

SENATE BILL NO. 647

October 30, 2025, Introduced by Senator ALBERT and referred to Committee on Government Operations.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending sections 51f, 266a, 270, 278, 676, 680, 696, 701, 711,
713, and 718 (MCL 206.51f, 206.266a, 206.270, 206.278, 206.676,
206.680, 206.696, 206.701, 206.711, 206.713, and 206.718), section
51f as added by 2017 PA 110, sections 266a and 676 as added by 2020
PA 343, sections 270 and 278 as amended and section 713 as added by
2011 PA 38, section 680 as amended by 2019 PA 92, section 696 as
added by 2023 PA 4, section 701 as amended by 2024 PA 177, section
711 as amended by 2018 PA 118, and section 718 as added by 2024 PA

119.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 51f. (1) In addition to the distributions under sections
 2 51, ~~and 51d, and 51e~~, from the revenue collected from the tax
 3 levied under section 51 an amount equal to ~~that portion of the~~
 4 ~~withholding tax capture revenues attributable to certified new jobs~~
 5 ~~and the amount~~ due to be paid to an authorized business pursuant to
 6 a written agreement entered into under chapter 8D of ~~the Michigan~~
 7 ~~strategic fund act, former~~ 1984 PA 270 ~~, MCL 125.2090g to~~
 8 ~~125.2090j, shall must~~ be deposited ~~each state fiscal year into the~~
 9 ~~good jobs for Michigan fund created in section 90j of the Michigan~~
 10 ~~strategic fund act, 1984 PA 270, MCL 125.2090j.~~ **in a restricted**
 11 **account for the purpose of satisfying remaining contractual**
 12 **obligations under the written agreement.**

13 (2) As used in this section, "authorized business" ~~7~~
 14 ~~"certified new jobs", "withholding tax capture revenues", and~~
 15 "written agreement" mean those terms as defined in section 90g of
 16 ~~the Michigan strategic fund act, former~~ 1984 PA 270. ~~7 MCL~~
 17 ~~125.2090g.~~

18 Sec. 266a. (1) Subject to the limitations under this section,
 19 a qualified taxpayer with a certificate of completed rehabilitation
 20 issued ~~pursuant to~~ **under** subsection (4) after December 31, 2020 and
 21 before January 1, 2031 may credit against the tax imposed by this
 22 part the amount determined pursuant to subsection (2) for the
 23 qualified expenditures for the rehabilitation of a historic
 24 resource pursuant to the rehabilitation plan in the year in which
 25 the certificate of completed rehabilitation of the historic
 26 resource is issued. The qualified taxpayer shall initially claim a
 27 credit under this section within 5 years after the certificate of

1 completed rehabilitation is issued ~~pursuant to~~**under** subsection
2 (4). If the credit is not initially claimed within 5 years after
3 the certificate is issued, the certificate is no longer valid and
4 the qualified taxpayer is no longer eligible to claim a credit
5 under this section for that rehabilitation plan. Only those
6 expenditures that are paid or incurred during the time periods
7 prescribed for the credit under section 47(a)(2) of the internal
8 revenue code and any related treasury regulations ~~shall be~~**are**
9 considered qualified expenditures.

10 (2) Subject to the limitations under this section, a qualified
11 taxpayer that has claimed and received a credit for qualified
12 expenditures under section 47(a)(2) of the internal revenue code or
13 has entered into an agreement under subsection (10) may claim a
14 credit under this section equal to 25% of the qualified
15 expenditures that are eligible, or would have been eligible except
16 that the qualified taxpayer entered into an agreement under
17 subsection (10), for the credit under section 47(a)(2) of the
18 internal revenue code or, if the qualified taxpayer is not eligible
19 for the credit under section 47(a)(2) of the internal revenue code,
20 25% of the qualified expenditures that would qualify under section
21 47(a)(2) of the internal revenue code except that the expenditures
22 are made to a historic resource that is not eligible for the credit
23 under section 47(a)(2) of the internal revenue code.

24 (3) To be eligible for the credit under this section, a person
25 shall submit an application and a rehabilitation plan to the state
26 historic preservation office. Completed applications must be
27 considered in the order in which the office received the completed
28 applications and approved or denied within 120 days ~~of~~**after**
29 receipt of the completed applications. If the office determines

1 that the application is complete and the rehabilitation plan meets
2 the criteria for a credit under this section, the office shall
3 issue a preapproval letter to the applicant that states that the
4 rehabilitation plan qualifies for the credit under this section and
5 the maximum total amount of the credit reserved for which a credit
6 may be claimed when the project is complete and a certificate of
7 completed rehabilitation is issued for qualified expenditures
8 pursuant to that rehabilitation plan. If an application is denied
9 under this subsection, the applicant may file an appeal in a form
10 and manner as prescribed by the office or subsequently reapply for
11 the same rehabilitation plan or for another rehabilitation plan, or
12 both. Subject to the limitations under this section, the total of
13 all credits reserved under preapproval letters for rehabilitation
14 plans approved under this section and section 676 ~~shall~~**must** not
15 exceed \$5,000,000.00 per calendar year. To the extent the office
16 receives applications for the rehabilitation of small
17 nonresidential historic resources for credits in excess of
18 \$2,000,000.00, not less than \$2,000,000.00 of the \$5,000,000.00
19 each calendar year ~~shall~~**must** be approved for small nonresidential
20 historic resources. To the extent the office receives applications
21 for the rehabilitation of large nonresidential historic resources
22 for credits in excess of \$2,000,000.00, not less than \$2,000,000.00
23 of the \$5,000,000.00 each calendar year ~~shall~~**must** be approved for
24 large nonresidential historic resources. To the extent the office
25 receives applications for the rehabilitation of residential
26 historic resources for credits in excess of \$1,000,000.00, not less
27 than \$1,000,000.00 of the \$5,000,000.00 each calendar year ~~shall~~
28 **must** be approved for residential historic resources. The office
29 shall not issue a preapproval letter or certificate of completed

1 rehabilitation that authorizes a qualified taxpayer to claim a
2 credit of more than \$2,000,000.00 in a single tax year for the same
3 historic resource. If, for any calendar year, the office issues
4 preapproval letters and reserves the maximum amount of tax credits
5 allowed under this section for that calendar year, the office shall
6 notify all applicants who have submitted completed applications and
7 rehabilitation plans then awaiting approval or submitted for
8 approval after the calculation is made that no additional
9 preapproval letters for rehabilitation plans will be issued during
10 that calendar year. The office shall also notify those applicants
11 of the priority number given to the applicant's application and
12 rehabilitation plan awaiting approval. The applications and plans
13 will remain in priority status for 2 years from the date of the
14 original application and plan and will be considered for approval
15 and reservation of tax credits in the priority order established in
16 this subsection in the event that additional credits become
17 available resulting from the rescission of approvals under this
18 subsection or subsection (5) and at the beginning of the next
19 calendar year. An applicant that has received a preapproval letter
20 shall commence rehabilitation, if it has not previously begun,
21 within 1 year after the issuance of the preapproval letter and
22 complete the rehabilitation plan within 8 years after the issuance
23 of the preapproval letter or the office will rescind the
24 preapproval letter and reallocate the amount of the credit reserved
25 for that rehabilitation plan. ~~Upon~~**On** completion of a
26 rehabilitation plan for which a preapproval letter was issued, the
27 applicant shall submit to the office documentation that the
28 rehabilitation is complete and the completed rehabilitation of the
29 historic resource meets the criteria under subsection (6) and

1 either of the following:

2 (a) All of the following criteria:

3 (i) The historic resource contributes to the significance of
4 the historic district in which it is located or is individually
5 listed on the National Register of Historic Places or state
6 register of historic sites.

7 (ii) Both the rehabilitation plan and completed rehabilitation
8 of the historic resource meet the federal ~~secretary of the~~
9 ~~interior's~~ **Secretary of the Interior's** standards for rehabilitation
10 and ~~guidelines for rehabilitating historic buildings, under~~ 36 CFR
11 part 67 **and related guidelines for rehabilitating historic**
12 **buildings.**

13 (iii) All rehabilitation work has been done to or within the
14 walls, boundaries, or structures of the historic resource or to
15 historic resources located within the property boundaries of the
16 resource.

17 (b) The applicant has received certification from the national
18 park service that the historic resource's significance, the
19 rehabilitation plan, and the completed rehabilitation qualify for
20 the credit allowed under section 47(a)(2) of the internal revenue
21 code.

