



HOUSE BILL No. 4494

March 1, 1995, Introduced by Reps. Hammerstrom, Llewellyn, Jamian, Bush, McBryde, Hill, Byl, Jellema, Goschka, Oxender, Brackenridge and Bodem and referred to the Committee on Commerce.

A bill to amend Act No. 228 of the Public Acts of 1975,
entitled

"Single business tax act,"

as amended, being sections 208.1 to 208.145 of the Michigan
Compiled Laws, by adding sections 37c and 37d.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 228 of the Public Acts of 1975, as
2 amended, being sections 208.1 to 208.145 of the Michigan Compiled
3 Laws, is amended by adding sections 37c and 37d to read as
4 follows:

5 SEC. 37C. (1) FOR TAX YEARS BEGINNING AFTER DECEMBER 31,
6 1994 AND FOR A PERIOD OF TIME NOT TO EXCEED 20 YEARS AS DETER-
7 MINED BY THE MICHIGAN ECONOMIC GROWTH AUTHORITY, A TAXPAYER THAT
8 IS AN AUTHORIZED BUSINESS MAY CREDIT AGAINST THE TAX IMPOSED BY
9 SECTION 31 AN AMOUNT EQUAL TO THE AMOUNT OF THE INCOME TAX

1 WITHHELD THAT IS ATTRIBUTABLE TO WAGES PAID BY THE AUTHORIZED
2 BUSINESS TO QUALIFIED NEW EMPLOYEES AS DETERMINED BY THE MICHIGAN
3 ECONOMIC GROWTH AUTHORITY. THE AMOUNT OF INCOME TAX WITHHELD BY
4 AN AUTHORIZED BUSINESS IS DETERMINED BY MULTIPLYING THE AVERAGE
5 SALARY OF A QUALIFIED NEW EMPLOYEE BY THE NUMBER OF QUALIFIED NEW
6 EMPLOYEES AND MULTIPLYING THAT PRODUCT BY THE PERCENTAGE OF THE
7 EFFECTIVE TAX RATE AS DETERMINED BY THE AUTHORITY FOR THAT AUTHO-
8 RIZED BUSINESS.

9 (2) A TAXPAYER SHALL NOT CLAIM THE CREDIT ALLOWED BY THIS
10 SECTION UNTIL THE MICHIGAN ECONOMIC GROWTH AUTHORITY HAS CERTI-
11 FIED THAT THE TAXPAYER IS AN AUTHORIZED BUSINESS AND HAS OPENED
12 THE FACILITY AT WHICH THE QUALIFIED NEW EMPLOYEES ARE EMPLOYED.
13 THE TAXPAYER SHALL ATTACH A COPY OF THE CERTIFICATION TO ANY
14 RETURN FILED UNDER THIS ACT ON WHICH A CREDIT UNDER THIS SECTION
15 IS CLAIMED.

16 (3) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE TAX
17 LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THE EXCESS SHALL BE
18 REFUNDED TO THE TAXPAYER.

19 (4) AN AFFILIATED GROUP, A CONTROLLED GROUP OF CORPORATIONS
20 AS DEFINED BY THE INTERNAL REVENUE CODE, OR AN ENTITY UNDER
21 COMMON CONTROL AS DEFINED BY THE INTERNAL REVENUE CODE IS ENTI-
22 TLED TO ONLY 1 CREDIT UNDER THIS SECTION WHETHER OR NOT A COM-
23 BINED OR CONSOLIDATED RETURN IS FILED.

24 (5) A CREDIT SHALL NOT BE CLAIMED BY A TAXPAYER UNDER THIS
25 SECTION IF THE TAXPAYER'S INITIAL CERTIFICATION AS REQUIRED IN
26 SUBSECTION (2) IS ISSUED AFTER DECEMBER 31, 1998.

(6) AS USED IN THIS SECTION:

(A) "AUTHORITY" OR "MICHIGAN ECONOMIC GROWTH AUTHORITY"

MEANS THE MICHIGAN ECONOMIC GROWTH AUTHORITY CREATED IN THE
MICHIGAN ECONOMIC GROWTH AUTHORITY ACT.

(B) "AUTHORIZED BUSINESS" MEANS THAT TERM AS DEFINED IN THE
MICHIGAN ECONOMIC GROWTH AUTHORITY ACT.

(C) "AVERAGE SALARY OF A QUALIFIED EMPLOYEE" MEANS THE TOTAL
PAYROLL OF AN AUTHORIZED BUSINESS FOR ALL FULL-TIME EQUIVALENT
QUALIFIED EMPLOYEES DIVIDED BY THE NUMBER OF FULL-TIME EQUIVALENT
QUALIFIED EMPLOYEES OF THE AUTHORIZED BUSINESS.

(D) "EFFECTIVE TAX RATE" MEANS THE GROSS TAX LIABILITY AFTER
CREDITS OF ALL TAXPAYERS WITH ADJUSTED GROSS INCOME WITHIN THE
NEXT LOWER AND NEXT HIGHER INTEGRAL MULTIPLE OF \$5,000.00 OF THE
AVERAGE SALARY OF A QUALIFIED EMPLOYEE DIVIDED BY THE AGGREGATE
ADJUSTED GROSS INCOME OF ALL TAXPAYERS WITH ADJUSTED GROSS INCOME
WITHIN THE NEXT LOWER AND NEXT HIGHER INTEGRAL MULTIPLE OF
\$5,000.00 OF THE AVERAGE SALARY OF A QUALIFIED EMPLOYEE.

