HOUSE BILL No. 4619

April 19, 2007, Introduced by Reps. Meisner, Miller, Rick Jones, Byrnes, Simpson, Young, Stahl, Gonzales, Clemente, Polidori, Lemmons, Griffin, Valentine and Huizenga and referred to the Committee on Commerce.

A bill to amend 1967 PA 281, entitled

"Income tax act of 1967,"

(MCL 206.1 to 206.532) by adding section 273.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

SEC. 273. (1) FOR TAX YEARS THAT BEGIN ON AND AFTER JANUARY 1, 2007, A TAXPAYER THAT IS A NEW BUSINESS MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED UNDER THIS ACT IN AN AMOUNT EQUAL TO THE PREMIUMS PAID IN THE TAX YEAR FOR AN ELIGIBLE HEALTH BENEFIT PLAN FOR THE TAXPAYER OR THE TAXPAYER'S IMMEDIATE FAMILY. A TAXPAYER MAY ONLY CLAIM THE CREDIT FOR THE FIRST 2 YEARS OF OPERATION OF THE NEW BUSINESS. A CREDIT UNDER THIS SECTION SHALL NOT BE CLAIMED FOR MORE THAN A TOTAL OF 2 TAX YEARS.

(2) THE AMOUNT ALLOWABLE AS A CREDIT UNDER THIS SECTION FOR A

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TAX YEAR SHALL NOT EXCEED $1,000.00.

(3) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE TAX LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT AMOUNT THAT EXCEEDS THE TAX LIABILITY SHALL NOT BE REFUNDED.

(4) AS USED IN THIS SECTION:

(A) "CARRIER" MEANS A HEALTH INSURER, HEALTH MAINTENANCE ORGANIZATION, OR HEALTH CARE CORPORATION.

(B) "ELIGIBLE HEALTH BENEFIT PLAN" MEANS ANY INDIVIDUAL OR GROUP CONTRACT, POLICY, OR CERTIFICATE OF HEALTH, ACCIDENT, AND SICKNESS INSURANCE OR COVERAGE ISSUED BY A CARRIER. ELIGIBLE HEALTH BENEFIT PLAN DOES NOT INCLUDE A CONTRACT, POLICY, OR CERTIFICATE THAT PROVIDES COVERAGE ONLY FOR DENTAL, VISION, SPECIFIED ACCIDENT OR ACCIDENT-ONLY COVERAGE, CREDIT, DISABILITY INCOME, HOSPITAL INDEMNITY, LONG-TERM CARE INSURANCE, MEDICARE SUPPLEMENT, COVERAGE ISSUED AS A SUPPLEMENT TO LIABILITY INSURANCE, AND SPECIFIED DISEASE INSURANCE THAT IS PURCHASED AS A SUPPLEMENT AND NOT AS A SUBSTITUTE FOR AN ELIGIBLE HEALTH BENEFIT PLAN. ELIGIBLE HEALTH BENEFIT PLAN DOES NOT INCLUDE COVERAGE OR BENEFITS ARISING OUT OF THE WORKER'S DISABILITY COMPENSATION ACT OF 1969, 1969 PA 317, MCL 418.101 TO 418.941, ANOTHER WORKER'S COMPENSATION LAW OR SIMILAR LAW, AUTOMOBILE MEDICAL PAYMENT INSURANCE, INSURANCE UNDER WHICH BENEFITS ARE PAYABLE WITH OR WITHOUT REGARD TO FAULT, COVERAGE UNDER A PLAN THROUGH MEDICARE, AND COVERAGE ISSUED UNDER 10 USC 1071 TO 1110, AND ANY COVERAGE ISSUED AS A SUPPLEMENT TO THAT COVERAGE.

(C) "HEALTH CARE CORPORATION" MEANS A HEALTH CARE CORPORATION OPERATING PURSUANT TO THE NONPROFIT HEALTH CARE CORPORATION REFORM

ACT OF 1980, 1980 PA 350, MCL 550.1101 TO 550.1704.