22 (4) The office shall verify that the rehabilitation is
23 complete and meets the criteria under subsection (3). However, if
24 the applicant is eligible for the credit allowed under section
25 47(a)(2) of the internal revenue code, additional documentation
26 that the rehabilitation is complete for the credit allowed under
27 this section is not required. Within 120 days after receiving
28 verification, in a form and manner as prescribed by the office,
29 that the rehabilitation is complete and meets the requirements of

1 subsection (3), the office shall issue a certificate of completed
2 rehabilitation to the applicant that states the rehabilitation plan
3 submitted by the applicant has been completed, the amount of
4 qualified expenditures, and the total amount of the credit allowed
5 to be claimed by a qualified taxpayer under this section. If the
6 amount of qualified expenditures incurred exceeds the amount of the
7 tax credits reserved by the preapproval letter issued under
8 subsection (3), the applicant may submit a request to the office,
9 in a form and manner as prescribed by the office, for the issuance
10 and approval of a certificate of completed rehabilitation in excess
11 of the amount initially authorized in the preapproval letter. If
12 the office determines that less than \$5,000,000.00 has been
13 reserved under preapproval letters issued for the calendar year,
14 after priority has been given to those notified under subsection
15 (3), then the office may issue a certificate of completed
16 rehabilitation in excess of the amount included in the preapproval
17 letter.

18 (5) The office may inspect a historic resource at any time
19 during the rehabilitation process and may revoke the preapproval
20 letter or the certificate of completed rehabilitation if the
21 rehabilitation was not undertaken as represented in the
22 rehabilitation plan or if unapproved alterations to the completed
23 rehabilitation are made within 5 years after the tax year in which
24 the certificate of completed rehabilitation was issued. The office
25 shall promptly notify the department of a revocation.

26 (6) Qualified expenditures for the rehabilitation of a
27 historic resource may be used to calculate the credit under this
28 section if the historic resource is 1 of the following during the
29 tax year in which a credit under this section is claimed for those

1 qualified expenditures:

2 (a) Individually listed on the National Register of Historic
3 Places or state register of historic sites.

4 (b) A contributing resource located within a historic district
5 listed on the National Register of Historic Places or the state
6 register of historic sites.

7 (c) A contributing resource located within a historic district
8 designated by a local unit pursuant to an ordinance adopted under
9 the local historic districts act, 1970 PA 169, MCL 399.201 to
10 399.215.

11 (7) A person that has been issued a certificate of completed
12 rehabilitation under subsection (4) may assign all or any portion
13 of the credit allowed under this section. A credit assignment under
14 this subsection is irrevocable and ~~shall~~**must** be made in the tax
15 year in which a certificate of completed rehabilitation is issued.
16 A qualified taxpayer may claim a portion of a credit and assign the
17 remaining amount. If the qualified taxpayer both claims and assigns
18 portions of the credit, the qualified taxpayer shall claim the
19 portion it claims in the tax year in which a certificate of
20 completed rehabilitation is issued pursuant to this section. Except
21 as otherwise provided under this subsection, an assignee may
22 subsequently assign the credit or any portion of the credit
23 assigned under this subsection to 1 or more assignees. An
24 assignment or subsequent reassignment of a credit ~~shall~~**must** be
25 made in the year the certificate of completed rehabilitation is
26 issued. A credit assignment or subsequent reassignment under this
27 section ~~shall~~**must** be made on a form prescribed by the office. The
28 office shall review and issue a completed assignment or
29 reassignment certificate to the assignee or reassignee. A credit

1 amount assigned under this subsection may be claimed against the
2 assignee's tax liability under this part or part 2. A credit amount
3 authorized or assigned to a partnership, limited liability company,
4 or subchapter S corporation under this section or section 676 may
5 be claimed against the partner's, member's, or shareholder's tax
6 liability under this part based on the partner's, member's, or
7 shareholder's proportionate share of ownership or an alternative
8 method approved by the office. An assignee or subsequent reassignee
9 shall attach a copy of the completed assignment certificate to the
10 annual return required to be filed under this part for the tax year
11 in which the assignment or reassignment is made and the assignee or
12 reassignee first claims the credit, which ~~shall~~**must** be the same
13 tax year.

14 (8) If the credit allowed under this section for the tax year
15 and any unused carryforward of the credit allowed by this section
16 exceed the qualified taxpayer's tax liability for the tax year,
17 that portion that exceeds the tax liability for the tax year ~~shall~~
18 **must** not be refunded but may be carried forward to offset tax
19 liability in subsequent tax years for 10 years or until used up,
20 whichever occurs first. If a qualified taxpayer has an unused
21 carryforward of a credit under this section, the amount otherwise
22 added under subsection (9) to the qualified taxpayer's tax
23 liability may instead be used to reduce the qualified taxpayer's
24 carryforward under this section.

25 (9) Except as otherwise provided under subsection (10), if a
26 certificate of completed rehabilitation is revoked under subsection
27 (5) or if the historic resource is sold or disposed of less than 5
28 years after the certificate of completed rehabilitation is issued,
29 the following percentage of the credit amount previously claimed

1 relative to that historic resource ~~shall~~**must** be added back to the
2 tax liability of the qualified taxpayer that received the
3 certificate of completed rehabilitation and not the assignee in the
4 year of the revocation:

5 (a) If the revocation is less than 1 year after the
6 certificate of completed rehabilitation is issued, 100%.

7 (b) If the revocation is at least 1 year but less than 2 years
8 after the certificate of completed rehabilitation is issued, 80%.

9 (c) If the revocation is at least 2 years but less than 3
10 years after the certificate of completed rehabilitation is issued,
11 60%.

12 (d) If the revocation is at least 3 years but less than 4
13 years after the certificate of completed rehabilitation is issued,
14 40%.

15 (e) If the revocation is at least 4 years but less than 5
16 years after the certificate of completed rehabilitation is issued,
17 20%.

18 (f) If the revocation is at least 5 years or more after the
19 certificate of completed rehabilitation is issued, an addback to
20 the qualified taxpayer tax liability is not required.

21 (10) Subsection (9) ~~shall~~**does** not apply if the qualified
22 taxpayer enters into a written agreement with the office that will
23 allow for the transfer or sale of the historic resource and
24 provides the following:

25 (a) Reasonable assurance that ~~subsequent to~~**after** the transfer
26 the property will remain a historic resource during the 5-year
27 period after the certificate of completed rehabilitation is issued.

28 (b) A method that the department can recover an amount from
29 the qualified taxpayer equal to the appropriate percentage of

1 credit added back as described under subsection (9).

2 (c) An encumbrance on the title to the historic resource being
3 sold or transferred, stating that the property must remain a
4 historic resource throughout the 5-year period after the
5 certificate of completed rehabilitation is issued.

6 (d) A provision for the payment by the qualified taxpayer of
7 all legal and professional fees associated with the drafting,
8 review, and recording of the written agreement required under this
9 subsection.

10 (11) The office may impose a fee to cover the administrative
11 cost of implementing the program under this section.

12 (12) The qualified taxpayer shall attach all of the following
13 to the qualified taxpayer's annual return under this part:

14 (a) Certificate of completed rehabilitation.

15 (b) Certification of historic significance related to the
16 historic resource and the qualified expenditures used to claim a
17 credit under this section.

18 (c) A completed assignment form if the qualified taxpayer is
19 an assignee under this section or section 676 of any portion of a
20 credit allowed under that section.

21 (13) The office may promulgate rules to implement this section
22 pursuant to the administrative procedures act of 1969, 1969 PA 306,
23 MCL 24.201 to 24.328.

24 (14) The total of the credits claimed under this section and
25 section 676 for a rehabilitation project ~~shall~~**must** not exceed 25%
26 of the total qualified expenditures eligible for the credit under
27 this section for that rehabilitation project.

28 (15) The office shall submit an economic impact report that
29 includes, to the extent available, all of the following to the

1 legislature annually for the immediately preceding state fiscal
2 year:

3 (a) The fee schedule used by the office and the total amount
4 of fees collected.

5 (b) A description of each rehabilitation project for which a
6 preapproval letter was issued and for each certificate of completed
7 rehabilitation issued. The description must include the total
8 rehabilitation costs, labor hours generated, jobs added, payroll
9 added, total capital investments, gain in property value after
10 rehabilitation, and the amount of income tax and sales tax
11 generated by the rehabilitation project.

