

SUBSTITUTE FOR
SENATE BILL NO. 866

A bill to amend 1964 PA 284, entitled
"City income tax act,"
(MCL 141.501 to 141.787) by adding section 35a to chapter 2.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

CHAPTER 2

1
2 Sec. 35a. (1) For tax years that begin after December 31,
3 2003, a taxpayer that is a qualified start-up business may claim
4 a credit against the tax imposed by this act each tax year equal
5 to the taxpayer's tax liability attributable to that qualified
6 start-up business for the tax year in each of the 5 consecutive
7 tax years beginning with the first tax year in which the
8 qualified start-up business claims a credit under section 31a of
9 the single business tax act, 1975 PA 228, MCL 208.31a, or section
10 51f of the income tax act of 1967, 1967 PA 281, MCL 206.51f.
11 (2) If the credit allowed under this section for the tax year

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1 and any unused carryforward of the credit allowed under this
2 section exceed the tax liability of the taxpayer for the tax
3 year, the excess shall not be refunded but may be carried forward
4 as an offset to the tax liability in subsequent tax years for 10
5 tax years or until the excess credit is used up, whichever occurs
6 first.

<<(3) If a qualified start-up business leaves this state within 36
months 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.>>

7 <<(4)>> A qualified start-up business may claim the credit under
8 subsection (1) by filing an affidavit claiming the credit with
9 the treasurer of the city that imposes the tax under this
10 ordinance on a form prescribed by the city.

11 <<(5)>> As used in this section, "qualified start-up business"
12 means that term as defined in section 31a of the single business
13 tax act, 1975 PA 228, MCL 208.31a.