

SINGLE BUSINESS TAX ACT (EXCERPT)
Act 228 of 1975

***** 208.36b THIS SECTION IS REPEALED BY ACT 325 OF 2006 EFFECTIVE DECEMBER 31, 2007

208.36b Credit for qualified investments; disposition of portion of credit exceeding tax liability; revocation of credit; report.

Sec. 36b. (1) As used in this section:

(a) "Company" means a minority venture capital company or a MESBIC as defined under section 61 of the Michigan strategic fund act, Act No. 270 of the Public Acts of 1984, being section 125.2061 of the Michigan Compiled Laws.

(b) "Fund" means the Michigan strategic fund created by section 5 of the Michigan strategic fund act, Act No. 270 of the Public Acts of 1984, being section 125.2005 of the Michigan Compiled Laws.

(c) "Certification" means the certification granted to a company pursuant to section 69a of the Michigan strategic fund act, Act No. 270 of the Public Acts of 1984, being section 125.2069a of the Michigan Compiled Laws.

(d) "Qualified investment" means an investment made pursuant to section 69a of the Michigan strategic fund act, Act No. 270 of the Public Acts of 1984, being section 125.2069a of the Michigan Compiled Laws, in an equity interest of a company which is made before or during the time period in which the company becomes certified under section 63 of the Michigan strategic fund act, Act No. 270 of the Public Acts of 1984, being section 125.2063 of the Michigan Compiled Laws, as an eligible recipient of investments that qualify for a credit under this act.

(2) A person subject to the tax imposed by this act may credit against the tax imposed by this act for the taxable year an amount equal to 50% of that portion of the amount of the claimant's qualified investments if the qualified investments were made after the effective date of this section and the person received a tax credit certification in that taxable year.

(3) If the credit allowed under this section for the tax year and any unused carryforward of the credit allowed by this section exceeds the claimant's tax liability for the taxable year, that portion which exceeds the tax liability for the taxable year shall not be refunded but may be carried forward to offset tax liability in subsequent tax years until used or recaptured pursuant to subsection (4).

(4) Notwithstanding the limitations provided by sections 85 and 95, if the certification of a company is revoked within 6 years after the tax year for which a claimant who is an insider of that company has received a credit pursuant to this section for an investment in that company, the credit the claimant who is an insider of that company received shall be revoked and all carried forward credits of the taxpayer for investments in that company shall be forfeited and any previously applied portion of that credit shall be added to the tax liability of the taxpayer in the tax year when revocation occurred. For purposes of this subsection, "insider" means an officer, director, or employee, or a person who owns not less than 10% of the company whose certification was revoked.

(5) On or before June 30, 1987, the department of treasury and the department of commerce shall submit to the chairperson of the house taxation committee and the chairperson of the senate finance committee a report detailing the number of taxpayers claiming a credit under this section, the amount of credits, the amount by which these credits reduced tax liabilities under this act in each calendar year, the amount and disposition of investments made by companies receiving certification, and an estimate of the net tax revenue increases that may be attributable to businesses in which investments have been made by companies that are eligible recipients of investments that qualified for a tax credit under this section.

History: Add. 1986, Act 136, Imd. Eff. June 25, 1986.

Compiler's note: Sections 85 and 95, referred to in subsection (4), were repealed by Act 139 of 1985, Eff. Mar. 26, 1986.