12 (c) The location of each new and ongoing rehabilitation
13 project.

14 (16) As used in this section:

15 (a) "Contributing resource" means a historic resource that
16 contributes to the significance of the historic district in which
17 it is located.

18 (b) "Detroit Consumer Price Index" means the most
19 comprehensive index of consumer prices available for the ~~Detroit~~
20 **Detroit-Warren-Dearborn** area from the United States Department of
21 Labor, Bureau of Labor Statistics.

22 (c) "Historic district" means an area, or group of areas not
23 necessarily having contiguous boundaries, that contains 1 resource
24 or a group of resources that are related by history, architecture,
25 archaeology, engineering, or culture.

26 (d) "Historic resource" means a publicly or privately owned
27 historic building, structure, site, object, feature, or open space
28 located within a historic district designated by the National
29 Register of Historic Places, the state register of historic sites,

1 or a local unit acting under the local historic districts act, 1970
2 PA 169, MCL 399.201 to 399.215, ~~or~~ that is individually listed on
3 the state register of historic sites or National Register of
4 Historic Places.

5 (e) "Large nonresidential historic resource" means a nonowner-
6 occupied, income producing historic resource that has a
7 rehabilitation plan with qualified expenditures of \$2,000,000.00 or
8 more.

9 (f) "Local unit" means a county, city, village, or township.

10 (g) "Long-term lease" means a lease term of at least 27.5
11 years for a residential resource or at least 31.5 years for a
12 nonresidential resource.

13 (h) "Open space" means undeveloped land, a naturally
14 landscaped area, or a formal or man-made landscaped area that
15 provides a connective link or a buffer between other resources.

16 (i) "Qualified expenditures" means capital expenditures that
17 qualify, or would qualify except that the qualified taxpayer
18 entered into an agreement under subsection (10), for a
19 rehabilitation credit under section 47(a)(2) of the internal
20 revenue code if the qualified taxpayer is eligible for the credit
21 under section 47(a)(2) of the internal revenue code or, if the
22 applicant is not eligible for the credit under section 47(a)(2) of
23 the internal revenue code, the qualified expenditures that would
24 qualify under section 47(a)(2) of the internal revenue code except
25 that the expenditures are made to a historic resource that is not
26 eligible for the credit under section 47(a)(2) of the internal
27 revenue code, that were paid. Qualified expenditures do not include
28 capital expenditures for nonhistoric additions to a historic
29 resource except an addition that is required by state or federal

1 regulations that relate to historic preservation, safety, or
2 accessibility.

3 (j) "Qualified taxpayer" means a person that is an assignee
4 under this section or section 676 or that either owns the resource
5 to be rehabilitated or has a long-term lease agreement with the
6 owner of the historic resource and that has qualified expenditures
7 for the rehabilitation of the historic resource that satisfies
8 either of the following:

9 (i) For the rehabilitation of a residential historic resource,
10 qualified expenditures equal to or greater than \$1,000.00. The
11 \$1,000.00 amount must be annually adjusted for inflation using the
12 Detroit Consumer Price Index.

13 (ii) For the rehabilitation of a historic resource that is not
14 a residential historic resource, qualified expenditures equal to or
15 greater than 10% of the state equalized valuation of the property.
16 If the historic resource to be rehabilitated is a portion of a
17 historic or nonhistoric resource, the state equalized valuation of
18 only that portion of the property ~~shall~~**must** be used for purposes
19 of this subparagraph. If the assessor for the local tax collecting
20 unit in which the historic resource is located determines the state
21 equalized valuation of that portion, that assessor's determination
22 ~~shall~~**must** be used for purposes of this subparagraph. If the
23 assessor does not determine that state equalized valuation of that
24 portion, qualified expenditures, for purposes of this subparagraph,
25 ~~shall~~**must** be equal to or greater than 5% of the appraised value as
26 determined by a certified appraiser. If the historic resource to be
27 rehabilitated does not have a state equalized valuation, qualified
28 expenditures for purposes of this subparagraph ~~shall~~**must** be equal
29 to or greater than 5% of the appraised value of the resource as

determined by a certified appraiser.

(k) "Rehabilitation plan" means a plan for the rehabilitation of a historic resource that meets the federal Secretary of the Interior's standards for rehabilitation ~~and guidelines for rehabilitation of historic buildings~~ under 36 CFR part 67 **and related guidelines for rehabilitating historic buildings.**

(l) "Residential historic resource" means a non-income producing historic resource that is an owner-occupied dwelling.

(m) "Small nonresidential historic resource" means a nonowner-occupied, income producing historic resource that has a rehabilitation plan with qualified expenditures of less than \$2,000,000.00.

(n) "State historic preservation office" or "office" means the state historic preservation office created by Executive Order No. 2007-53 and transferred to the ~~Michigan strategic fund by Executive Reorganization Order No. 2019-3, MCL 125.1998.~~ **bureau of fair competition and free enterprise by section 13 of the economic development fair competition and free enterprise act.**

Sec. 270. (1) For tax years that begin after December 31, 2008, a taxpayer to whom a tax voucher certificate is issued under an agreement entered into before January 1, 2012 or a taxpayer that is the transferee of a tax voucher certificate that is issued under an agreement entered into before January 1, 2012 may use the tax voucher certificate to pay any liability of the taxpayer under section 51 or to pay any amount owed by the taxpayer under **section 703 or former** section 351.

(2) A tax voucher certificate ~~shall~~**must** be used for the purposes allowed under subsection (1) and only in a tax year that begins after December 31, 2008.

(3) The amount of the tax voucher that may be used to pay a liability due under this part in any tax year ~~shall~~**must** not exceed the lesser of the following:

(a) The amount of the tax voucher stated in the tax voucher certificate held by the taxpayer.

(b) The amount authorized to be used in the tax year under the terms of the tax voucher certificate.

(c) The taxpayer's liability under this part for the tax year for which the tax voucher is used.

(4) If the amount of any tax voucher certificate held by a taxpayer or transferee exceeds the amount the taxpayer may use under subsection (3)(b) or (c) in a tax year, that excess may be used by the taxpayer or transferee to pay, subject to the limitations of subsection (3), any future liability of the taxpayer or transferee under this part.

(5) The tax voucher certificate, and any completed transfer form that was issued pursuant to ~~the Michigan early stage venture investment act of 2003,~~**former** 2003 PA 296, MCL ~~125.2231 to 125.2263,~~**shall** ~~must~~ be attached to the annual return under this part. The department may prescribe and implement alternative methods of reporting and recording ownership, transfer, and utilization of tax voucher certificates that are not inconsistent with the provisions of this act. The department shall administer this section to ~~assure~~**ensure** that any amount of a tax voucher certificate used to pay any liability under this part ~~shall~~**is** not also ~~be~~ applied to pay any liability of the taxpayer or any other person under the Michigan business tax act, 2007 PA 36, MCL 208.1101 to ~~208.1601.~~**208.1519**. The department shall take any action necessary to enforce and effectuate the permissible issuance

1 and use of tax voucher certificates in a manner authorized under
 2 this section and ~~the Michigan early stage venture investment act of~~
 3 ~~2003, **former** 2003 PA 296. , MCL 125.2231 to 125.2263.~~

4 (6) As used in this section:

5 (a) "Certificate" or "tax voucher certificate" means the tax
 6 voucher certificate issued under section 23 of ~~the Michigan early~~
 7 ~~stage venture capital investment act of 2003, **former** 2003 PA 296 ,~~
 8 ~~MCL 125.2253,~~ or any replacement tax voucher certificate issued
 9 under ~~former section 37e(9)(b) **37e(11)(b)** or (d) of the single~~
 10 ~~business tax act, **former** 1975 PA 228 ,~~ or section 419 of the
 11 Michigan business tax act, 2007 PA 36, MCL 208.1419.

12 (b) "Transferee" means a taxpayer to whom a tax voucher
 13 certificate has been transferred under section 23 of ~~the Michigan~~
 14 ~~early stage venture investment act of 2003, **former** 2003 PA 296 ,~~
 15 ~~MCL 125.2253,~~ and ~~former section 37e of the single business tax~~
 16 ~~act, **former** 1975 PA 228 ,~~ or section 419 of the Michigan business
 17 tax act, 2007 PA 36, MCL 208.1419.

