

**SUBSTITUTE FOR  
HOUSE BILL NO. 4550**

A bill to amend 2007 PA 36, entitled  
"Michigan business tax act,"  
by amending section 437 (MCL 208.1437), as amended by 2009 PA 241.

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

1       Sec. 437. (1) Subject to the criteria under this section, a  
2 qualified taxpayer that has unused credits or has a preapproval  
3 letter issued after December 31, 2007 and before January 1, 2014,  
4 or a taxpayer that received a preapproval letter prior to January  
5 1, 2008 under section 38g of former 1975 PA 228 and has not  
6 received a certificate of completion prior to the taxpayer's last  
7 tax year, provided that the project is completed not more than 5  
8 years after the preapproval letter for the project is issued unless  
9 extended under subsection (9) or if it is a multiphase project not  
10 more than 10 years after the preapproval letter, as amended, if

1 applicable, for the project is issued, or an assignee under  
2 subsection (20), (21), or (22) may claim a credit that has been  
3 approved under section 38g of former 1975 PA 228 or under  
4 subsection (2), (3), or (4) against the tax imposed by this act  
5 equal to either of the following:

6 (a) For projects approved before April 8, 2008, if the total  
7 of all credits for a project is \$1,000,000.00 or less, 10% of the  
8 cost of the qualified taxpayer's eligible investment paid or  
9 accrued by the qualified taxpayer on an eligible property provided  
10 that the project does not exceed the amount stated in the  
11 preapproval letter, as amended. For projects approved, or amended,  
12 on and after April 8, 2008, if the total of all eligible  
13 investments for a project are \$10,000,000.00 or less, up to 12.5%  
14 of the costs of the qualified taxpayer's eligible investment paid  
15 or accrued by the qualified taxpayer on an eligible property or up  
16 to 15% of the costs of the qualified taxpayer's eligible investment  
17 paid or accrued by the qualified taxpayer on an eligible property  
18 if the project is designated as an urban development area project  
19 by the Michigan economic growth authority to the extent that the  
20 project does not exceed the amount stated in the preapproval  
21 letter, as amended, or, until December 31, 2010, up to 20% of the  
22 costs of the qualified taxpayer's eligible investment paid or  
23 accrued by the qualified taxpayer on an eligible property if the  
24 project is designated as an urban development area project by the  
25 Michigan economic growth authority. If eligible investment exceeds  
26 the amount of eligible investment in the preapproval letter, as  
27 amended, for that project, the total of all credits for the project

1 shall not exceed the total of all credits on the certificate of  
2 completion.

3 (b) For projects approved before April 8, 2008, if the total  
4 of all credits for a project is more than \$1,000,000.00 but  
5 \$30,000,000.00 or less and, except as provided in subsection  
6 (6)(b), the project is located in a qualified local governmental  
7 unit, a percentage as determined by the Michigan economic growth  
8 authority not to exceed 10% of the cost of the qualified taxpayer's  
9 eligible investment as determined under subsection (11) paid or  
10 accrued by the qualified taxpayer on an eligible property. For  
11 projects approved, or amended, on and after April 8, 2008 and  
12 before January 1, 2010, if the total of all eligible investments  
13 for a project is more than \$10,000,000.00 but \$300,000,000.00 or  
14 less, up to 12.5% of the costs of the qualified taxpayer's eligible  
15 investment as determined under subsection (11) paid or accrued by  
16 the qualified taxpayer on an eligible property that, except as  
17 provided in subsection (6)(b), is located in a qualified local  
18 governmental unit, up to 15% of the cost of the qualified  
19 taxpayer's eligible investment as determined under subsection (11)  
20 paid or accrued by the qualified taxpayer on an eligible property  
21 if the project is designated as an urban development area project  
22 by the Michigan economic growth authority, or, until December 31,  
23 2010, up to 20% of the costs of the qualified taxpayer's eligible  
24 investment as determined under subsection (11) paid or accrued by  
25 the qualified taxpayer on an eligible property if the project is  
26 designated as an urban development area project by the Michigan  
27 economic growth authority. For projects approved, or amended, on

1 and after January 1, 2010, if the total of all eligible investments  
2 for a project is more than \$10,000,000.00 but \$100,000,000.00 or  
3 less, up to 12.5% of the costs of the qualified taxpayer's eligible  
4 investment as determined under subsection (11) paid or accrued by  
5 the qualified taxpayer on an eligible property that, except as  
6 provided in subsection (6)(b), is located in a qualified local  
7 governmental unit, up to 15% of the cost of the qualified  
8 taxpayer's eligible investment as determined under subsection (11)  
9 paid or accrued by the qualified taxpayer on an eligible property  
10 if the project is designated as an urban development area project  
11 by the Michigan economic growth authority, or, until December 31,  
12 2010, up to 20% of the costs of the qualified taxpayer's eligible  
13 investment as determined under subsection (11) paid or accrued by  
14 the qualified taxpayer on an eligible property if the project is  
15 designated as an urban development area project by the Michigan  
16 economic growth authority. If eligible investment exceeds the  
17 amount of eligible investment in the preapproval letter, as  
18 amended, for that project, the total of all credits for the project  
19 shall not exceed the total of all credits on the certificate of  
20 completion.

