

SUBSTITUTE FOR  
SENATE BILL NO. 863

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
(MCL 206.1 to 206.532) by adding section 51f.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 51f. (1) For tax years that begin after December 31,  
2 2003, a taxpayer that is a qualified start-up business that does  
3 not have net income attributable to that qualified start-up  
4 business for 2 consecutive tax years may claim a credit against  
5 the tax imposed under this act for the second of those 2  
6 consecutive tax years and each immediately following consecutive  
7 tax year in which the taxpayer does not have net income  
8 attributable to that qualified start-up business equal to that  
9 portion of the taxpayer's tax liability attributable to that  
10 qualified start-up business for the tax year. If the taxpayer  
11 has net income attributable to the qualified start-up business in

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1 any of the intervening tax years, the 2 consecutive tax years  
2 without net income attributable to the qualified start-up  
3 business threshold must be met after the tax year in which the  
4 taxpayer has net income attributable to the qualified start-up  
5 business before the taxpayer may claim the credit under this  
6 section for any following tax year. A credit under this section  
7 shall not be claimed for more than a total of 5 tax years. <<If a  
qualified start-up business leaves this state within 3 years after the  
expiration of the credit prescribed in this section, the qualified start-  
up business is liable for that proportional amount of the credit received  
under this section.>>  
8 (2) As used in this section, "net income" and "qualified  
9 start-up business" mean those terms as defined in section 31a of  
10 the single business tax act, 1975 PA 228, MCL 208.31a.