18 Sec. 278. (1) Subject to the limitations provided under this
 19 section, a taxpayer that makes a qualified investment after
 20 December 31, 2010 and before January 1, 2012 in a qualified
 21 business may claim a credit against the tax imposed by this act
 22 equal to 25% of the qualified investment made during the tax year.

23 (2) To qualify for the credit under this section, the taxpayer
 24 shall request certification from the Michigan strategic fund within
 25 60 days of making the investment. A taxpayer shall not claim a
 26 credit under this section unless the Michigan strategic fund has
 27 issued a certificate to the taxpayer. The board shall not approve a
 28 credit under this section for a taxpayer who has been convicted of
 29 a felony involving a fiduciary obligation or the conversion or

misappropriation of funds or insurance accounts, theft, deceit, fraud, misrepresentation, or corruption. The Michigan strategic fund shall forward a copy of each certificate ~~received pursuant to~~ **issued under** this subsection to the governor, the president of the Michigan strategic fund, the chairperson of the senate finance committee, the chairperson of the house tax policy committee, the director of the senate fiscal agency, and the director of the house fiscal agency. The requirements of section 28(1)(f) of 1941 PA 122, MCL 205.28, do not apply to the disclosure required by this subsection. The Michigan strategic fund shall not certify more than \$1,000,000.00 in qualified investments in any 1 qualified business. The taxpayer shall attach the certificate to the annual return filed under this act on which a credit under this section is claimed. The certificate required under this subsection ~~shall~~ **must** specify all of the following:

(a) The total amount of investment made during the tax year by the taxpayer in each qualified business.

(b) The total amount of qualified investments made in each qualified business if different from the previous amount.

(c) The total amount of the credit under this section that the taxpayer is allowed to claim for the designated tax year.

(3) A taxpayer shall not claim a credit of more than \$250,000.00 based on an investment in any 1 qualified business and shall not claim a credit of more than \$250,000.00 for qualified investments in all qualified businesses in any 1 year. The credit allowed under this section ~~shall~~ **must** be taken by the taxpayer in equal installments over 2 years beginning with the tax year in which the certification was issued.

(4) ~~The total amount of credits that the~~ Michigan strategic

fund may **not** certify ~~under this section shall not exceed more than~~
\$9,000,000.00 **of total credits under this section.**

(5) If the amount of the credit allowed under this section exceeds the tax liability of the taxpayer for the tax year, that portion of the credit that exceeds the tax liability of the taxpayer for the tax year ~~shall~~**must** not be refunded but may be carried forward to offset tax liability under this act in subsequent tax years for a period not to exceed 5 tax years or until used up, whichever occurs first.

(6) The board shall develop an application and approval process ~~in order~~ to certify investments under this section and adopt a program describing parameters and criteria to be used for approving investments. As part of that program adoption, the board may determine and describe the conditions to be met to be considered an investment alongside or through an approved angel group, seed capital firm, or venture capital firm.

(7) A taxpayer who has not paid or entered into an installment agreement regarding a final assessment of an unpaid liability for a state tax for which all rights of appeal have been exhausted or who is currently in a bankruptcy proceeding is not eligible to claim a credit under this section.

(8) As used in this section:

(a) "Board" means the board of directors of the Michigan strategic fund.

(b) "Michigan strategic fund" means the Michigan strategic fund as described in ~~the Michigan strategic fund act, former~~ 1984 PA 270. ~~, MCL 125.2001 to 125.2094.~~

(c) "Qualified business" means a business that the board certifies as in compliance with all of the following at the time of

1 the investment:

2 (i) The business is a seed or early stage business as defined
3 in section 3 of ~~the Michigan early stage venture investment act of~~
4 ~~2003, former~~ 2003 PA 296. ~~, MCL 125.2233.~~

5 (ii) The business has its headquarters in this state, is
6 domiciled in this state, and has a majority of its employees
7 working in this state.

8 (iii) The business has a preinvestment valuation of less than
9 \$10,000,000.00 and has fewer than 100 full-time equivalent
10 employees.

11 (iv) **The business has been in existence for 1 of the following,**
12 **as applicable:**

13 (A) Except as otherwise provided under ~~this subparagraph, the~~
14 ~~business has been in existence~~ **sub-subparagraph (B)**, less than 5
15 years. ~~; or, for~~

16 (B) **For** a business in which the business activity is derived
17 from research at an institution of higher education located within
18 this state or an organization exempt from federal taxation under
19 section 501(c)(3) of the internal revenue code ~~and that is located~~
20 ~~within this state, the business has been in existence~~ less than 10
21 years. As used in this ~~subparagraph,~~ **sub-subparagraph, "institution**
22 **of higher education" means** a public or private college or
23 university that awards a bachelor's degree or other degrees. ~~is an~~
24 ~~institution of higher education.~~

25 (v) The business is not a retail establishment as described in
26 section 44-45 - retail trade, of the North American ~~industry~~
27 ~~classification system,~~ **Industry Classification System**, United
28 States, 1997, published by the office of management and budget.

29 (vi) The business has not claimed a credit under section 431 ~~7~~

~~455, 457, or 459~~ of the Michigan business tax act, 2007 PA 36, MCL 208.1431, ~~208.1455, 208.1457, and 208.1459.~~ **or former section 455, 457, or 459 of the Michigan business tax act, 2007 PA 36.**

(d) "Qualified investment" means, except as otherwise provided under this subdivision, an investment of at least \$20,000.00 certified by the Michigan strategic fund that is made alongside of, or through, a seed venture capital or angel investor group that is registered with the Michigan strategic fund and is not in a business in which any member of the investor's family is an employee or owner of the business or in which the investor or any member of the investor's family has a preexisting fiduciary relationship with the business. Qualified investment does not include an investment in a business that engages in life sciences technology unless those activities are included in the definition of life sciences as that term is defined under section 88a of ~~the Michigan strategic fund act, former~~ 1984 PA 270. ~~, MCL 125.2088a.~~

Sec. 676. (1) Subject to the limitations under this section, a qualified taxpayer with a certificate of completed rehabilitation issued ~~pursuant to~~ **under** subsection (4) after December 31, 2020 and before January 1, 2031 may credit against the tax imposed by this part the amount determined pursuant to subsection (2) for the qualified expenditures for the rehabilitation of a historic resource pursuant to the rehabilitation plan in the year in which the certificate of completed rehabilitation of the historic resource is issued. The qualified taxpayer shall initially claim a credit under this section within 5 years after the certificate of completed rehabilitation is issued ~~pursuant to~~ **under** subsection (4). If the credit is not initially claimed within 5 years after the certificate is issued, the certificate is no longer valid and

1 the qualified taxpayer is no longer eligible to claim a credit
2 under this section for that rehabilitation plan. Only those
3 expenditures that are paid or incurred during the time periods
4 prescribed for the credit under section 47(a)(2) of the internal
5 revenue code and any related treasury regulations ~~shall be~~ **are**
6 considered qualified expenditures.

7 (2) Subject to the limitations under this section, a qualified
8 taxpayer that has claimed and received a credit for qualified
9 expenditures under section 47(a)(2) of the internal revenue code or
10 has entered into an agreement under subsection (10) may claim a
11 credit under this section equal to 25% of the qualified
12 expenditures that are eligible, or would have been eligible except
13 that the qualified taxpayer entered into an agreement under
14 subsection (10), for the credit under section 47(a)(2) of the
15 internal revenue code or, if the qualified taxpayer is not eligible
16 for the credit under section 47(a)(2) of the internal revenue code,
17 25% of the qualified expenditures that would qualify under section
18 47(a)(2) of the internal revenue code except that the expenditures
19 are made to a historic resource that is not eligible for the credit
20 under section 47(a)(2) of the internal revenue code.