21 (2) If the cost of a project will be \$2,000,000.00 or less, a  
22 qualified taxpayer shall apply to the Michigan economic growth  
23 authority for approval of the project under this subsection. An  
24 application under this subsection shall state whether the project  
25 is a multiphase project. Subject to the limitation provided under  
26 subsection (31), the chairperson of the Michigan economic growth  
27 authority or his or her designee is authorized to approve an

1 application or project under this subsection. Only the chairperson  
2 of the Michigan economic growth authority is authorized to deny an  
3 application or project under this subsection. A project shall be  
4 approved or denied not more than 45 days after receipt of the  
5 application. If the chairperson of the Michigan economic growth  
6 authority or his or her designee does not approve or deny the  
7 application within 45 days after the application is received by the  
8 Michigan economic growth authority, the application is considered  
9 approved as written. If the chairperson of the Michigan economic  
10 growth authority or his or her designee approves a project under  
11 this subsection, the chairperson of the Michigan economic growth  
12 authority or his or her designee shall issue a preapproval letter  
13 that states that the taxpayer is a qualified taxpayer; the maximum  
14 total eligible investment for the project on which credits may be  
15 claimed and the maximum total of all credits for the project when  
16 the project is completed and a certificate of completion is issued;  
17 and the project number assigned by the Michigan economic growth  
18 authority. If a project is denied under this subsection, a taxpayer  
19 is not prohibited from subsequently applying under this subsection  
20 for the same project or for another project. The Michigan economic  
21 growth authority shall develop and implement the use of the  
22 application form to be used for projects under this subsection.

23 (3) If the cost of a project will be for more than  
24 \$2,000,000.00 but \$10,000,000.00 or less, a qualified taxpayer  
25 shall apply to the Michigan economic growth authority for approval  
26 of the project under this subsection. An application under this  
27 subsection shall state whether the project is a multiphase project.

1 Subject to the limitation provided under subsection (31), the  
2 chairperson of the Michigan economic growth authority or his or her  
3 designee is authorized to approve an application or project under  
4 this subsection. Only the chairperson of the Michigan economic  
5 growth authority is authorized to deny an application or project  
6 under this subsection. A project shall be approved or denied not  
7 more than 45 days after receipt of the application. If the  
8 chairperson of the Michigan economic growth authority or his or her  
9 designee does not approve or deny an application within 45 days  
10 after the application is received by the Michigan economic growth  
11 authority, the application is considered approved as written. The  
12 criteria in subsection (7) shall be used when approving projects  
13 under this subsection. When approving projects under this  
14 subsection, priority shall be given to projects on a facility. The  
15 total of all credits for an approved project under this subsection  
16 shall not exceed the amounts authorized under subsection (1)(a). A  
17 taxpayer may apply under this subsection instead of subsection (4)  
18 for approval of a project that will be for more than  
19 \$10,000,000.00, but the total of all credits for that project shall  
20 not exceed the amounts authorized under subsection (1)(a). If the  
21 chairperson of the Michigan economic growth authority or his or her  
22 designee approves a project under this subsection, the chairperson  
23 of the Michigan economic growth authority or his or her designee  
24 shall issue a preapproval letter that states that the taxpayer is a  
25 qualified taxpayer; the maximum total eligible investment for the  
26 project on which credits may be claimed and the maximum total of  
27 all credits for the project when the project is completed and a

1 certificate of completion is issued; and the project number  
2 assigned by the Michigan economic growth authority. If a project is  
3 denied under this subsection, a taxpayer is not prohibited from  
4 subsequently applying under this subsection or subsection (4) for  
5 the same project or for another project.

6 (4) If the cost of a project will be for more than  
7 \$10,000,000.00 and, except as provided in subsection (6)(b), the  
8 project is located in a qualified local governmental unit, a  
9 qualified taxpayer shall apply to the Michigan economic growth  
10 authority for approval of the project. An application under this  
11 subsection shall state whether the project is a multiphase project.  
12 The Michigan economic growth authority shall approve or deny the  
13 project not more than 65 days after receipt of the application. A  
14 project under this subsection shall not be approved without the  
15 concurrence of the state treasurer. If the Michigan economic growth  
16 authority does not approve or deny the application within 65 days  
17 after it receives the application, the Michigan economic growth  
18 authority shall send the application to the state treasurer. The  
19 state treasurer shall approve or deny the application within 5 days  
20 after receipt of the application. If the state treasurer does not  
21 deny the application within 5 days after receipt of the  
22 application, the application is considered approved. The Michigan  
23 economic growth authority shall approve a limited number of  
24 projects under this subsection during each calendar year as  
25 provided in subsection (6). The Michigan economic growth authority  
26 shall use the criteria in subsection (7) when approving projects  
27 under this subsection, when determining the total amount of

1 eligible investment, and when determining the percentage of  
2 eligible investment for the project to be used to calculate a  
3 credit. The total of all credits for an approved project under this  
4 subsection shall not exceed the amount designated in the  
5 preapproval letter, as amended, for that project. If the Michigan  
6 economic growth authority approves a project under this subsection,  
7 the Michigan economic growth authority shall issue a preapproval  
8 letter that states that the taxpayer is a qualified taxpayer; the  
9 percentage of eligible investment for the project determined by the  
10 Michigan economic growth authority for purposes of subsection  
11 (1)(b); the maximum total eligible investment for the project on  
12 which credits may be claimed and the maximum total of all credits  
13 for the project when the project is completed and a certificate of  
14 completion is issued; and the project number assigned by the  
15 Michigan economic growth authority. The Michigan economic growth  
16 authority shall send a copy of the preapproval letter to the  
17 department. If a project is denied under this subsection, a  
18 taxpayer is not prohibited from subsequently applying under this  
19 subsection or subsection (3) for the same project or for another  
20 project.

