

HOUSE BILL No. 4022

January 26, 1999, Introduced by Reps. Wojno, Bob Brown, Mans, Basham, Bradstreet, Switalski, Woodward and Gilbert and referred to the Committee on Tax Policy.

A bill to amend 1975 PA 228, entitled
"Single business tax act,"
(MCL 208.1 to 208.145) by adding section 39d.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 39D. (1) SUBJECT TO SUBSECTION (3), FOR TAX YEARS THAT
2 BEGIN AFTER DECEMBER 31, 1998 AND BEFORE JANUARY 1, 2009, A TAX-
3 PAYER MAY CLAIM A CREDIT OF UP TO 20% OF THE AMOUNT PAID IN THE
4 TAX YEAR TO PURCHASE AND INSTALL MACHINERY AND EQUIPMENT USED
5 EXCLUSIVELY IN OR ON THE PREMISES OF A MANUFACTURING FACILITY IN
6 THIS STATE THAT IS THE TAXPAYER'S PLACE OF BUSINESS AND THAT IS
7 USED TO MANUFACTURE, PROCESS, COMPOUND, OR PRODUCE ITEMS OF TAN-
8 GIBLE PERSONAL PROPERTY FROM RECYCLABLE MATERIALS FOR SALE OR TO
9 PROCESS POSTCONSUMER WASTE MATERIAL USED EXCLUSIVELY TO PRODUCE
10 FINISHED PRODUCTS.

1 (2) TO QUALIFY FOR THE CREDIT ALLOWED UNDER THIS SECTION,
2 THE TAXPAYER SHALL SUBMIT ALL OF THE FOLLOWING WITH THE ANNUAL
3 RETURN REQUIRED BY THIS ACT ON WHICH THE CREDIT IS CLAIMED:

4 (A) CERTIFICATION FROM THE DEPARTMENT OF ENVIRONMENTAL QUAL-
5 ITY THAT THE MACHINERY AND EQUIPMENT PURCHASED OR INSTALLED ARE
6 INTEGRAL TO THE RECYCLING PROCESS.

7 (B) EITHER OF THE FOLLOWING:

8 (i) PURCHASE RECEIPTS, INVOICES, AND OTHER DOCUMENTATION OF
9 THE COST PAID FOR THE MACHINERY OR EQUIPMENT AND FOR THE INSTAL-
10 LATION OF THE MACHINERY OR EQUIPMENT.

11 (ii) OTHER AUDITABLE DOCUMENTATION THAT INCLUDES DETAILS OF
12 THE COST PAID FOR THE PURCHASE OF MACHINERY OR EQUIPMENT AND FOR
13 THE INSTALLATION OF THAT MACHINERY OR EQUIPMENT.

14 (3) THE TOTAL AMOUNT ALLOWABLE AS A CREDIT UNDER THIS SEC-
15 TION FOR ANY TAX YEAR SHALL NOT EXCEED 20% OF THE TAXPAYER'S TAX
16 LIABILITY FOR THAT YEAR AS DETERMINED WITHOUT REGARD TO THIS
17 SECTION.

18 (4) IF THE TOTAL CREDIT ALLOWED UNDER THIS SECTION FOR THE
19 TAX YEAR AND ANY UNUSED CARRYFORWARD OF THE CREDIT ALLOWED BY
20 THIS SECTION EXCEED 20% OF THE CLAIMANT'S TAX LIABILITY FOR THE
21 TAX YEAR, THAT PORTION THAT EXCEEDS 20% OF THE TAX LIABILITY FOR
22 THE TAX YEAR SHALL NOT BE REFUNDED BUT MAY BE CARRIED FORWARD TO
23 OFFSET TAX LIABILITY IN SUBSEQUENT TAX YEARS FOR 10 YEARS OR
24 UNTIL USED UP, WHICHEVER OCCURS FIRST.

25 (5) FOR PURPOSES OF THIS SECTION, A TAXPAYER THAT HAS A 52-
26 OR 53-WEEK TAX YEAR BEGINNING NOT MORE THAN 7 DAYS BEFORE

1 DECEMBER 31 OF ANY YEAR IS CONSIDERED TO HAVE A TAX YEAR
2 BEGINNING AFTER DECEMBER 31 OF THAT YEAR.

3 (6) AS USED IN THIS SECTION:

4 (A) "MANUFACTURING FACILITY" MEANS BUILDINGS AND STRUCTURES
5 THE PRIMARY PURPOSE OF WHICH IS EITHER OF THE FOLLOWING:

6 (i) THE MANUFACTURE OF GOODS OR MATERIALS OR THE PROCESSING
7 OF GOODS AND MATERIALS BY PHYSICAL OR CHEMICAL CHANGE.

8 (ii) THE PROVISION OF RESEARCH AND DEVELOPMENT LABORATORIES
9 OF COMPANIES WHETHER OR NOT THE COMPANY MANUFACTURES THE PRODUCTS
10 DEVELOPED FROM THEIR RESEARCH ACTIVITIES.

11 (B) "RECYCLABLE MATERIALS" MEANS ANY PRODUCT GENERATED BY A
12 TAXPAYER THAT HAS SERVED ITS INTENDED END USE AND THAT HAS BEEN
13 SEPARATED FROM SOLID WASTE FOR THE PURPOSE OF COLLECTION, MARKET-
14 ING, AND DISPOSITION AND THAT DOES NOT INCLUDE DEMOLITION WASTE
15 OR MORE THAN 15% SECONDARY WASTE MATERIAL OR DEMOLITION WASTE.

16 (C) "SECONDARY WASTE MATERIAL" MEANS WASTE MATERIAL GENER-
17 ATED AFTER THE COMPLETION OF A MANUFACTURING PROCESS.