21 (3) To be eligible for the credit under this section, a person
22 shall submit an application and a rehabilitation plan to the state
23 historic preservation office. Completed applications must be
24 considered in the order in which the office received the completed
25 applications and approved or denied within 120 days ~~of~~ **after**
26 receipt of the completed applications. If the office determines
27 that the application is complete and the rehabilitation plan meets
28 the criteria for a credit under this section, the office shall
29 issue a preapproval letter to the applicant that states that the

1 rehabilitation plan qualifies for the credit under this section and
2 the maximum total amount of the credit reserved for which a credit
3 may be claimed when the project is complete and a certificate of
4 completed rehabilitation is issued for qualified expenditures
5 pursuant to that rehabilitation plan. If an application is denied
6 under this subsection, the applicant may file an appeal in a form
7 and manner as prescribed by the office or subsequently reapply for
8 the same rehabilitation plan or for another rehabilitation plan, or
9 both. Subject to the limitations under this section, the total of
10 all credits reserved under preapproval letters for rehabilitation
11 plans approved under this section and section 266a ~~shall~~**must** not
12 exceed \$5,000,000.00 per calendar year. To the extent the office
13 receives applications for the rehabilitation of small
14 nonresidential historic resources for credits in excess of
15 \$2,000,000.00, not less than \$2,000,000.00 of the \$5,000,000.00
16 each calendar year ~~shall~~**must** be approved for small nonresidential
17 historic resources. To the extent the office receives applications
18 for the rehabilitation of large nonresidential historic resources
19 for credits in excess of \$2,000,000.00, not less than \$2,000,000.00
20 of the \$5,000,000.00 each calendar year ~~shall~~**must** be approved for
21 large nonresidential historic resources. To the extent the office
22 receives applications for the rehabilitation of residential
23 historic resources for credits in excess of \$1,000,000.00, not less
24 than \$1,000,000.00 of the \$5,000,000.00 each calendar year shall be
25 approved for residential historic resources. The office shall not
26 issue a preapproval letter or certificate of completed
27 rehabilitation that authorizes a qualified taxpayer to claim a
28 credit of more than \$2,000,000.00 in a single tax year for the same
29 historic resource. If, for any calendar year, the office issues

1 preapproval letters and reserves the maximum amount of tax credits
2 allowed under this section for that calendar year, the office shall
3 notify all applicants who have submitted completed applications and
4 rehabilitation plans then awaiting approval or submitted for
5 approval after the calculation is made that no additional
6 preapproval letters for rehabilitation plans will be issued during
7 that calendar year. The office shall also notify those applicants
8 of the priority number given to the owner's application and
9 rehabilitation plan awaiting approval. The applications and plans
10 will remain in priority status for 2 years from the date of the
11 original application and plan and will be considered for approval
12 and reservation of tax credits in the priority order established in
13 this subsection in the event that additional credits become
14 available resulting from the rescission of approvals under this
15 subsection or subsection (5) and at the beginning of the next
16 calendar year. An applicant that has received a preapproval letter
17 shall commence rehabilitation, if it has not previously begun,
18 within 1 year after the issuance of the preapproval letter and
19 complete the rehabilitation plan within 8 years after the issuance
20 of the preapproval letter or the office will rescind the
21 preapproval letter and reallocate the amount of the credit reserved
22 for that rehabilitation plan. ~~Upon~~**On** completion of a
23 rehabilitation plan for which a preapproval letter was issued, the
24 applicant shall submit to the office documentation that the
25 rehabilitation is complete and the completed rehabilitation of the
26 historic resource meets the criteria under subsection (6) and
27 either of the following:

28 (a) All of the following criteria:

29 (i) The historic resource contributes to the significance of

1 the historic district in which it is located or is individually
2 listed on the National Register of Historic Places or state
3 register of historic sites.

4 (ii) Both the rehabilitation plan and completed rehabilitation
5 of the historic resource meet the federal Secretary of the
6 Interior's standards for rehabilitation ~~and guidelines for~~
7 ~~rehabilitating historic buildings, under 36 CFR part 67~~ **and related**
8 **guidelines for rehabilitating historic buildings.**

9 (iii) All rehabilitation work has been done to or within the
10 walls, boundaries, or structures of the historic resource or to
11 historic resources located within the property boundaries of the
12 property.

13 (b) The applicant has received certification from the National
14 Park Service that the historic resource's significance, the
15 rehabilitation plan, and the completed rehabilitation qualify for
16 the credit allowed under section 47(a)(2) of the internal revenue
17 code.

18 (4) The office shall verify that the rehabilitation is
19 complete and meets the criteria under subsection (3). However, if
20 the applicant is eligible for the credit allowed under section
21 47(a)(2) of the internal revenue code, additional documentation
22 that the rehabilitation is complete for the credit allowed under
23 this section is not required. Within 120 days after receiving
24 verification, in a form and manner as prescribed by the office,
25 that the rehabilitation is complete and meets the requirements of
26 subsection (3), the office shall issue a certificate of completed
27 rehabilitation to the applicant that states the rehabilitation plan
28 submitted by the applicant has been completed, the amount of
29 qualified expenditures, and the total amount of the credit allowed

1 to be claimed by a qualified taxpayer under this section. If the
2 amount of qualified expenditures incurred exceeds the amount of the
3 tax credits reserved by the preapproval letter issued under
4 subsection (3), the applicant may submit a request to the office,
5 in a form and manner as prescribed by the office, for the issuance
6 and approval of a certificate of completed rehabilitation in excess
7 of the amount initially authorized in the preapproval letter. If
8 the office determines that less than \$5,000,000.00 has been
9 reserved under preapproval letters issued for the calendar year,
10 after priority has been given to those notified under subsection
11 (3), then the office may issue a certificate of completed
12 rehabilitation in excess of the amount included in the preapproval
13 letter.

14 (5) The office may inspect a historic resource at any time
15 during the rehabilitation process and may revoke the preapproval
16 letter or the certificate of completed rehabilitation if the
17 rehabilitation was not undertaken as represented in the
18 rehabilitation plan or if unapproved alterations to the completed
19 rehabilitation are made within 5 years after the tax year in which
20 the certificate of completed rehabilitation was issued. The office
21 shall promptly notify the department of a revocation.

22 (6) Qualified expenditures for the rehabilitation of a
23 historic resource may be used to calculate the credit under this
24 section if the historic resource is 1 of the following during the
25 tax year in which a credit under this section is claimed for those
26 qualified expenditures:

27 (a) Individually listed on the National Register of Historic
28 Places or state register of historic sites.

29 (b) A contributing resource located within a historic district

1 listed on the National Register of Historic Places or the state
2 register of historic sites.

3 (c) A contributing resource located within a historic district
4 designated by a local unit pursuant to an ordinance adopted under
5 the local historic districts act, 1970 PA 169, MCL 399.201 to
6 399.215.

7 (7) A person that has been issued a certificate of completed
8 rehabilitation under subsection (4) may assign all or any portion
9 of the credit allowed under this section. A credit assignment under
10 this subsection is irrevocable and ~~shall~~**must** be made in the tax
11 year in which a certificate of completed rehabilitation is issued.
12 A qualified taxpayer may claim a portion of a credit and assign the
13 remaining amount. If the qualified taxpayer both claims and assigns
14 portions of the credit, the qualified taxpayer shall claim the
15 portion it claims in the tax year in which a certificate of
16 completed rehabilitation is issued pursuant to this section. Except
17 as otherwise provided under this subsection, an assignee may
18 subsequently assign the credit or any portion of the credit
19 assigned under this subsection to 1 or more assignees. An
20 assignment or subsequent reassignment of a credit ~~shall~~**must** be
21 made in the year the certificate of completed rehabilitation is
22 issued. A credit assignment or subsequent reassignment under this
23 section shall be made on a form prescribed by the office. The
24 office shall review and issue a completed assignment or
25 reassignment certificate to the assignee or reassignee. If the
26 qualified taxpayer assigns all or any portion of the credit allowed
27 under this section to a partnership, limited liability company, or
28 subchapter S corporation, then the assignees are its partners,
29 members, or shareholders based on the partner's, member's, or

1 shareholder's proportionate share of ownership or on an alternative
2 method approved by the office. A credit amount assigned under this
3 subsection may be claimed against the assignee's tax liability
4 under this part or part 1. An assignee or subsequent reassignee
5 shall attach a copy of the completed assignment certificate to the
6 annual return required to be filed under this part for the tax year
7 in which the assignment or reassignment is made and the assignee or
8 reassignee first claims the credit, which ~~shall~~**must** be the same
9 tax year.

10 (8) If the credit allowed under this section for the tax year
11 and any unused carryforward of the credit allowed by this section
12 exceed the qualified taxpayer's tax liability for the tax year,
13 that portion that exceeds the tax liability for the tax year ~~shall~~
14 **must** not be refunded but may be carried forward to offset tax
15 liability in subsequent tax years for 10 years or until used up,
16 whichever occurs first. If a qualified taxpayer has an unused
17 carryforward of a credit under this section, the amount otherwise
18 added under subsection (9) to the qualified taxpayer's tax
19 liability may instead be used to reduce the qualified taxpayer's
20 carryforward under this section.