21 (5) If the project is on property that is functionally  
22 obsolete, the taxpayer shall include with the application an  
23 affidavit signed by a level 3 or level 4 assessor, that states that  
24 it is the assessor's expert opinion that the property is  
25 functionally obsolete and the underlying basis for that opinion.

26 (6) The Michigan economic growth authority may approve not  
27 more than 20 projects each calendar year through December 31, 2009,



1 not more than 19 projects for the 2010 calendar year, and, except  
2 as otherwise provided under subdivision (d), not more than 17  
3 projects for each calendar year after December 31, 2010 under  
4 subsection (4), and the following limitations apply:

5 (a) Of the projects allowed under this subsection, the total  
6 of all credits for each project may be more than \$10,000,000.00 but  
7 \$30,000,000.00 or less for only 1 project before December 31, 2009.

8 (b) Of the projects allowed under this subsection, up to 3  
9 projects may be approved for projects that are not in a qualified  
10 local governmental unit if the property is a facility for which  
11 eligible activities are identified in a brownfield plan or, for 1  
12 of the 3 projects, if the property is not a facility but is  
13 functionally obsolete or blighted, property identified in a  
14 brownfield plan. For purposes of this subdivision, a facility  
15 includes a building or complex of buildings that was used by a  
16 state or federal agency and that is no longer being used for the  
17 purpose for which it was used by the state or federal agency.

18 (c) The project allowed under subdivision (a) may also qualify  
19 under subdivision (b).

20 (d) If the Michigan economic growth authority determines that  
21 there are previously issued credits authorized under section 434(6)  
22 available, the Michigan economic growth authority may approve 2  
23 additional projects for each calendar year after December 31, 2010.  
24 As used in this subdivision, "previously issued credits" means the  
25 total amount of credits authorized by the Michigan economic growth  
26 authority for a taxpayer under section 434(6) that meets all of the  
27 following:

1           (i) The taxpayer did not use any or a portion of the credits  
2 authorized under the written agreement under section 434(6).

3           (ii) The authority determined at a meeting upon a vote of the  
4 majority of the members present that the credits previously  
5 authorized satisfy subparagraph (i).

6           (7) The Michigan economic growth authority shall review all  
7 applications for projects under subsection (4) and, if an  
8 application is approved, shall determine the maximum total of all  
9 credits for that project. Before approving a project for which the  
10 total of all credits will be more than \$10,000,000.00 but  
11 \$30,000,000.00 or less only, the Michigan economic growth authority  
12 shall determine that the project would not occur in this state  
13 without the tax credit offered under subsection (4). The Michigan  
14 economic growth authority shall consider the following criteria to  
15 the extent reasonably applicable to the type of project proposed  
16 when approving a project under subsection (4), and the chairperson  
17 of the Michigan economic growth authority or his or her designee  
18 shall consider the following criteria to the extent reasonably  
19 applicable to the type of project proposed when approving a project  
20 under subsection (2) or (3) or when considering an amendment to a  
21 project under subsection (9):

22           (a) The overall benefit to the public.

23           (b) The extent of reuse of vacant buildings and redevelopment  
24 of blighted property.

25           (c) Creation of jobs.

26           (d) Whether the eligible property is in an area of high  
27 unemployment.

1 (e) The level and extent of contamination alleviated by the  
2 qualified taxpayer's eligible activities to the extent known to the  
3 qualified taxpayer.

4 (f) The level of private sector contribution.

5 (g) The cost gap that exists between the site and a similar  
6 greenfield site as determined by the Michigan economic growth  
7 authority.

8 (h) If the qualified taxpayer is moving from another location  
9 in this state, whether the move will create a brownfield.

10 (i) Whether the project is financially and economically sound.

11 (j) Any other criteria that the Michigan economic growth  
12 authority or the chairperson of the Michigan economic growth  
13 authority, as applicable, considers appropriate for the  
14 determination of eligibility under subsection (3) or (4).

15 (8) A qualified taxpayer may apply for projects under this  
16 section for eligible investment on more than 1 eligible property in  
17 a tax year. Each project approved and each project for which a  
18 certificate of completion is issued under this section shall be for  
19 eligible investment on 1 eligible property.

20 (9) If, after a taxpayer's project has been approved and the  
21 taxpayer has received a preapproval letter but before the taxpayer  
22 has made an eligible investment, other than soft costs, at the  
23 property, the taxpayer determines that the project cannot be  
24 completed as preapproved, the taxpayer may petition the Michigan  
25 economic growth authority to amend the project and the preapproval  
26 letter to increase the maximum total eligible investment for the  
27 project on which credits may be claimed and the maximum total of

1 all credits for the project. A taxpayer may petition the Michigan  
2 economic growth authority to make any other amendments to the  
3 project or preapproval letter at any time before a certificate of  
4 completion is issued. Amendments to the project or preapproval  
5 letter may include, but are not limited to, extending the duration  
6 of time provided to complete the project, as long as that extension  
7 does not exceed 10 years from the date of the preapproval letter.

