

HOUSE BILL NO. 5937

September 17, 2024, Introduced by Rep. Neeley and referred to the Committee on Tax Policy.

A bill to amend 2007 PA 36, entitled
"Michigan business tax act,"
by amending section 433 (MCL 208.1433), as amended by 2014 PA 282.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 433. (1) A taxpayer that is a business located and
2 conducting business activity within a renaissance zone may claim a
3 credit against the tax imposed by this act for the tax year to the
4 extent and for the duration provided pursuant to the Michigan
5 renaissance zone act, 1996 PA 376, MCL 125.2681 to 125.2696, as

1 follows:

2 (a) Except as otherwise provided under subdivision (b), for a
3 taxpayer located and conducting business activity in a renaissance
4 zone after November 30, 2002, a credit equal to the lesser of the
5 following:

6 (i) The tax liability attributable to business activity
7 conducted within a renaissance zone in the tax year.

8 (ii) Ten percent of adjusted services performed in a designated
9 renaissance zone.

10 (b) For a taxpayer located and conducting business activity in
11 a renaissance zone before December 1, 2002, a credit equal to the
12 greater of the following:

13 (i) The amount calculated under subdivision (a) (i) or (ii),
14 whichever is less.

15 (ii) The product of the following:

16 (A) The credit claimed under section 39b of former 1975 PA 228
17 for the tax year ending in 2007.

18 (B) The ratio of the taxpayer's payroll in this state in the
19 tax year divided by the taxpayer's payroll in this state in its tax
20 year ending in 2007 under former 1975 PA 228.

21 (C) The ratio of the taxpayer's renaissance zone business
22 activity factor for the tax year divided by the taxpayer's
23 renaissance zone business activity factor for its tax year ending
24 in 2007 under section 39b of former 1975 PA 228.

25 (2) Any portion of the taxpayer's tax liability that is
26 attributable to illegal activity conducted in the renaissance zone
27 shall not be used to calculate a credit under this section.

28 (3) The credit allowed under this section continues through
29 the tax year in which the renaissance zone designation expires

1 unless terminated earlier as provided under this subsection. A
2 taxpayer and the Michigan strategic fund may execute an amendment
3 to an existing development agreement that terminates a credit under
4 this section effective on a date before the renaissance zone
5 designation expires under the Michigan renaissance zone act, 1996
6 PA 376, MCL 125.2681 to 125.2696.

7 (4) If the amount of the credit allowed under this section
8 exceeds the tax liability of the taxpayer for the tax year, that
9 portion of the credit that exceeds the tax liability ~~shall~~**must** not
10 be refunded.

11 (5) A taxpayer that claims a credit under this section shall
12 not employ, pay a speaker fee to, or provide any remuneration,
13 compensation, or consideration to any person employed by the state,
14 the state administrative board created in 1921 PA 2, MCL 17.1 to
15 17.3, or the renaissance zone review board created in section 5 of
16 the **Michigan** renaissance zone act, 1996 PA 376, MCL 125.2685, whose
17 employment relates or related in any way to the authorization or
18 enforcement of the credit allowed under this section for any year
19 in which the taxpayer claims a credit under this section and for
20 the 3 years after the last year that a credit is claimed.

21 (6) To be eligible for the credit allowed under this section,
22 an otherwise qualified taxpayer shall file an annual return under
23 this act in a format determined by the department.

24 (7) Any portion of the taxpayer's tax liability that is
25 attributable to business activity related to the operation of a
26 casino, and business activity that is associated or affiliated with
27 the operation of a casino, including, but not limited to, the
28 operation of a parking lot, hotel, motel, or retail store, ~~shall~~
29 **must** not be used to calculate a credit under this section.

1 (8) For purposes of this section, taxpayer includes a person
2 subject to the tax imposed under chapter 2A and a person subject to
3 the tax imposed under chapter 2B.

4 (9) As used in this section:

5 (a) "Adjusted services performed in a designated renaissance
6 zone" means either of the following:

7 (i) Except as provided in subparagraph (ii), the sum of the
8 taxpayer's payroll for services performed in a designated
9 renaissance zone plus an amount equal to the amount deducted in
10 arriving at federal taxable income for the tax year for
11 depreciation, amortization, or immediate or accelerated write-off
12 for tangible property exempt under section 7ff of the general
13 property tax act, 1893 PA 206, MCL 211.7ff, in the tax year or, for
14 new property, in the immediately following tax year.

15 (ii) For a partnership, limited liability company, **subchapter S**
16 corporation, or individual, the amount determined under
17 subparagraph (i) plus the product of the following as related to the
18 taxpayer if greater than zero:

19 (A) Business income.

20 (B) The ratio of the taxpayer's total sales in this state
21 during the tax year divided by the taxpayer's total sales
22 everywhere during the tax year.

23 (C) The renaissance zone business activity factor.

24 (b) "Casino" means a casino regulated by this state pursuant
25 to the Michigan ~~gaming control~~ **Gaming Control** and ~~revenue act,~~
26 **Revenue Act**, 1996 IL 1, MCL 432.201 to 432.226.

27 (c) "New property" means property that has not been subject
28 to, or exempt from, the collection of taxes under the general
29 property tax act, 1893 PA 206, MCL 211.1 to 211.155, and has not

1 been subject to, or exempt from, ad valorem property taxes levied
2 in another state, except that receiving an exemption as inventory
3 property does not disqualify property.

4 (d) "Payroll" means total salaries and wages before deducting
5 any personal or dependency exemptions.

6 (e) "Renaissance zone" means that term as defined in the
7 Michigan renaissance zone act, 1996 PA 376, MCL 125.2681 to
8 125.2696.

9 (f) "Renaissance zone business activity factor" means a
10 fraction, the numerator of which is the ratio of the average value
11 of the taxpayer's property located in a designated renaissance zone
12 to the average value of the taxpayer's property in this state plus
13 the ratio of the taxpayer's payroll for services performed in a
14 designated renaissance zone to all of the taxpayer's payroll in
15 this state and the denominator of which is 2.

16 (g) "Tax liability attributable to business activity conducted
17 within a renaissance zone" means the taxpayer's tax liability
18 multiplied by the renaissance zone business activity factor.