21 (9) Except as otherwise provided under subsection (10), if a
22 certificate of completed rehabilitation is revoked under subsection
23 (5) or a historic resource is sold or disposed of less than 5 years
24 after the certificate of completed rehabilitation is issued, the
25 following percentage of the credit amount previously claimed
26 relative to that historic resource ~~shall~~**must** be added back to the
27 tax liability of the qualified taxpayer that received the
28 certificate of completed rehabilitation and not the assignee in the
29 year of the revocation:

1 (a) If the revocation is less than 1 year after the
2 certificate of completed rehabilitation is issued, 100%.

3 (b) If the revocation is at least 1 year but less than 2 years
4 after the certificate of completed rehabilitation is issued, 80%.

5 (c) If the revocation is at least 2 years but less than 3
6 years after the certificate of completed rehabilitation is issued,
7 60%.

8 (d) If the revocation is at least 3 years but less than 4
9 years after the certificate of completed rehabilitation is issued,
10 40%.

11 (e) If the revocation is at least 4 years but less than 5
12 years after the certificate of completed rehabilitation is issued,
13 20%.

14 (f) If the revocation is at least 5 years or more after the
15 certificate of completed rehabilitation is issued, an addback to
16 the qualified taxpayer tax liability is not required.

17 (10) Subsection (9) ~~shall~~**does** not apply if the qualified
18 taxpayer enters into a written agreement with the office that will
19 allow for the transfer or sale of the historic resource and
20 provides the following:

21 (a) Reasonable assurance that ~~subsequent to~~**after** the transfer
22 the property will remain a historic resource during the 5-year
23 period after the certificate of completed rehabilitation is issued.

24 (b) A method that the department can recover an amount from
25 the qualified taxpayer equal to the appropriate percentage of
26 credit added back as described under subsection (9).

27 (c) An encumbrance on the title to the historic resource being
28 sold or transferred, stating that the property must remain a
29 historic resource throughout the 5-year period after the

1 certificate of completed rehabilitation is issued.

2 (d) A provision for the payment by the qualified taxpayer of
3 all legal and professional fees associated with the drafting,
4 review, and recording of the written agreement required under this
5 subsection.

6 (11) The office may impose a fee to cover the administrative
7 cost of implementing the program under this section.

8 (12) The qualified taxpayer shall attach all of the following
9 to the qualified taxpayer's annual return required under this part,
10 if applicable, on which the credit is claimed:

11 (a) Certificate of completed rehabilitation.

12 (b) Certification of historic significance related to the
13 historic resource and the qualified expenditures used to claim a
14 credit under this section.

15 (c) A completed assignment form if the qualified taxpayer or
16 assignee has assigned any portion of a credit allowed under this
17 section or if the qualified taxpayer is an assignee of any portion
18 of a credit allowed under this section.

19 (13) The office may promulgate rules to implement this section
20 pursuant to the administrative procedures act of 1969, 1969 PA 306,
21 MCL 24.201 to 24.328.

22 (14) The total of the credits claimed under this section and
23 section 266a for a rehabilitation project ~~shall~~**must** not exceed 25%
24 of the total qualified expenditures eligible for the credit under
25 this section for that rehabilitation project.

26 (15) The office shall submit an economic impact report that
27 includes, to the extent available, all of the following to the
28 legislature annually for the immediately preceding state fiscal
29 year:

1 (a) The fee schedule used by the office and the total amount
2 of fees collected.

3 (b) A description of each rehabilitation project for which a
4 preapproval letter is issued and for each certificate of completed
5 rehabilitation issued. The description must include the total
6 rehabilitation costs, labor hours generated, jobs added, payroll
7 added, total capital investments, gain in property value after
8 rehabilitation, and the amount of income tax and sales tax
9 generated by the rehabilitation project.

10 (c) The location of each new and ongoing rehabilitation
11 project.

12 (16) As used in this section:

13 (a) "Contributing resource" means a historic resource that
14 contributes to the significance of the historic district in which
15 it is located.

16 (b) "Detroit Consumer Price Index" means the most
17 comprehensive index of consumer prices available for the ~~Detroit~~
18 **Detroit-Warren-Dearborn** area from the United States Department of
19 Labor, Bureau of Labor Statistics.

20 (c) "Historic district" means an area, or group of areas not
21 necessarily having contiguous boundaries, that contains 1 resource
22 or a group of resources that are related by history, architecture,
23 archaeology, engineering, or culture.

24 (d) "Historic resource" means a publicly or privately owned
25 historic building, structure, site, object, feature, or open space
26 located within a historic district designated by the National
27 Register of Historic Places, the state register of historic sites,
28 or a local unit acting under the local historic districts act, 1970
29 PA 169, MCL 399.201 to 399.215; or that is individually listed on

1 the state register of historic sites or National Register of
2 Historic Places.

3 (e) "Large nonresidential historic resource" means a nonowner-
4 occupied, income producing historic resource that has a
5 rehabilitation plan with qualified expenditures of \$2,000,000.00 or
6 more.

7 (f) "Local unit" means a county, city, village, or township.

8 (g) "Long-term lease" means a lease term of at least 27.5
9 years for a residential resource or at least 31.5 years for a
10 nonresidential resource.

11 (h) "Open space" means undeveloped land, a naturally
12 landscaped area, or a formal or man-made landscaped area that
13 provides a connective link or a buffer between other resources.

14 (i) "Qualified expenditures" means capital expenditures that
15 qualify, or would qualify except that the qualified taxpayer
16 entered into an agreement under subsection (10), for a
17 rehabilitation credit under section 47(a)(2) of the internal
18 revenue code if the qualified taxpayer is eligible for the credit
19 under section 47(a)(2) of the internal revenue code or, if the
20 applicant is not eligible for the credit under section 47(a)(2) of
21 the internal revenue code, the qualified expenditures that would
22 qualify under section 47(a)(2) of the internal revenue code except
23 that the expenditures are made to a historic resource that is not
24 eligible for the credit under section 47(a)(2) of the internal
25 revenue code that were paid. Qualified expenditures do not include
26 capital expenditures for nonhistoric additions to a historic
27 resource except an addition that is required by state or federal
28 regulations that relate to historic preservation, safety, or
29 accessibility.

1 (j) "Qualified taxpayer" means a person that is an assignee
2 under this section or section 266a or that either owns the resource
3 to be rehabilitated or has a long-term lease agreement with the
4 owner of the historic resource and that has qualified expenditures
5 for the rehabilitation of the historic resource that satisfies
6 either of the following:

7 (i) For the rehabilitation of a historic resource that is not a
8 residential historic resource, qualified expenditures equal to or
9 greater than 10% of the state equalized valuation of the property.
10 If the historic resource to be rehabilitated is a portion of a
11 historic or nonhistoric resource, the state equalized valuation of
12 only that portion of the property ~~shall~~**must** be used for purposes
13 of this subdivision. If the assessor for the local tax collecting
14 unit in which the historic resource is located determines the state
15 equalized valuation of that portion, that assessor's determination
16 ~~shall~~**must** be used for purposes of this subdivision. If the
17 assessor does not determine that state equalized valuation of that
18 portion, qualified expenditures, for purposes of this subdivision,
19 ~~shall~~**must** be equal to or greater than 5% of the appraised value as
20 determined by a certified appraiser. If the historic resource to be
21 rehabilitated does not have a state equalized valuation, qualified
22 expenditures for purposes of this subdivision ~~shall~~**must** be equal
23 to or greater than 5% of the appraised value of the resource as
24 determined by a certified appraiser.

25 (ii) For the rehabilitation of a residential historic resource,
26 qualified expenditures equal to or greater than \$1,000.00. The
27 dollar amount established under this subparagraph must be annually
28 adjusted for inflation using the Detroit Consumer Price Index.

29 (k) "Rehabilitation plan" means a plan for the rehabilitation

1 of a historic resource that meets the federal Secretary of the
 2 Interior's standards for rehabilitation ~~and guidelines for~~
 3 ~~rehabilitation of historic buildings~~ under 36 CFR part 67 **and**
 4 **related guidelines for rehabilitating historic buildings.**

5 (l) "Residential historic resource" means a non-income
 6 producing historic resource that is an owner-occupied dwelling.

7 (m) "Small nonresidential historic resource" means a nonowner-
 8 occupied, income producing historic resource that has a
 9 rehabilitation plan with qualified expenditures of less than
 10 \$2,000,000.00.

