

**SUBSTITUTE FOR  
HOUSE BILL NO. 6172**

(As amended November 12, 1998)

A bill to amend 1975 PA 228, entitled  
"Single business tax act,"  
(MCL 208.1 to 208.145) by adding section 39d.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1        SEC. 39D. (1) SUBJECT TO SUBSECTION (3), FOR TAX YEARS THAT  
2 BEGIN AFTER DECEMBER 31, 1998 AND BEFORE JANUARY 1, [2004], A TAX-  
3 PAYER MAY CLAIM A CREDIT OF UP TO 20% OF THE AMOUNT PAID IN THE  
4 TAX YEAR TO INSTALL MACHINERY AND EQUIPMENT USED EXCLUSIVELY IN  
5 OR ON THE PREMISES OF A MANUFACTURING FACILITY IN THIS STATE THAT  
6 IS THE TAXPAYER'S PLACE OF BUSINESS AND THAT IS USED TO MANUFAC-  
7 TURE, PROCESS, COMPOUND, OR PRODUCE ITEMS OF TANGIBLE PERSONAL  
8 PROPERTY FROM RECYCLABLE MATERIALS FOR SALE OR TO PROCESS POST-  
9 CONSUMER WASTE MATERIAL USED EXCLUSIVELY TO PRODUCE FINISHED  
10 PRODUCTS.

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1 (2) TO QUALIFY FOR THE CREDIT ALLOWED UNDER THIS SECTION,  
2 THE TAXPAYER SHALL SUBMIT ALL OF THE FOLLOWING WITH THE ANNUAL  
3 RETURN REQUIRED BY THIS ACT ON WHICH THE CREDIT IS CLAIMED:

4 (A) CERTIFICATION FROM THE DEPARTMENT OF ENVIRONMENTAL QUAL-  
5 ITY THAT THE MACHINERY AND EQUIPMENT INSTALLED ARE INTEGRAL TO  
6 THE RECYCLING PROCESS.

7 (B) EITHER OF THE FOLLOWING:

8 (i) PURCHASE RECEIPTS, INVOICES, AND OTHER DOCUMENTATION OF  
9 THE COST PAID FOR THE INSTALLATION OF THE MACHINERY OR  
10 EQUIPMENT.

11 (ii) OTHER AUDITABLE DOCUMENTATION THAT INCLUDES DETAILS OF  
12 THE COST PAID FOR THE INSTALLATION OF THE MACHINERY OR  
13 EQUIPMENT.

14 (3) THE TOTAL OF THE AMOUNTS CLAIMED AS CREDITS UNDER THIS  
15 SECTION AND SECTION 39C FOR ANY TAX YEAR SHALL NOT EXCEED 20% OF  
16 THE TOTAL AMOUNT PAID BY THE TAXPAYER IN THE TAX YEAR TO PURCHASE  
17 AND INSTALL MACHINERY AND EQUIPMENT DESCRIBED IN SUBSECTION (1).

18 (4) THE TOTAL AMOUNT ALLOWABLE AS CREDITS UNDER THIS SECTION  
19 AND SECTION 39C FOR ANY TAX YEAR SHALL NOT EXCEED 20% OF THE TAX  
20 LIABILITY FOR THAT YEAR AS DETERMINED WITHOUT REGARD TO THIS SEC-  
21 TION AND SECTION 39C.

22 (5) IF THE TOTAL CREDITS ALLOWED UNDER THIS SECTION AND  
23 SECTION 39C FOR THE TAX YEAR AND ANY UNUSED CARRYFORWARD OF THE  
24 CREDITS ALLOWED BY THIS SECTION AND SECTION 39C EXCEED 20% OF THE  
25 CLAIMANT'S TAX LIABILITY FOR THE TAX YEAR, THAT PORTION THAT  
26 EXCEEDS 20% OF THE TAX LIABILITY FOR THE TAX YEAR SHALL NOT BE  
27 REFUNDED BUT MAY BE CARRIED FORWARD TO OFFSET TAX LIABILITY IN

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1 SUBSEQUENT TAX YEARS FOR 10 YEARS OR UNTIL USED UP, WHICHEVER  
2 OCCURS FIRST.

3 (6) FOR PURPOSES OF THIS SECTION, A TAXPAYER THAT HAS A 52-  
4 OR 53-WEEK TAX YEAR BEGINNING NOT MORE THAN 7 DAYS BEFORE  
5 DECEMBER 31 OF ANY YEAR IS CONSIDERED TO HAVE A TAX YEAR BEGIN-  
6 NING AFTER DECEMBER 31 OF THAT YEAR.

7 (7) COSTS PAID FOR MACHINERY AND EQUIPMENT USED TO CALCULATE  
8 A CREDIT UNDER THIS SECTION OR SECTION 39C SHALL NOT BE USED TO  
9 CALCULATE A CREDIT UNDER SECTION 23.

10 (8) AS USED IN THIS SECTION:

11 (A) "MANUFACTURING FACILITY" MEANS BUILDINGS AND STRUCTURES  
12 THE PRIMARY PURPOSE OF WHICH IS EITHER OF THE FOLLOWING:

13 (i) THE MANUFACTURE OF GOODS OR MATERIALS OR THE PROCESSING  
14 OF GOODS AND MATERIALS BY PHYSICAL OR CHEMICAL CHANGE.

15 (ii) THE PROVISION OF RESEARCH AND DEVELOPMENT LABORATORIES  
16 OF COMPANIES WHETHER OR NOT THE COMPANY MANUFACTURES THE PRODUCTS  
17 DEVELOPED FROM THEIR RESEARCH ACTIVITIES.

18 (B) "RECYCLABLE MATERIALS" MEANS ANY PRODUCT THAT HAS SERVED  
19 ITS INTENDED END USE AND THAT HAS BEEN SEPARATED FROM SOLID WASTE  
20 FOR THE PURPOSE OF COLLECTION, MARKETING, AND DISPOSITION AND  
21 THAT DOES NOT INCLUDE DEMOLITION WASTE OR MORE THAN 15% SECONDARY  
22 WASTE MATERIAL OR DEMOLITION WASTE.

23 (C) "SECONDARY WASTE MATERIAL" MEANS WASTE MATERIAL GENER-  
24 ATED AFTER THE COMPLETION OF A MANUFACTURING PROCESS.