(D) "HEALTH INSURER" MEANS A HEALTH INSURER WITH A CERTIFICATE OF AUTHORITY UNDER THE INSURANCE CODE OF 1956, 1956 PA 218, MCL 500.100 TO 500.8302.

(E) "HEALTH MAINTENANCE ORGANIZATION" MEANS A HEALTH MAINTENANCE ORGANIZATION WITH A LICENSE OR CERTIFICATE OF AUTHORITY UNDER THE INSURANCE CODE OF 1956, 1956 PA 218, MCL 500.100 TO 500.8302.

(F) "MEDICARE" MEANS THE FEDERAL MEDICARE PROGRAM ESTABLISHED UNDER TITLE XVIII OF THE SOCIAL SECURITY ACT, 42 USC 1395 TO 1395HHH.

(G) "MICHIGAN ECONOMIC DEVELOPMENT CORPORATION" MEANS THE PUBLIC BODY CORPORATE CREATED UNDER SECTION 28 OF ARTICLE VII OF THE STATE CONSTITUTION OF 1963 AND THE URBAN COOPERATION ACT OF 1967, 1967 (EX SESS) PA 7, MCL 124.501 TO 124.512, BY A CONTRACTUAL INTERLOCAL AGREEMENT EFFECTIVE APRIL 5, 1999, AS AMENDED, BETWEEN LOCAL PARTICIPATING ECONOMIC DEVELOPMENT CORPORATIONS FORMED UNDER THE ECONOMIC DEVELOPMENT CORPORATIONS ACT, 1974 PA 338, MCL 125.1601 TO 125.1636, AND THE MICHIGAN STRATEGIC FUND.

(H) "NEW BUSINESS" MEANS A BUSINESS THAT MEETS ALL OF THE FOLLOWING CRITERIA AS CERTIFIED ANNUALLY BY THE MICHIGAN ECONOMIC DEVELOPMENT CORPORATION:

(*i*) HAS FEWER THAN 25 FULL-TIME EQUIVALENT EMPLOYEES.

(*ii*) HAS SALES OF LESS THAN $1,000,000.00 IN THE TAX YEAR FOR WHICH THE CREDIT UNDER THIS SECTION IS CLAIMED.

(*iii*) IS NOT PUBLICLY TRADED.

(*iv*) MET 1 OF THE FOLLOWING CRITERIA DURING 1 OF THE INITIAL 2

CONSECUTIVE TAX YEARS IN WHICH THE QUALIFIED START-UP BUSINESS HAD NO BUSINESS INCOME:

(A) DURING THE IMMEDIATELY PRECEDING 7 YEARS WAS IN 1 OF THE FIRST 2 YEARS OF CONTRIBUTION LIABILITY UNDER SECTION 19 OF THE MICHIGAN EMPLOYMENT SECURITY ACT, 1936 (EX SESS) PA 1, MCL 421.19.

(B) DURING THE IMMEDIATELY PRECEDING 7 YEARS WOULD HAVE BEEN IN 1 OF THE FIRST 2 YEARS OF CONTRIBUTION LIABILITY UNDER SECTION 19 OF THE MICHIGAN EMPLOYMENT SECURITY ACT, 1936 (EX SESS) PA 1, MCL 421.19, IF THE QUALIFIED START-UP BUSINESS HAD EMPLOYEES AND WAS LIABLE UNDER THE MICHIGAN EMPLOYMENT SECURITY ACT, 1936 (EX SESS) PA 1, MCL 421.1 TO 421.75.

(C) DURING THE IMMEDIATELY PRECEDING 7 YEARS WOULD HAVE BEEN IN 1 OF THE FIRST 2 YEARS OF CONTRIBUTION LIABILITY UNDER SECTION 19 OF THE MICHIGAN EMPLOYMENT SECURITY ACT, 1936 (EX SESS) PA 1, MCL 421.19, IF THE QUALIFIED START-UP BUSINESS HAD NOT ASSUMED SUCCESSOR LIABILITY UNDER SECTION 15(G) OF THE MICHIGAN EMPLOYMENT SECURITY ACT, 1936 (EX SESS) PA 1, MCL 421.15.