(E) "PAYROLL" MEANS THE TOTAL SALARIES AND WAGES BEFORE
DEDUCTING ANY PERSONAL OR DEPENDENCY EXEMPTIONS.

(F) "QUALIFIED EMPLOYEE" MEANS A FULL-TIME EQUIVALENT
EMPLOYEE WHO IS EMPLOYED BY AN AUTHORIZED BUSINESS.

(G) "QUALIFIED NEW EMPLOYEES" MEANS THE AVERAGE NUMBER OF
FULL-TIME EQUIVALENT QUALIFIED EMPLOYEES EMPLOYED IN THE TAX YEAR
BY AN AUTHORIZED BUSINESS IN EXCESS OF THE AVERAGE NUMBER OF
QUALIFIED EMPLOYEES EMPLOYED BY THE AUTHORIZED BUSINESS IN THE
TAX YEAR IMMEDIATELY PRECEDING THE TAX YEAR IN WHICH THE BUSINESS

1 WAS DETERMINED TO BE AN AUTHORIZED BUSINESS UNDER THE MICHIGAN
2 ECONOMIC GROWTH AUTHORITY ACT.

3 SEC. 37D. (1) FOR TAX YEARS BEGINNING AFTER DECEMBER 31,
4 1994, AND FOR A PERIOD OF TIME NOT TO EXCEED 20 YEARS AS DETER-
5 MINED BY THE MICHIGAN ECONOMIC GROWTH AUTHORITY PLUS ANY CARRY-
6 FORWARD YEARS ALLOWED UNDER SUBSECTION (4), A TAXPAYER THAT IS AN
7 AUTHORIZED BUSINESS MAY CREDIT AGAINST THE TAX IMPOSED BY SECTION
8 31 AN AMOUNT EQUAL TO THE TAX LIABILITY ATTRIBUTABLE TO AUTHO-
9 RIZED BUSINESS ACTIVITY.

10 (2) A TAXPAYER SHALL NOT CLAIM THE CREDIT ALLOWED BY THIS
11 SECTION UNTIL THE MICHIGAN ECONOMIC GROWTH AUTHORITY HAS CERTI-
12 FIED THAT THE TAXPAYER IS AN AUTHORIZED BUSINESS AND HAS OPENED
13 THE FACILITY AT WHICH THE AUTHORIZED BUSINESS ACTIVITY FOR WHICH
14 THE CREDIT IS CLAIMED IS CONDUCTED. THE TAXPAYER SHALL ATTACH A
15 COPY OF THE CERTIFICATION TO ANY RETURN FILED UNDER THIS ACT ON
16 WHICH A CREDIT UNDER THIS SECTION IS CLAIMED.

17 (3) THE TAX LIABILITY ATTRIBUTABLE TO AUTHORIZED BUSINESS
18 ACTIVITY IS THE TAX LIABILITY IMPOSED BY THIS ACT AFTER THE CAL-
19 CULATION OF THE CREDITS PROVIDED IN SECTIONS 36, 37, 38, AND 39
20 MULTIPLIED BY A FRACTION THE NUMERATOR OF WHICH IS THE RATIO OF
21 THE VALUE OF THE FACILITY TO ALL PROPERTY LOCATED IN THIS STATE
22 PLUS THE RATIO OF PAYROLL ATTRIBUTABLE TO QUALIFIED NEW JOBS TO
23 ALL PAYROLL IN THIS STATE AND THE DENOMINATOR OF WHICH IS 2.

24 (4) IF THE CREDIT ALLOWED UNDER THIS SECTION FOR THE TAX
25 YEAR AND ANY UNUSED CARRYFORWARD OF THE CREDIT ALLOWED BY THIS
26 SECTION EXCEED THE TAXPAYER'S TAX LIABILITY FOR THE TAX YEAR,
27 THAT PORTION THAT EXCEEDS THE TAX LIABILITY FOR THE TAX YEAR

1 SHALL NOT BE REFUNDED BUT MAY BE CARRIED FORWARD TO OFFSET TAX
2 LIABILITY IN SUBSEQUENT TAX YEARS FOR 10 YEARS OR UNTIL USED UP,
3 WHICHEVER OCCURS FIRST.

4 (5) A CREDIT SHALL NOT BE CLAIMED BY A TAXPAYER UNDER THIS
5 SECTION IF THE TAXPAYER'S INITIAL CERTIFICATION, AS REQUIRED IN
6 SUBSECTION (2), IS ISSUED AFTER DECEMBER 31, 1998.

7 (6) AS USED IN THIS SECTION:

8 (A) "AUTHORIZED BUSINESS", "FACILITY", AND "QUALIFIED NEW
9 JOB" MEAN THOSE TERMS AS DEFINED IN THE MICHIGAN ECONOMIC GROWTH
10 AUTHORITY ACT.

11 (B) "AUTHORIZED BUSINESS ACTIVITY" MEANS THE BUSINESS ACTIV-
12 ITY OF AN AUTHORIZED BUSINESS CERTIFIED UNDER THE MICHIGAN ECO-
13 NOMIC GROWTH AUTHORITY ACT.

14 (C) "MICHIGAN ECONOMIC GROWTH AUTHORITY" MEANS THE MICHIGAN
15 ECONOMIC GROWTH AUTHORITY CREATED IN THE MICHIGAN ECONOMIC GROWTH
16 AUTHORITY ACT.