

HOUSE BILL No. 5858

March 4, 2008, Introduced by Reps. Clemente, Griffin, Coulouris, Robert Jones, Meisner, Pastor, Hammel, Vagnozzi and Huizenga and referred to the Committee on New Economy and Quality of Life.

A bill to amend 2007 PA 36, entitled "Michigan business tax act," (MCL 208.1101 to 208.1601) by adding section 431c.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 431C. (1) EXCEPT AS OTHERWISE PROVIDED UNDER THIS
2 SECTION, A QUALIFIED TAXPAYER MAY CLAIM A CREDIT AGAINST THE TAX
3 IMPOSED BY THIS ACT EQUAL TO THE SUM OF UP TO 5.0% OF THE TAXABLE
4 VALUE OF EACH QUALIFIED SUPPLIER'S OR CUSTOMER'S TAXABLE PROPERTY
5 THAT IS LOCATED WITHIN THE 10-MILE RADIUS OF THE QUALIFIED TAXPAYER
6 AND THAT IS SUBJECT TO COLLECTION OF GENERAL AD VALOREM TAXES UNDER
7 THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.1 TO 211.155,
8 FOR A PERIOD OF UP TO 5 YEARS, AS DETERMINED BY THE MICHIGAN
9 ECONOMIC GROWTH AUTHORITY. IF A QUALIFIED SUPPLIER'S OR CUSTOMER'S
10 TAXABLE PROPERTY IS SUBJECT TO THE SPECIFIC TAX LEVIED UNDER 1974

1 PA 198, MCL 207.551 TO 207.572, THE QUALIFIED TAXPAYER MAY ONLY
2 INCLUDE UP TO 2.5% OF THE TAXABLE VALUE OF THAT PROPERTY IN THE
3 CALCULATION OF THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION.
4 THE MICHIGAN ECONOMIC GROWTH AUTHORITY SHALL NOT DESIGNATE MORE
5 THAN 5 TAXPAYERS AS AN ANCHOR COMPANY IN EACH CALENDAR YEAR AND
6 SHALL NOT APPROVE MORE THAN 5 NEW CREDITS IN EACH CALENDAR YEAR
7 UNDER THIS SUBSECTION. A TAXPAYER HAS 5 YEARS FROM THE DATE ON
8 WHICH THE TAXPAYER IS DESIGNATED AS AN ANCHOR COMPANY TO SEEK
9 CERTIFICATION AS A QUALIFIED TAXPAYER FOR EACH QUALIFIED SUPPLIER
10 OR CUSTOMER FOR WHICH A CREDIT IS SOUGHT UNDER THIS SECTION.

11 (2) A TAXPAYER SHALL NOT CLAIM A CREDIT UNDER THIS SECTION
12 UNLESS THE MICHIGAN ECONOMIC GROWTH AUTHORITY HAS ISSUED A
13 CERTIFICATE TO THE QUALIFIED TAXPAYER. HOWEVER, A CREDIT SHALL NOT
14 BE PROVIDED FOR A TAX YEAR PRIOR TO THE TAX YEAR DURING WHICH THE
15 CERTIFICATION IS ISSUED. THE QUALIFIED TAXPAYER SHALL ATTACH THE
16 CERTIFICATE TO THE ANNUAL RETURN FILED UNDER THIS ACT ON WHICH THE
17 CREDIT UNDER THIS SECTION IS CLAIMED. THE CERTIFICATE REQUIRED BY
18 THIS SUBSECTION SHALL STATE ALL OF THE FOLLOWING:

19 (A) THE TAXPAYER IS A QUALIFIED TAXPAYER AND THE DATE ON WHICH
20 THE TAXPAYER WAS DESIGNATED AS AN ANCHOR COMPANY.

21 (B) THE AMOUNT OF THE CREDIT UNDER THIS SECTION FOR THE
22 TAXPAYER FOR THE DESIGNATED TAX YEAR.

23 (C) THE TAXPAYER'S FEDERAL EMPLOYER IDENTIFICATION NUMBER OR
24 THE MICHIGAN DEPARTMENT OF TREASURY NUMBER ASSIGNED TO THE
25 TAXPAYER.

26 (3) A TAXPAYER THAT CLAIMS A CREDIT UNDER THIS SECTION AND
27 SUBSEQUENTLY FAILS TO MEET THE REQUIREMENTS OF THIS SECTION OR ANY

1 OTHER CONDITIONS ESTABLISHED BY THE MICHIGAN ECONOMIC GROWTH
2 AUTHORITY IN ORDER TO OBTAIN A CERTIFICATE FOR WHICH THE CREDIT WAS
3 CLAIMED UNDER THIS SECTION MAY, AS TO BE DETERMINED BY THE MICHIGAN
4 ECONOMIC GROWTH AUTHORITY, HAVE ITS CREDIT REDUCED OR TERMINATED OR
5 HAVE A PERCENTAGE OF THE CREDIT AMOUNT PREVIOUSLY CLAIMED UNDER
6 THIS SECTION ADDED BACK TO THE TAX LIABILITY OF THE TAXPAYER IN THE
7 YEAR THAT THE TAXPAYER FAILS TO COMPLY WITH THIS SECTION OR THE
8 AGREEMENT.