11 (n) "State historic preservation office" or "office" means the
 12 state historic preservation office created by Executive Order No.
 13 2007-53 and transferred to the ~~Michigan strategic fund by Executive~~
 14 ~~Reorganization Order No. 2019-3, MCL 125.1998.~~ **bureau of fair**
 15 **competition and free enterprise by section 13 of the economic**
 16 **development fair competition and free enterprise act.**

17 Sec. 680. (1) Notwithstanding any other provision of this
 18 part, except as otherwise provided in subsection (2) for a
 19 certificated credit under section 435 or 437 of the Michigan
 20 business tax act, 2007 PA 36, MCL 208.1435 and 208.1437, or in
 21 subsection (5) for a certificated credit under section 431 of the
 22 Michigan business tax act, 2007 PA 36, MCL 208.1431, a taxpayer
 23 that has been approved to receive, has received, or has been
 24 assigned a certificated credit that has not been fully claimed or
 25 paid prior to January 1, 2012 may, for the taxpayer's first tax
 26 year ending after December 31, 2011 only, elect to file a return
 27 and pay the tax imposed by the Michigan business tax act, 2007 PA
 28 36, MCL 208.1101 to ~~208.1601,~~ **208.1519**, in lieu of the tax imposed
 29 by this part. An election under this subsection ~~shall continue~~

1 **continues** for the period prescribed in section 500(1) of the
2 Michigan business tax act, 2007 PA 36, MCL 208.1500.

3 (2) A taxpayer with a certificated credit under section 435 or
4 437 of the Michigan business tax act, 2007 PA 36, MCL 208.1435 and
5 208.1437, which certificated credit may be claimed in a tax year
6 ending after December 31, 2011 may elect to pay the tax imposed by
7 the Michigan business tax act, 2007 PA 36, MCL 208.1101 to
8 ~~208.1601,~~**208.1519**, in the tax year in which that certificated
9 credit or any unused carryforward may be claimed in lieu of the tax
10 imposed by this part.

11 (3) A taxpayer that is a member of a unitary business group
12 and that has a certificated credit under sections 431 and 434(2)
13 and (5) of the Michigan business tax act, 2007 PA 36, MCL 208.1431
14 and 208.1434, is not required to file a combined return as a
15 unitary business group and may elect to file a separate return and
16 pay the tax, if any, under the Michigan business tax act, 2007 PA
17 36, MCL 208.1101 to ~~208.1601.~~**208.1519.**

18 (4) A taxpayer that elects to pay the tax imposed by the
19 Michigan business tax act, 2007 PA 36, MCL 208.1101 to ~~208.1601,~~
20 **208.1519**, under this section is not required to file an annual
21 return under this part.

22 (5) A taxpayer that acquires, pursuant to the modification of
23 an existing written agreement approved by a resolution of the
24 Michigan strategic fund board on November 27, 2018 and the
25 subsequent transfer of that written agreement, a certificated
26 credit authorized by the Michigan economic growth authority in 2004
27 under section 431 of the Michigan business tax act, 2007 PA 36, MCL
28 208.1431, may, for the first tax year ending after October 1, 2018
29 only, elect to file the return and pay the tax imposed by the

Michigan business tax act, 2007 PA 36, MCL 208.1101 to ~~208.1601,~~
208.1519, in lieu of the tax imposed by this part ~~as long as if~~ the
Michigan economic growth authority or its successor determines that
the modification and subsequent transfer of that credit reduces the
total amount of the credit. However, if the first tax year ending
after October 1, 2018 ends before ~~the effective date of the~~
~~amendatory act that added this subsection~~ **October 10, 2019**, and the
taxpayer has already filed a return for that tax year under this
part, then the taxpayer may, if within the statute of limitations
period prescribed under section 27a of 1941 PA 122, MCL 205.27a,
elect under this subsection to file the return and pay the tax
imposed by the Michigan business tax act, 2007 PA 36, MCL 208.1101
to ~~208.1601,~~ **208.1519**, for that tax year by filing the necessary
amended return under this part and filing an original return as
provided under section 505 of the Michigan business tax act, 2007
PA 36, MCL 208.1505. An election under this subsection ~~shall~~
~~continue~~ **continues** for the period prescribed in section 500 of the
Michigan business tax act, 2007 PA 36, MCL 208.1500.

(6) As used in this section: ~~,"certificated~~

(a) **"Certificated** credit" means that term as defined in
section 107 of the Michigan business tax act, 2007 PA 36, MCL
208.1107.

(b) **"Michigan strategic fund"** means either of the following,
as applicable:

(i) Until the effective date of the economic development fair
competition and free enterprise act, the Michigan strategic fund
created under former 1984 PA 270.

(ii) Beginning on the effective date of the economic
development fair competition and free enterprise act, the bureau of

1 **fair competition and free enterprise created in section 7 of the**
 2 **economic development fair competition and free enterprise act.**

3 Sec. 696. (1) The revitalization and placemaking fund is
 4 created within the state treasury. The state treasurer may receive
 5 money or other assets from any source for deposit into the
 6 revitalization and placemaking fund. The state treasurer shall
 7 direct the investment of the revitalization and placemaking fund.
 8 The state treasurer shall credit to the revitalization and
 9 placemaking fund interest and earnings from fund investments.

10 (2) Money in the revitalization and placemaking fund at the
 11 close of the fiscal year ~~shall remain~~ **remains** in the fund and ~~shall~~
 12 **does** not lapse to the general fund.

13 (3) The Michigan strategic fund ~~shall be~~ **is** the administrator
 14 of the revitalization and placemaking fund for auditing purposes.

15 (4) Beginning with the ~~2022-2023~~ state fiscal year **ending**
 16 **September 30, 2023** and each state fiscal year thereafter, the
 17 Michigan strategic fund shall expend money from the revitalization
 18 and placemaking fund, ~~upon~~ **on** appropriation, only to create and
 19 operate the revitalization and placemaking grants program to invest
 20 in projects that enable population and tax revenue growth through
 21 rehabilitation of vacant and blighted buildings and historic
 22 structures, rehabilitation and development of vacant properties,
 23 and development of permanent place-based infrastructure associated
 24 with social zones and traditional downtowns, outdoor dining, and
 25 place-based public spaces. If grant funds are used to support
 26 residential projects, those projects must comply with other program
 27 guidelines and eligibility as determined by the Michigan strategic
 28 fund.

29 (5) By December 31 annually, the Michigan strategic fund shall

1 prepare and submit to the senate and house appropriations
 2 committees a report detailing the amount of revenue received by and
 3 expenditures from the revitalization and placemaking fund during
 4 the prior state fiscal year and the revitalization and placemaking
 5 fund balance at the end of the prior state fiscal year.

6 (6) As used in this section, "Michigan strategic fund" means
 7 either of the following, as applicable:

8 (a) Until the effective date of the economic development fair
 9 competition and free enterprise act, the Michigan strategic fund
 10 created under former 1984 PA 270.

11 (b) Beginning on the effective date of the economic
 12 development fair competition and free enterprise act, the bureau of
 13 fair competition and free enterprise created in section 7 of the
 14 economic development fair competition and free enterprise act.

15 Sec. 701. As used in this chapter:

16 (a) "Casino" means that term as defined in section 110.

17 (b) "Casino licensee" means a person licensed to operate a
 18 casino under the Michigan Gaming Control and Revenue Act, 1996 IL
 19 1, MCL 432.201 to 432.226.

20 (c) "Eligible production company" means that term as defined
 21 under **former** section 455 of the Michigan business tax act, 2007 PA
 22 36. ~~/ MCL 208.1455.~~

23 (d) "Flow-through entity" means an entity that for the
 24 applicable tax year is treated as an S corporation under section
 25 1362(a) of the internal revenue code, a general partnership, a
 26 limited partnership, a limited liability partnership, or a limited
 27 liability company, that for the applicable tax year is not taxed as
 28 a corporation for federal income tax purposes. Flow-through entity
 29 does not include any entity disregarded or treated as a corporation

1 under section 699.

2 (e) "Member" means a shareholder of an S corporation, a
3 partner in a general partnership, a limited partnership, or a
4 limited liability partnership, a member of a limited liability
5 company, or a beneficiary of a trust, that is a flow-through
6 entity.

7 (f) "Nonresident" means an individual who is not a resident of
8 or domiciled in this state, a business entity that does not have
9 its commercial domicile in this state, or a trust not organized in
10 this state.