8 (10) A project may be a multiphase project. If a project is a  
9 multiphase project, when each component of the multiphase project  
10 is completed, the taxpayer shall submit documentation that the  
11 component is complete, an accounting of the cost of the component,  
12 and the eligible investment for the component of each taxpayer  
13 eligible for a credit for the project of which the component is a  
14 part to the Michigan economic growth authority or the designee of  
15 the Michigan economic growth authority, who shall verify that the  
16 component is complete. When the completion of the component is  
17 verified, a component completion certificate shall be issued to the  
18 qualified taxpayer which shall state that the taxpayer is a  
19 qualified taxpayer, the credit amount for the component, the  
20 qualified taxpayer's federal employer identification number or the  
21 Michigan treasury number assigned to the taxpayer, and the project  
22 number. The taxpayer may assign all or part of the credit for a  
23 multiphase project as provided in this section after a component  
24 completion certificate for a component is issued. The qualified  
25 taxpayer may transfer ownership of or lease the completed component  
26 and assign a proportionate share of the credit for the entire  
27 project to the qualified taxpayer that is the new owner or lessee.

1 A multiphase project shall not be divided into more than 10  
2 components. A component is considered to be completed when a  
3 certificate of occupancy has been issued by the local municipality  
4 in which the project is located for all of the buildings or  
5 facilities that comprise the completed component and a component  
6 completion certificate is issued or the chairperson of the Michigan  
7 economic growth authority or his or her designee, for projects  
8 approved under subsection (2) or (3), or the Michigan economic  
9 growth authority, for projects approved under subsection (4),  
10 verifies that the component is complete. A credit assigned based on  
11 a multiphase project shall be claimed by the assignee in the tax  
12 year in which the assignment is made. The total of all credits for  
13 a multiphase project shall not exceed the amount stated in the  
14 preapproval letter, as amended, for the project under subsection  
15 (1). If all components of a multiphase project are not completed by  
16 10 years after the date on which the preapproval letter, as  
17 amended, if applicable, for the project was issued, the qualified  
18 taxpayer that received the preapproval letter for the project shall  
19 pay to the state treasurer, as a penalty, an amount equal to the  
20 sum of all credits claimed and assigned for all components of the  
21 multiphase project and no credits based on that multiphase project  
22 shall be claimed after that date by the qualified taxpayer or any  
23 assignee of the qualified taxpayer. The penalty under this  
24 subsection is subject to interest on the amount of the credit  
25 claimed or assigned determined individually for each component at  
26 the rate in section 23(2) of 1941 PA 122, MCL 205.23, beginning on  
27 the date that the credit for that component was claimed or

1 assigned. As used in this subsection, "proportionate share" means  
2 the same percentage of the total of all credits for the project  
3 that the qualified investment for the completed component is of the  
4 total qualified investment stated in the preapproval letter, as  
5 amended, for the entire project.

6 (11) When a project under this section is completed, the  
7 taxpayer shall submit documentation that the project is completed,  
8 an accounting of the cost of the project, the eligible investment  
9 of each taxpayer if there is more than 1 taxpayer eligible for a  
10 credit for the project, and, if the taxpayer is not the owner or  
11 lessee of the eligible property on which the eligible investment  
12 was made at the time the project is completed, that the taxpayer  
13 was the owner or lessee of, or was a party to an agreement to  
14 purchase or lease, that eligible property when all eligible  
15 investment of the taxpayer was made. The chairperson of the  
16 Michigan economic growth authority or his or her designee, for  
17 projects approved under subsection (2) or (3), or the Michigan  
18 economic growth authority, for projects approved under subsection  
19 (4), shall verify that the project is completed. The Michigan  
20 economic growth authority shall conduct an on-site inspection as  
21 part of the verification process for projects approved under  
22 subsection (4). When the completion of the project is verified, a  
23 certificate of completion shall be issued to each qualified  
24 taxpayer that has made eligible investment on that eligible  
25 property. The certificate of completion shall state the total  
26 amount of all credits for the project and that total shall not  
27 exceed the maximum total of all credits listed in the preapproval

1 letter for the project under subsection (2), (3), or (4) as  
2 applicable and as amended under subsection (9) and shall state all  
3 of the following:

4 (a) That the taxpayer is a qualified taxpayer.

5 (b) The total cost of the project and the eligible investment  
6 of each qualified taxpayer.

7 (c) Each qualified taxpayer's credit amount.

8 (d) The qualified taxpayer's federal employer identification  
9 number or the Michigan treasury number assigned to the taxpayer.

10 (e) The project number.

11 (f) For a project approved under subsection (4) for which the  
12 total of all credits is more than \$10,000,000.00 but \$30,000,000.00  
13 or less, the total of all credits and the schedule on which the  
14 annual credit amount shall be claimed by the qualified taxpayer.

15 (g) For a multiphase project under subsection (10), the amount  
16 of each credit assigned and the amount of all credits claimed in  
17 each tax year before the year in which the project is completed.

