

SENATE SUBSTITUTE FOR

HOUSE BILL NO. 6035

(As amended, June 21, 2006)

<<A bill to amend 1995 PA 24, entitled
"Michigan economic growth authority act,"
by amending section 3 (MCL 207.803), as amended by 2006 PA 188.>>

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. As used in this act:

2 (a) "Affiliated business" means a business that is 100% owned
3 and controlled by an associated business.

4 (b) "Associated business" means a business that owns at least
5 50% of and controls, directly or indirectly, an authorized
6 business.

7 (c) "Authorized business" means 1 of the following:

8 (i) A single eligible business with a unique federal employer
9 identification number that has met the requirements of section 8

1 and with which the authority has entered into a written agreement
2 for a tax credit under section 9.

3 (ii) A single eligible business with a unique federal employer
4 identification number that has met the requirements of section 8,
5 except as provided in this subparagraph, and with which the
6 authority has entered into a written agreement for a tax credit
7 under section 9. An eligible business is not required to create
8 qualified new jobs or maintain retained jobs if qualified new jobs
9 are created or retained jobs are maintained by an associated or
10 affiliated business.

11 (iii) A single eligible business with a unique federal employer
12 identification number that has met the requirements of section 8,
13 except as provided in this subparagraph, and with which the
14 authority has entered into a written agreement for a tax credit
15 under section 9. An eligible business is not required to create
16 qualified new jobs or maintain retained jobs if qualified new jobs
17 are created or retained jobs are maintained by a subsidiary
18 business that withholds income and social security taxes, or an
19 employee leasing company or professional employer organization that
20 has entered into a contractual service agreement with the
21 authorized business in which the employee leasing company or
22 professional employer organization withholds income and social
23 security taxes on behalf of the authorized business.

24 (d) "Authority" means the Michigan economic growth authority
25 created under section 4.

26 (e) "Business" means proprietorship, joint venture,
27 partnership, limited liability partnership, trust, business trust,

1 syndicate, association, joint stock company, corporation,
2 cooperative, limited liability company, or any other organization.

3 (f) "Distressed business" means a business that meets all of
4 the following as verified by the Michigan economic growth
5 authority:

6 (i) Four years immediately preceding the application to the
7 authority under this act, the business had 150 or more full-time
8 jobs in this state.

9 (ii) Within the immediately preceding 4 years, there has been a
10 reduction of not less than 30% of the number of full-time jobs in
11 this state during any consecutive 3-year period. The highest number
12 of full-time jobs within the consecutive 3-year period shall be
13 used in order to determine the percentage reduction of full-time
14 jobs in this subparagraph.

15 (iii) Is not a seasonal employer as defined in section 27 of the
16 Michigan employment security act, 1936 (Ex Sess) PA 1, MCL 421.27.

17 (g) "Eligible business" means a distressed business or
18 business that proposes to maintain retained jobs after December 31,
19 1999 or to create qualified new jobs in this state after April 18,
20 1995 in manufacturing, mining, research and development, wholesale
21 and trade, or office operations or a business that is a qualified
22 high-technology business. An eligible business does not include
23 retail establishments, professional sports stadiums, or that
24 portion of an eligible business used exclusively for retail sales.
25 Professional sports stadium does not include a sports stadium in
26 existence on June 6, 2000 that is not used by a professional sports
27 team on the date that an application related to that professional

1 sports stadium is filed under section 8.

2 (h) "Facility" means a site or sites within this state in
3 which an authorized business or subsidiary ~~businesses~~ **BUSINESS**
4 maintains retained jobs or creates qualified new jobs.

5 (i) "Full-time job" means a job performed by an individual
6 ~~who is employed by an authorized business or an employee leasing~~
7 ~~company or professional employer organization on behalf of the~~
8 ~~authorized business for consideration for 35 hours or more each~~
9 ~~week and for which the authorized business or an employee leasing~~
10 ~~company or professional employer organization on behalf of the~~
11 ~~authorized business withholds income and social security taxes. FOR~~
12 **35 HOURS OR MORE EACH WEEK AND WHOSE INCOME AND SOCIAL SECURITY**
13 **TAXES ARE WITHHELD BY 1 OR MORE OF THE FOLLOWING:**

14 (i) **AN AUTHORIZED BUSINESS.**

15 (ii) **AN EMPLOYEE LEASING COMPANY.**

16 (iii) **A PROFESSIONAL EMPLOYER ORGANIZATION ON BEHALF OF THE**
17 **AUTHORIZED BUSINESS.**

18 (iv) **ANOTHER PERSON AS PROVIDED IN SECTION 8(1)(C).**

19 (v) **A BUSINESS THAT SELLS ALL OR PART OF ITS ASSETS TO AN**
20 **ELIGIBLE BUSINESS THAT RECEIVES A CREDIT UNDER SECTION 8(1) OR (5).**

21 (j) "Local governmental unit" means a county, city, village,
22 or township in this state.

