

# SENATE BILL No. 1204

March 11, 2008, Introduced by Senators RICHARDVILLE, SANBORN, GILBERT, ALLEN, KAHN, SWITALSKI and OLSHOVE and referred to the Committee on Economic Development and Regulatory Reform.

A bill to amend 2007 PA 36, entitled  
"Michigan business tax act,"  
by amending section 441 (MCL 208.1441).

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 441. (1) For the 2008, 2009, and 2010 tax years, except  
2 as otherwise provided under subsection (2), a taxpayer may claim  
3 the Michigan entrepreneurial credit equal to 100% of the eligible  
4 taxpayer's tax liability imposed by this act attributable to  
5 increased employment under subdivision (b) for 3 years if the  
6 taxpayer meets all of the following conditions **OR 200% OF THE**  
7 **ELIGIBLE TAXPAYER'S TAX LIABILITY IMPOSED BY THIS ACT ATTRIBUTABLE**  
8 **TO INCREASED EMPLOYMENT UNDER SUBDIVISION (B) FOR 3 YEARS IF THE**  
9 **TAXPAYER IS LOCATED IN A CERTIFIED TECHNOLOGY PARK AND MEETS ALL OF**  
10 **THE FOLLOWING CONDITIONS:**

1 (a) Had less than \$25,000,000.00 in gross receipts in the  
2 immediately preceding tax year. The \$25,000,000.00 amount shall be  
3 annually adjusted for inflation using the Detroit consumer price  
4 index.

5 (b) Has created in this state or transferred into this state  
6 not fewer than 20 new jobs in the immediately preceding tax year.

7 (c) Has made a capital investment in this state of not less  
8 than ~~\$1,250,000.00~~ **\$500,000.00** in the immediately preceding tax  
9 year. For purposes of determining eligibility under this  
10 subdivision, the capital investment shall not include the purchase  
11 of an existing plant or the purchase of existing equipment.

12 (d) Is not a retail establishment as described in major groups  
13 52 through 59 and 70 under the standard industrial classification  
14 code as compiled by the United States department of labor. However,  
15 a restaurant that did not exist, as determined by the treasurer, in  
16 this state in the immediately preceding year before which the  
17 credit is claimed and that is not a franchise or a part of a  
18 unitary business group may qualify for the credit under this  
19 section.

20 (2) A taxpayer that is an eligible business as defined in  
21 section 407 and that received an eligible contribution as defined  
22 in section 407 for which a credit was claimed by another taxpayer  
23 may claim the Michigan entrepreneurial credit equal to 100% of the  
24 taxpayer's tax liability imposed by this act attributable to the  
25 increased employment under subdivision (b) for 3 years if the  
26 taxpayer meets all of the following conditions:

27 (a) Had less than \$25,000,000.00 in gross receipts in the

1 immediately preceding tax year.

2 (b) Has increased the number of new jobs in this state by at  
3 least 20% from the immediately preceding tax year.

4 (3) An eligible taxpayer may claim the credit under this  
5 section on a form prescribed by the department.

6 **(4) IF THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION**  
7 **EXCEEDS THE TAX LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT**  
8 **EXCESS SHALL BE REFUNDED.**

9 (5) ~~(4)~~—If the new jobs for which the taxpayer qualifies for  
10 this credit are relocated outside of this state within 5 years  
11 after claiming the credit under this section or if the taxpayer  
12 reduces the employment levels by more than 10% of the jobs for  
13 which the taxpayer qualifies for the credit under this section,  
14 that taxpayer is liable in an amount equal to the total of all  
15 credits received under this section. Any liability under this  
16 subsection shall be collected under 1941 PA 122, MCL 205.1 to  
17 205.31.

18 (6) ~~(5)~~—A taxpayer's liability attributable to the increased  
19 employment is the total liability of the taxpayer multiplied by a  
20 fraction the numerator of which is the payroll of the increased  
21 jobs of the facility meeting the requirements of this section and  
22 the denominator of which is the taxpayer's total payroll in this  
23 state.

24 **(7) THE CREDIT PROVIDED IN THIS SECTION SHALL BE TAKEN AFTER**  
25 **ANY OTHER CREDIT UNDER THIS ACT.**

26 (8) ~~(6)~~—As used in this section:

27 (A) "CERTIFIED TECHNOLOGY PARK" MEANS THAT TERM AS DEFINED IN

1 SECTION 2 OF THE LOCAL DEVELOPMENT FINANCING ACT, 1986 PA 281, MCL  
2 125.2152.

3 (B) ~~(a)~~—"Detroit consumer price index" means the most  
4 comprehensive index of consumer prices available for the Detroit  
5 area from the United States department of labor, bureau of labor  
6 statistics.

7 (C) ~~(b)~~—"New jobs" means jobs that meet all of the following  
8 criteria:

9 (i) Did not exist in this state in the immediately preceding  
10 tax year.

11 (ii) Represent an overall increase in full-time equivalent jobs  
12 of the taxpayer in this state in the immediately preceding tax  
13 year.

14 (iii) Are not jobs into which employees transfer if the  
15 employees worked in this state for the taxpayer in other jobs prior  
16 to beginning the new jobs.

17 (D) ~~(c)~~—"Payroll" means total salaries and wages before  
18 deducting any personal or dependency exemptions.

19 Enacting section 1. This amendatory act is retroactive and is  
20 effective for taxes levied on and after January 1, 2008.