18 (12) Except as otherwise provided in this section, qualified  
19 taxpayers shall claim credits under this section in the tax year in  
20 which the certificate of completion is issued. For a project  
21 approved under subsection (4) for which the total of all credits is  
22 more than \$10,000,000.00 but \$30,000,000.00 or less, the qualified  
23 taxpayer shall claim 10% of its approved credit each year for 10  
24 years. A credit assigned based on a multiphase project shall be  
25 claimed in the year in which the credit is assigned.

26 (13) The cost of eligible investment for leased machinery,  
27 equipment, or fixtures is the cost of that property had the

1 property been purchased minus the lessor's estimate, made at the  
2 time the lease is entered into, of the market value the property  
3 will have at the end of the lease. A credit for property described  
4 in this subsection is allowed only if the cost of that property had  
5 the property been purchased and the lessor's estimate of the market  
6 value at the end of the lease are provided to the Michigan economic  
7 growth authority.

8 (14) Credits claimed by a lessee of eligible property are  
9 subject to the total of all credits limitation under this section.

10 (15) Each qualified taxpayer and assignee under subsection  
11 (20), (21), or (22) that claims a credit under this section shall  
12 attach a copy of the certificate of completion and, if the credit  
13 was assigned, a copy of the assignment form provided for under this  
14 section to the annual return filed under this act on which the  
15 credit under this section is claimed. An assignee of a credit based  
16 on a multiphase project shall attach a copy of the assignment form  
17 provided for under this section and the component completion  
18 certificate provided for in subsection (10) to the annual return  
19 filed under this act on which the credit is claimed but is not  
20 required to file a copy of a certificate of completion.

21 (16) Except as otherwise provided in this subsection or  
22 subsection (10), (18), (20), (21), or (22), a credit under this  
23 section shall be claimed in the tax year in which the certificate  
24 of completion is issued to the qualified taxpayer. For a project  
25 described in subsection (11)(f) for which a schedule for claiming  
26 annual credit amounts is designated on the certificate of  
27 completion by the Michigan economic growth authority, the annual



1 credit amount shall be claimed in the tax year specified on the  
2 certificate of completion.

3 (17) Except as otherwise provided under this subsection, the  
4 credits approved under this section shall be calculated after  
5 application of all other credits allowed under this act. The  
6 credits under this section shall be calculated before the  
7 calculation of the credits under sections 413, 423, 431, and 450.

8 (18) Except as otherwise provided under this subsection, if  
9 the credit allowed under this section for the tax year and any  
10 unused carryforward of the credit allowed under this section exceed  
11 the qualified taxpayer's or assignee's tax liability for the tax  
12 year, that portion that exceeds the tax liability for the tax year  
13 shall not be refunded but may be carried forward to offset tax  
14 liability in subsequent tax years for 10 years or until used up,  
15 whichever occurs first. Except as otherwise provided in this  
16 subsection, the maximum time allowed under the carryforward  
17 provisions under this subsection begins with the tax year in which  
18 the certificate of completion is issued to the qualified taxpayer.  
19 If the qualified taxpayer assigns all or any portion of its credit  
20 approved under this section, the maximum time allowed under the  
21 carryforward provisions for an assignee begins to run with the tax  
22 year in which the assignment is made and the assignee first claims  
23 a credit, which shall be the same tax year. The maximum time  
24 allowed under the carryforward provisions for an annual credit  
25 amount for a credit allowed under subsection (4) begins to run in  
26 the tax year for which the annual credit amount is designated on  
27 the certificate of completion issued under this section. A credit

1 carryforward available under section 38g of former 1975 PA 228 that  
2 is unused at the end of the last tax year may be claimed against  
3 the tax imposed under this act for the years the carryforward would  
4 have been available under former 1975 PA 228. Beginning on and  
5 after April 8, 2008, if the credit allowed under this section for  
6 the tax year exceeds the qualified taxpayer's tax liability for the  
7 tax year, the qualified taxpayer may elect to have the excess  
8 refunded at a rate equal to 85% of that portion of the credit that  
9 exceeds the tax liability of the qualified taxpayer for the tax  
10 year and forgo the remaining 15% of the credit and any  
11 carryforward.

12 (19) If a project or credit under this section is for the  
13 addition of personal property, if the cost of that personal  
14 property is used to calculate a credit under this section, and if  
15 the personal property is disposed of or transferred from the  
16 eligible property to any other location, the qualified taxpayer  
17 that disposed of that property, or transferred the personal  
18 property shall add the same percentage as determined under  
19 subsection (1) of the federal basis of the personal property used  
20 for determining gain or loss as of the date of the disposition or  
21 transfer to the qualified taxpayer's tax liability under this act  
22 after application of all credits under this act for the tax year in  
23 which the disposition or transfer occurs. If a qualified taxpayer  
24 has an unused carryforward of a credit under this section, the  
25 amount otherwise added under this subsection to the qualified  
26 taxpayer's tax liability may instead be used to reduce the  
27 qualified taxpayer's carryforward under subsection (18).