23 (k) "High-technology activity" means 1 or more of the
24 following:

25 (i) Advanced computing, which is any technology used in the
26 design and development of any of the following:

27 (A) Computer hardware and software.

1 (B) Data communications.

2 (C) Information technologies.

3 (ii) Advanced materials, which are materials with engineered
4 properties created through the development of specialized process
5 and synthesis technology.

6 (iii) Biotechnology, which is any technology that uses living
7 organisms, cells, macromolecules, microorganisms, or substances
8 from living organisms to make or modify a product, improve plants
9 or animals, or develop microorganisms for useful purposes.
10 Biotechnology does not include human cloning as defined in section
11 16274 of the public health code, 1978 PA 368, MCL 333.16274, or
12 stem cell research with embryonic tissue.

13 (iv) Electronic device technology, which is any technology that
14 involves microelectronics, semiconductors, electronic equipment,
15 and instrumentation, radio frequency, microwave, and millimeter
16 electronics, and optical and optic-electrical devices, or data and
17 digital communications and imaging devices.

18 (v) Engineering or laboratory testing related to the
19 development of a product.

20 (vi) Technology that assists in the assessment or prevention of
21 threats or damage to human health or the environment, including,
22 but not limited to, environmental cleanup technology, pollution
23 prevention technology, or development of alternative energy
24 sources.

25 (vii) Medical device technology, which is any technology that
26 involves medical equipment or products other than a pharmaceutical
27 product that has therapeutic or diagnostic value and is regulated.

(viii) Product research and development.

(ix) Advanced vehicles technology, which is any technology that involves electric vehicles, hybrid vehicles, or alternative fuel vehicles, or components used in the construction of electric vehicles, hybrid vehicles, or alternative fuel vehicles. For purposes of this act:

(A) "Electric vehicle" means a road vehicle that draws propulsion energy only from an on-board source of electrical energy.

(B) "Hybrid vehicle" means a road vehicle that can draw propulsion energy from both a consumable fuel and a rechargeable energy storage system.

(x) Tool and die manufacturing.

(xi) COMPETITIVE EDGE TECHNOLOGY AS DEFINED IN SECTION 88A OF THE MICHIGAN STRATEGIC FUND ACT, 1984 PA 270, MCL 125.2088A.

(l) "New capital investment" means 1 or more of the following:

(i) New construction. As used in this subparagraph:

(A) "New construction" means property not in existence on the date the authorized business enters into a written agreement with the authority and not replacement construction. New construction includes the physical addition of equipment or furnishings, subject to section 27(2)(a) to (o) of the general property tax act, 1893 PA 206, MCL 211.27.

(B) "Replacement construction" means that term as defined in section 34d(1)(b)(v) of the general property tax act, 1893 PA 206, MCL 211.34d.

(ii) The purchase of new personal property. As used in this

1 subparagraph, "new personal property" means personal property that
2 is not subject to or that is exempt from the collection of taxes
3 under the general property tax act, 1893 PA 206, MCL 211.1 to
4 211.157, on the date the authorized business enters into a written
5 agreement with the authority.

6 (m) "Qualified high-technology business" means a business or
7 facility that is either of the following:

8 (i) A business with not less than 25% of the total operating
9 expenses of the business used for research and development in the
10 tax year in which the business files an application under this act
11 as determined under generally accepted accounting principles and
12 verified by the authority.

13 (ii) A business or facility whose primary business activity is
14 high-technology activity.

15 (n) "Qualified new job" means 1 of the following:

16 (i) A full-time job created by an authorized business at a
17 facility that is in excess of the number of full-time jobs the
18 authorized business maintained in this state prior to the expansion
19 or location, as determined by the authority.

20 (ii) For jobs created after July 1, 2000, a full-time job at a
21 facility created by an eligible business that is in excess of the
22 number of full-time jobs maintained by that eligible business in
23 this state **UP TO** 120 days before the eligible business became an
24 authorized business, as determined by the authority.

25 (iii) For a distressed business, a full-time job at a facility
26 that is in excess of the number of full-time jobs maintained by
27 that eligible business in this state on the date the eligible

1 business became an authorized business.

2 (o) "Retained jobs" means the number of full-time jobs at a
3 facility of an authorized business maintained in this state on a
4 specific date as that date and number of jobs is determined by the
5 authority.

6 (p) "Rural business" means an eligible business located in a
7 county with a population of 90,000 or less.

8 (q) "Subsidiary business" means a business that is directly or
9 indirectly controlled or at least 80% owned by an authorized
10 business.

11 (r) "Written agreement" means a written agreement made
12 pursuant to section 8. **A WRITTEN AGREEMENT MAY ADDRESS NEW JOBS,**
13 **QUALIFIED NEW JOBS, FULL-TIME JOBS, RETAINED JOBS, OR ANY**
14 **COMBINATION OF NEW JOBS, QUALIFIED NEW JOBS, FULL-TIME JOBS, OR**
15 **RETAINED JOBS.**

16 Enacting section 1. This amendatory act does not take effect
17 unless Senate Bill No. 802 of the 93rd Legislature is enacted into
18 law.