed under this
13 section for any year in which the taxpayer claims a credit under
14 this section and for the 3 years after the last year that a credit
15 is claimed.

16 (6) To be eligible for the credit allowed under this section,
17 an otherwise qualified taxpayer shall file an annual return under
18 this act in a format determined by the department.

19 (7) Any portion of the taxpayer's tax liability that is
20 attributable to business activity related to the operation of a
21 casino, and business activity that is associated or affiliated with
22 the operation of a casino, including, but not limited to, the
23 operation of a parking lot, hotel, motel, or retail store, shall
24 not be used to calculate a credit under this section.

25 (8) For purposes of this section, taxpayer includes a person
26 subject to the tax imposed under chapters 2A and 2B.

27 (9) As used in this section:

1 (a) "Adjusted services performed in a designated renaissance
2 zone" means either of the following:

3 (i) Except as provided in subparagraph (ii), the sum of the
4 taxpayer's payroll for services performed in a designated
5 renaissance zone plus an amount equal to the amount deducted in
6 arriving at federal taxable income for the tax year for
7 depreciation, amortization, or immediate or accelerated write-off
8 for tangible property exempt under section 7ff of the general
9 property tax act, 1893 PA 206, MCL 211.7ff, in the tax year or, for
10 new property, in the immediately following tax year.

11 (ii) For a partnership, limited liability company, S
12 corporation, or individual, the amount determined under
13 subparagraph (i) plus the product of the following as related to the
14 taxpayer if greater than zero:

15 (A) Business income.

16 (B) The ratio of the taxpayer's total sales in this state
17 during the tax year divided by the taxpayer's total sales
18 everywhere during the tax year.

19 (C) The renaissance zone business activity factor.

20 (b) "Casino" means a casino regulated by this state pursuant
21 to the Michigan gaming control and revenue act, 1996 IL 1, MCL
22 432.201 to 432.226.

23 (c) "New property" means property that has not been subject
24 to, or exempt from, the collection of taxes under the general
25 property tax act, 1893 PA 206, MCL 211.1 to ~~211.157~~ 211.155, and
26 has not been subject to, or exempt from, ad valorem property taxes
27 levied in another state, except that receiving an exemption as

1 inventory property does not disqualify property.

2 (d) "Payroll" means total salaries and wages before deducting
3 any personal or dependency exemptions.

4 (e) "Renaissance zone" means that term as defined in the
5 Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to
6 125.2696.

7 (f) "Renaissance zone business activity factor" means a
8 fraction, the numerator of which is the ratio of the average value
9 of the taxpayer's property located in a designated renaissance zone
10 to the average value of the taxpayer's property in this state plus
11 the ratio of the taxpayer's payroll for services performed in a
12 designated renaissance zone to all of the taxpayer's payroll in
13 this state and the denominator of which is 2.

14 (g) "Tax liability attributable to business activity conducted
15 within a renaissance zone" means the taxpayer's tax liability
16 multiplied by the renaissance zone business activity factor.