1           (20) For credits under this section for projects for which a  
2 certificate of completion is issued before January 1, 2006 and  
3 except as otherwise provided in this subsection, if a qualified  
4 taxpayer pays or accrues eligible investment on or to an eligible  
5 property that is leased for a minimum term of 10 years or sold to  
6 another taxpayer for use in a business activity, the qualified  
7 taxpayer may assign all or a portion of the credit under this  
8 section based on that eligible investment to the lessee or  
9 purchaser of that eligible property. A credit assignment under this  
10 subsection shall only be made to a taxpayer that when the  
11 assignment is complete will be a qualified taxpayer. All credit  
12 assignments under this subsection are irrevocable and, except for a  
13 credit based on a multiphase project, shall be made in the tax year  
14 in which the certificate of completion is issued, unless the  
15 assignee is an unknown lessee. If a qualified taxpayer wishes to  
16 assign all or a portion of its credit to a lessee but the lessee is  
17 unknown in the tax year in which the certificate of completion is  
18 issued, the qualified taxpayer may delay claiming and assigning the  
19 credit until the first tax year in which the lessee is known. A  
20 qualified taxpayer may claim a portion of a credit and assign the  
21 remaining credit amount. Except as otherwise provided in this  
22 subsection, if the qualified taxpayer both claims and assigns  
23 portions of the credit, the qualified taxpayer shall claim the  
24 portion it claims in the tax year in which the certificate of  
25 completion is issued or, for a credit assigned and claimed for a  
26 multiphase project before a certificate of completion is issued,  
27 the taxpayer shall claim the credit in the year in which the credit

1 is assigned. If a qualified taxpayer assigns all or a portion of  
2 the credit and the eligible property is leased to more than 1  
3 taxpayer, the qualified taxpayer shall determine the amount of  
4 credit assigned to each lessee. A lessee shall not subsequently  
5 assign a credit or any portion of a credit assigned under this  
6 subsection. A purchaser may subsequently assign a credit or any  
7 portion of a credit assigned to the purchaser under this subsection  
8 to a lessee of the eligible property. The credit assignment under  
9 this subsection shall be made on a form prescribed by the Michigan  
10 economic growth authority. The qualified taxpayer shall send a copy  
11 of the completed assignment form to the Michigan economic growth  
12 authority in the tax year in which the assignment is made. The  
13 assignee shall attach a copy of the completed assignment form to  
14 its annual return required to be filed under this act, for the tax  
15 year in which the assignment is made and the assignee first claims  
16 a credit, which shall be the same tax year. In addition to all  
17 other procedures under this subsection, the following apply if the  
18 total of all credits for a project is more than \$10,000,000.00 but  
19 \$30,000,000.00 or less:

20 (a) The credit shall be assigned based on the schedule  
21 contained in the certificate of completion.

22 (b) If the qualified taxpayer assigns all or a portion of the  
23 credit amount, the qualified taxpayer shall assign the annual  
24 credit amount for each tax year separately.

25 (c) More than 1 annual credit amount may be assigned to any 1  
26 assignee and the qualified taxpayer may assign all or a portion of  
27 each annual credit amount to any assignee.

1 (d) The qualified taxpayer shall not assign more than the  
2 annual credit amount for each tax year.

3 (21) Except as otherwise provided in this subsection, for  
4 projects for which a certificate of completion is issued before  
5 January 1, 2006, and except as otherwise provided in this  
6 subsection, if a qualified taxpayer is a partnership, limited  
7 liability company, or subchapter S corporation, the qualified  
8 taxpayer may assign all or a portion of a credit under this section  
9 to its partners, members, or shareholders, based on their  
10 proportionate share of ownership of the partnership, limited  
11 liability company, or subchapter S corporation or based on an  
12 alternative method approved by the Michigan economic growth  
13 authority. A credit assignment under this subsection is irrevocable  
14 and, except for a credit assignment based on a multiphase project,  
15 shall be made in the tax year in which a certificate of completion  
16 is issued. A qualified taxpayer may claim a portion of a credit and  
17 assign the remaining credit amount. Except as otherwise provided in  
18 this subsection, if the qualified taxpayer both claims and assigns  
19 portions of the credit, the qualified taxpayer shall claim the  
20 portion it claims in the tax year in which a certificate of  
21 completion is issued or for a credit assigned and claimed for a  
22 multiphase project, before the component completion certificate is  
23 issued, the taxpayer shall claim the credit in the year in which  
24 the credit is assigned. A partner, member, or shareholder that is  
25 an assignee shall not subsequently assign a credit or any portion  
26 of a credit assigned under this subsection. The credit assignment  
27 under this subsection shall be made on a form prescribed by the

1 Michigan economic growth authority. The qualified taxpayer shall  
2 send a copy of the completed assignment form to the Michigan  
3 economic growth authority in the tax year in which the assignment  
4 is made. A partner, member, or shareholder who is an assignee shall  
5 attach a copy of the completed assignment form to its annual return  
6 required under this act, for the tax year in which the assignment  
7 is made and the assignee first claims a credit, which shall be the  
8 same tax year. A credit assignment based on a credit for a  
9 component of a multiphase project that is completed before January  
10 1, 2006 shall be made under this subsection. In addition to all  
11 other procedures under this subsection, the following apply if the  
12 total of all credits for a project is more than \$10,000,000.00 but  
13 \$30,000,000.00 or less:

14 (a) The credit shall be assigned based on the schedule  
15 contained in the certificate of completion.

16 (b) If the qualified taxpayer assigns all or a portion of the  
17 credit amount, the qualified taxpayer shall assign the annual  
18 credit amount for each tax year separately.