11 (g) "Partnership" means a taxpayer that is required to or has
12 elected to file as a partnership for federal income tax purposes.

13 (h) "Publicly traded partnership" means that term as defined
14 under section 7704 of the internal revenue code.

15 (i) "Race meeting licensee" and "track licensee" mean a person
16 to whom a race meeting license or track license is issued ~~pursuant~~
17 ~~to~~~~under~~ section 8 of the horse racing law of 1995, 1995 PA 279,
18 MCL 431.308.

19 (j) "S corporation" means a corporation electing taxation
20 under sections 1361 to 1379 of the internal revenue code.

21 Sec. 711. (1) Every person required by this part to deduct and
22 withhold taxes for a tax year on income other than distributive
23 share of income from a flow-through entity shall furnish to the
24 person who received the income a statement in duplicate on or
25 before January 31 of the succeeding year of the total income paid
26 during the tax year and the amount deducted or withheld. However,
27 if employment is terminated before the close of a calendar year by
28 a person that goes out of business or permanently ceases to exist,
29 then the statement required by this subsection ~~shall~~~~must~~ be issued

1 within 30 days after the last compensation, winnings, or payoff of
2 a winning ticket is paid. A duplicate of a statement made pursuant
3 to this section and an annual reconciliation return, MI-W3, ~~shall~~
4 **must** be filed with the department ~~by February 28 of the succeeding~~
5 ~~year for tax years before the 2018 tax year and by January 31 of~~
6 ~~the succeeding year for the 2018 tax year and each tax year after~~
7 ~~2018~~ except that a person that goes out of business or permanently
8 ceases to exist shall file the statement and the annual
9 reconciliation return within 30 days after going out of business or
10 permanently ceasing to exist. For tax years that begin before July
11 1, 2016, a flow-through entity that was required to withhold taxes
12 on distributive shares of business income shall file an annual
13 reconciliation return with the department no later than the last
14 day of the second month following the end of the flow-through
15 entity's federal tax year. The department may require a flow-
16 through entity to file an annual business income information return
17 with the department on the due date, including extensions, of its
18 annual federal information return.

19 (2) Every person required by this part to deduct or withhold
20 taxes shall make a return or report in form and content and at
21 times as prescribed by the department. An employer that has more
22 than 250 employees shall file its annual return or report required
23 under this section in electronic form. An employer that has entered
24 into an agreement with a community college ~~pursuant to~~ **under**
25 chapter 13 of the community college act of 1966, 1966 PA 331, MCL
26 389.161 to 389.166, and is required to deduct or withhold taxes
27 from compensation and make payments to a community college ~~pursuant~~
28 ~~to~~ **under** the agreement for a portion of those taxes withheld shall,
29 for as long as the agreement remains in effect, delineate in the

1 return or report required under this subsection between the amount
 2 deducted or withheld and paid to ~~the~~**this** state and that amount
 3 paid to a community college. An employer that has entered into a
 4 written agreement ~~pursuant to the good jobs for Michigan program~~
 5 ~~created under section 90h of the Michigan strategic fund act,~~
 6 **former** 1984 PA 270 , ~~MCL 125.2090h,~~ shall, for as long as the
 7 written agreement remains in effect, delineate in the return or
 8 report required under this subsection the portion of those taxes
 9 withheld and paid to the state that are attributable to certified
 10 new jobs.

11 (3) Every person who receives income subject to withholding
 12 under this part shall furnish to the person required by this part
 13 to deduct and withhold taxes information required to make an
 14 accurate withholding. A person who receives income subject to
 15 withholding under this part shall file with the person required by
 16 this part to deduct and withhold taxes revised information within
 17 10 days after a decrease in the number of exemptions or a change in
 18 status from a nonresident to a resident. The person who receives
 19 income subject to withholding under this part may file revised
 20 information when the number of exemptions increases or when a
 21 change in status occurs from that of a resident of this state to a
 22 nonresident of this state. Revised information ~~shall not be~~**is not**
 23 given retroactive effect for withholding purposes. A person
 24 required by this part to deduct and withhold taxes shall rely on
 25 this information for withholding purposes unless directed by the
 26 department to withhold on some other basis. If a person who
 27 receives income subject to withholding under this part fails or
 28 refuses to furnish information, the person required by this part to
 29 deduct and withhold taxes shall withhold at the full rate of tax

1 from the person's income subject to withholding under this part.

2 Sec. 713. By July 1 of each year, based on the information
 3 received from each community college district pursuant to section
 4 163 of the community college act of 1966, 1966 PA 331, MCL 389.163,
 5 the department shall submit to the governor, the clerk of the house
 6 of representatives, the secretary of the senate, the chairperson of
 7 each standing committee that has jurisdiction over economic
 8 development issues, the chairperson of each legislative budget
 9 subcommittee that has jurisdiction over economic development
 10 issues, and the ~~president of the Michigan strategic fund~~ **director**
 11 **of the bureau of fair competition and free enterprise created in**
 12 **section 7 of the economic development fair competition and free**
 13 **enterprise act** an annual report concerning the operation and
 14 effectiveness of the new jobs training programs and the
 15 corresponding withholding requirements under this chapter. The
 16 report ~~shall~~ **must** include all of the following:

17 (a) The number of community colleges participating in the new
 18 jobs training program and the names of those colleges.

19 (b) The number of employers that have entered into agreements
 20 with community colleges pursuant to the new jobs training program
 21 and the names of those employers organized by major industry group
 22 under the standard industrial classification code as compiled by
 23 the United States department of labor.

24 (c) The total amount of money from a new jobs credit from
 25 withholding each employer described in subdivision (b) has remitted
 26 to the community college district.

27 (d) The total amount of new jobs training revenue bonds each
 28 community college district has authorized, issued, or sold.

29 (e) The total amount of each community college district's debt

1 related to agreements at the end of the calendar year.

2 (f) The number of degrees or certificates awarded to program
3 participants in the calendar year.

4 (g) The number of individuals who entered a program at each
5 community college district in the calendar year; who completed the
6 program in the calendar year; and who were enrolled in a program at
7 the end of the calendar year.

8 (h) The number of individuals who completed a program and were
9 hired by an employer described in subdivision (b) to fill new jobs.

10 Sec. 718. (1) By July 1 of each year, the department, in
11 cooperation with the ~~board of directors of the Michigan strategic~~
12 ~~fund, bureau,~~ shall submit to each member of the legislature, the
13 governor, the clerk of the house of representatives, the secretary
14 of the senate, and the senate and house fiscal agencies an annual
15 report concerning the operation and effectiveness of the research
16 and development tax credits created under sections 677 and 717. The
17 report ~~shall~~**must** include all of the following:

18 (a) A brief assessment of the overall effectiveness of the
19 research and development tax credits created under sections 677 and
20 717. The department may use the applicable provisions of the
21 economic development incentive evaluation prepared under the
22 economic development incentive evaluation act, 2018 PA 540, MCL
23 18.1751 to 18.1759, to satisfy this subdivision.

24 (b) The number of authorized businesses filing tentative
25 claims for a research and development tax credit for the
26 immediately preceding calendar year.

27 (c) The name of each authorized business submitting claims for
28 a research and development credit with an annual return and the
29 amount of the research and development tax credit allowed for the

1 immediately preceding calendar year.

2 (d) The name of each authorized business claiming an
3 additional credit for collaboration with a research university in
4 this state and the amount of that additional credit for the
5 immediately preceding calendar year.

6 ~~(2) The board of directors of the Michigan strategic fund may~~
7 ~~delegate any actions under this chapter to authorized employees,~~
8 ~~officers, and agents of the fund, which may include employees of~~
9 ~~the MEDC.~~

10 (2) ~~(3)~~ As used in this section, ÷

11 ~~(a) "MEDC" means that term as defined in section 4 of the~~
12 ~~Michigan strategic fund act, 1984 PA 270, MCL 125.2004.~~

13 ~~(b) "Michigan strategic fund" means the Michigan strategic~~
14 ~~fund created under section 5 of the Michigan strategic fund act,~~
15 ~~1984 PA 270, MCL 125.2005.~~ **"bureau" means the bureau of fair**
16 **competition and free enterprise created in section 7 of the**
17 **economic development fair competition and free enterprise act.**

18 Enacting section 1. This amendatory act does not take effect
19 unless Senate Bill No. 631 of the 103rd Legislature is enacted into
20 law.