9 (4) IF THE CREDIT ALLOWED UNDER THIS SUBSECTION EXCEEDS THE
10 LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THE TAXPAYER MAY ELECT
11 TO HAVE THAT PORTION THAT EXCEEDS THE TAX LIABILITY OF THE TAXPAYER
12 REFUNDED OR TO HAVE THE EXCESS CARRIED FORWARD TO OFFSET TAX
13 LIABILITY IN SUBSEQUENT YEARS FOR 5 YEARS OR UNTIL IT IS USED UP,
14 WHICHEVER OCCURS FIRST.

15 (5) AS USED IN THIS SECTION:

16 (A) "ANCHOR COMPANY" MEANS A QUALIFIED HIGH-TECHNOLOGY
17 BUSINESS THAT IS AN INTEGRAL PART OF A HIGH-TECHNOLOGY ACTIVITY AND
18 THAT HAS THE ABILITY OR POTENTIAL ABILITY TO INFLUENCE BUSINESS
19 DECISIONS AND SITE LOCATION OF QUALIFIED SUPPLIERS AND CUSTOMERS.

20 (B) "BUSINESS", "QUALIFIED HIGH-TECHNOLOGY ACTIVITY", AND
21 "QUALIFIED HIGH-TECHNOLOGY BUSINESS" MEAN THOSE TERMS AS DEFINED IN
22 THE MICHIGAN ECONOMIC GROWTH AUTHORITY ACT, 1995 PA 24, MCL 207.801
23 TO 207.810.

24 (C) "FULL-TIME JOB" MEANS A JOB PERFORMED BY AN INDIVIDUAL FOR
25 35 HOURS OR MORE EACH WEEK AND WHOSE INCOME AND SOCIAL SECURITY
26 TAXES ARE WITHHELD BY 1 OR MORE OF THE FOLLOWING:

27 (i) A QUALIFIED SUPPLIER OR CUSTOMER.

1 (ii) AN EMPLOYEE LEASING COMPANY ON BEHALF OF A QUALIFIED
2 SUPPLIER OR CUSTOMER.

3 (iii) A PROFESSIONAL EMPLOYER ORGANIZATION ON BEHALF OF A
4 QUALIFIED SUPPLIER OR CUSTOMER.

5 (D) "MICHIGAN ECONOMIC GROWTH AUTHORITY" MEANS THE MICHIGAN
6 ECONOMIC GROWTH AUTHORITY CREATED IN THE MICHIGAN ECONOMIC GROWTH
7 AUTHORITY ACT, 1995 PA 24, MCL 207.801 TO 207.810.

8 (E) "QUALIFIED NEW JOB" MEANS A FULL-TIME JOB CREATED BY A
9 QUALIFIED SUPPLIER OR CUSTOMER AT A FACILITY OR FACILITIES THAT IS
10 IN EXCESS OF THE NUMBER OF FULL-TIME JOBS A QUALIFIED SUPPLIER OR
11 CUSTOMER MAINTAINED IN THIS STATE OR FACILITY PRIOR TO THE
12 EXPANSION OR LOCATION, AS DETERMINED BY THE AUTHORITY.

13 (F) "QUALIFIED SUPPLIER OR CUSTOMER" MEANS A BUSINESS THAT
14 OPENS A NEW LOCATION IN THIS STATE, A BUSINESS THAT LOCATES IN THIS
15 STATE, OR AN EXISTING BUSINESS LOCATED IN THIS STATE THAT EXPANDS
16 ITS BUSINESS WITHIN THE LAST YEAR AS A RESULT OF AN ANCHOR COMPANY
17 AND SATISFIES, AS CERTIFIED BY THE MICHIGAN ECONOMIC GROWTH
18 AUTHORITY, EACH OF THE FOLLOWING:

19 (i) HAS FINANCIAL TRANSACTIONS WITH THE ANCHOR COMPANY.

20 (ii) SELLS A CRITICAL OR UNIQUE COMPONENT OR TECHNOLOGY
21 NECESSARY FOR THE ANCHOR COMPANY TO MARKET A FINISHED PRODUCT OR
22 BUYS A CRITICAL OR UNIQUE COMPONENT FROM THE ANCHOR COMPANY.

23 (iii) HAS CREATED MORE THAN 10 QUALIFIED NEW JOBS.

24 (iv) HAS MADE AN INVESTMENT OF AT LEAST \$1,000,000.00 AS
25 CERTIFIED BY THE MICHIGAN ECONOMIC GROWTH AUTHORITY.

26 (G) "QUALIFIED TAXPAYER" MEANS A TAXPAYER THAT WAS DESIGNATED
27 BY THE MICHIGAN ECONOMIC GROWTH AUTHORITY AS AN ANCHOR COMPANY

1 WITHIN THE LAST 5 YEARS AND THAT HAS INFLUENCED 1 OR MORE QUALIFIED
2 SUPPLIERS OR CUSTOMERS TO OPEN, LOCATE, OR EXPAND THEIR BUSINESS
3 AND CONDUCT BUSINESS ACTIVITY WITHIN A 10-MILE RADIUS OF THE ANCHOR
4 COMPANY.