19 (c) More than 1 annual credit amount may be assigned to any 1  
20 assignee and the qualified taxpayer may assign all or a portion of  
21 each annual credit amount to any assignee.

22 (d) The qualified taxpayer shall not assign more than the  
23 annual credit amount for each tax year.

24 (22) For projects approved under this section or section 38g  
25 of former 1975 PA 228 for which a certificate of completion is  
26 issued on and after January 1, 2006, a qualified taxpayer may  
27 assign all or a portion of a credit allowed under this section or

1 section 38g(2), (3), or (33) of former 1975 PA 228 under this  
2 subsection. A credit assignment under this subsection is  
3 irrevocable and, except for a credit assignment based on a  
4 multiphase project, shall be made in the tax year in which a  
5 certificate of completion is issued unless the assignee is an  
6 unknown lessee. If a qualified taxpayer wishes to assign all or a  
7 portion of its credit to a lessee but the lessee is unknown in the  
8 tax year in which the certificate of completion is issued, the  
9 qualified taxpayer may delay claiming and assigning the credit  
10 until the first tax year in which the lessee is known. A qualified  
11 taxpayer may claim a portion of a credit and assign the remaining  
12 credit amount. If the qualified taxpayer both claims and assigns  
13 portions of the credit, the qualified taxpayer shall claim the  
14 portion it claims in the tax year in which a certificate of  
15 completion is issued pursuant to this section or section 38g of  
16 former 1975 PA 228. An assignee may subsequently assign a credit or  
17 any portion of a credit assigned under this subsection to 1 or more  
18 assignees. The credit assignment or a subsequent reassignment under  
19 this subsection shall be made on a form prescribed by the Michigan  
20 economic growth authority. The Michigan economic growth authority  
21 or its designee shall review and issue a completed assignment or  
22 reassignment certificate to the assignee or reassignee. An assignee  
23 or subsequent reassignee shall attach a copy of the completed  
24 assignment certificate to its annual return required under this  
25 act, for the tax year in which the assignment or reassignment is  
26 made and the assignee or reassignee first claims a credit, which  
27 shall be the same tax year. A credit assignment based on a credit

1 for a component of a multiphase project that is completed before  
2 January 1, 2006 shall be made under section 38g(18) of former 1975  
3 PA 228. A credit assignment based on a credit for a component of a  
4 multiphase project that is completed on or after January 1, 2006  
5 may be made under this section. In addition to all other procedures  
6 and requirements under this section, the following apply if the  
7 total of all credits for a project is more than \$10,000,000.00 but  
8 \$30,000,000.00 or less:

9 (a) The credit shall be assigned based on the schedule  
10 contained in the certificate of completion.

11 (b) If the qualified taxpayer assigns all or a portion of the  
12 credit amount, the qualified taxpayer shall assign the annual  
13 credit amount for each tax year separately.

14 (c) More than 1 annual credit amount may be assigned to any 1  
15 assignee, and the qualified taxpayer may assign all or a portion of  
16 each annual credit amount to any assignee.

17 (23) A qualified taxpayer or assignee under subsection (20),  
18 (21), or (22) shall not claim a credit under subsection (1)(a) or  
19 (b) based on eligible investment on which a credit claimed under  
20 section 38d of former 1975 PA 228 was based.

21 (24) When reviewing an application for a project for  
22 designation as an urban development area project, the Michigan  
23 economic growth authority for projects approved under subsection  
24 (4) or the chairperson of the Michigan economic growth authority or  
25 his or her designee for projects approved under subsections (2) and  
26 (3) shall consider all of the following criteria:

27 (a) If the project increases the density of the area by



1 promoting multistory development.

2 (b) If the project promotes mixed-use development and walkable  
3 communities.

4 (c) If the project promotes sustainable redevelopment.

5 (d) If the project addresses areawide redevelopment and  
6 includes multiple parcels of property.

7 (e) If the project addresses underserved markets of commerce.

8 (f) Any other criteria determined by the Michigan economic  
9 growth authority or the chairperson of the Michigan economic growth  
10 authority.

11 (25) An eligible taxpayer that claims a credit under this  
12 section is not prohibited from claiming a credit under section 431.  
13 However, the eligible taxpayer shall not claim a credit under this  
14 section and section 431 based on the same costs.

15 (26) Eligible investment attributable or related to the  
16 operation of a professional sports stadium, and eligible investment  
17 that is associated or affiliated with the operation of a  
18 professional sports stadium, including, but not limited to, the  
19 operation of a parking lot or retail store, shall not be used as a  
20 basis for a credit under this section. Professional sports stadium  
21 does not include a professional sports stadium that will no longer  
22 be used by a professional sports team on and after the date that an  
23 application related to that professional sports stadium is filed  
24 under this section.

25 (27) Eligible investment attributable or related to the  
26 operation of a casino, and eligible investment that is associated  
27 or affiliated with the operation of a casino, including, but not

1 limited to, the operation of a parking lot, hotel, motel, or retail  
2 store, shall not be used as a basis for a credit under this  
3 section. As used in this subsection, "casino" means a casino  
4 regulated by this state pursuant to the Michigan gaming control and  
5 revenue act, 1996 IL 1, MCL 432.201 to 432.226.

6 (28) Eligible investment attributable or related to the  
7 construction of a new landfill or the expansion of an existing  
8 landfill regulated under part 115 of the natural resources and  
9 environmental protection act, 1994 PA 451, MCL 324.11501 to  
10 324.11550, shall not be used as a basis for a credit under this  
11 section.

12 (29) The Michigan economic growth authority annually shall  
13 prepare and submit to the house of representatives and senate  
14 committees responsible for tax policy and economic development  
15 issues a report on the credits under subsections (2), (3), and (4).  
16 The report shall include, but is not limited to, all of the  
17 following:

18 (a) A listing of the projects under subsections (2), (3), and  
19 (4) that were approved in the calendar year.

20 (b) The total amount of eligible investment for projects  
21 approved under subsections (2), (3), and (4) in the calendar year.

22 (30) For purposes of this section, taxpayer includes a person  
23 subject to the tax imposed under chapters 2A and 2B.

24 (31) For the 2008 calendar year, the total of all credits for  
25 all projects approved under subsection (2) or (3) shall not exceed  
26 \$63,000,000.00. For each calendar year after 2008, the total of all  
27 credits for all projects approved under subsection (2) or (3) shall

1 not exceed \$40,000,000.00. If the Michigan economic growth  
2 authority approves a total of all credits for all projects under  
3 subsection (2) or (3) of less than \$40,000,000.00 in a calendar  
4 year, the Michigan economic growth authority may carry forward for  
5 1 year only the difference between \$40,000,000.00 and the total of  
6 all credits for all projects under this subsection approved in the  
7 immediately preceding calendar year.

8 (32) FOR TAX YEARS BEGINNING ON OR AFTER APRIL 1, 2010, AN  
9 OTHERWISE QUALIFIED TAXPAYER WHO FAILS TO COMPLY WITH SECTION 3 OF  
10 THE MICHIGAN CORPORATE RESPONSIBILITY ACT OR WHO FAILS TO DISCLOSE  
11 A CIVIL OR CRIMINAL OFFENSE AS REQUIRED BY SECTION 3 OF THE  
12 MICHIGAN CORPORATE RESPONSIBILITY ACT IS NOT ELIGIBLE FOR THE  
13 CREDIT UNDER THIS SECTION. THIS SUBSECTION DOES NOT APPLY TO AN  
14 ASSIGNEE OF A CREDIT UNDER THIS SECTION.

15 (33) ~~(32)~~As used in this section:

16 (a) "Annual credit amount" means the maximum amount that a  
17 qualified taxpayer is eligible to claim each tax year for a project  
18 for which the total of all credits is more than \$10,000,000.00 but  
19 \$30,000,000.00 or less, as approved under subsection (4).

20 (b) "Authority" means a brownfield redevelopment authority  
21 created under the brownfield redevelopment financing act, 1996 PA  
22 381, MCL 125.2651 to 125.2672.

23 (c) "Blighted", "brownfield plan", "eligible activities",  
24 "facility", "functionally obsolete", "qualified local governmental  
25 unit", and "response activity" mean those terms as defined in the  
26 brownfield redevelopment financing act, 1996 PA 381, MCL 125.2651  
27 to 125.2672.

1 (d) "Eligible investment" or "eligible investments" means,  
2 when made after the approval date of the brownfield plan but in any  
3 event no earlier than 90 days prior to the date of the preapproval  
4 letter, any demolition, construction, restoration, alteration,  
5 renovation, or improvement of buildings or site improvements on  
6 eligible property and the addition of machinery, equipment, and  
7 fixtures to eligible property after the date that eligible  
8 activities on that eligible property have started pursuant to a  
9 brownfield plan under the brownfield redevelopment financing act,  
10 1996 PA 381, MCL 125.2651 to 125.2672, if the costs of the eligible  
11 investment are not otherwise reimbursed to the taxpayer or paid for  
12 on behalf of the taxpayer from any source other than the taxpayer.  
13 The addition of leased machinery, equipment, or fixtures to  
14 eligible property by a lessee of the machinery, equipment, or  
15 fixtures is eligible investment if the lease of the machinery,  
16 equipment, or fixtures has a minimum term of 10 years or is for the  
17 expected useful life of the machinery, equipment, or fixtures, and  
18 if the owner of the machinery, equipment, or fixtures is not the  
19 qualified taxpayer with regard to that machinery, equipment, or  
20 fixtures. For projects approved after April 8, 2008, eligible  
21 investment does not include certain soft costs of the eligible  
22 investment as determined by the Michigan economic growth authority,  
23 including, but not limited to, developer fees, appraisals,  
24 performance bonds, closing costs, bank fees, loan fees, risk  
25 contingencies, financing costs, permanent or construction period  
26 interest, legal expenses, leasing or sales commissions, marketing  
27 costs, professional fees, shared savings, taxes, title insurance,

1 bank inspection fees, insurance, and project management fees.  
2 Notwithstanding the foregoing, eligible investment does include  
3 architectural, engineering, surveying, and similar professional  
4 fees.

5 (e) "Eligible property", except as otherwise provided under  
6 subsection ~~(33)~~-(34), means property for which eligible activities  
7 are identified under a brownfield plan that was used or is  
8 currently used for commercial, industrial, public, or residential  
9 purposes, including personal property located on the property, to  
10 the extent included in the brownfield plan, and that is 1 or more  
11 of the following:

12 (i) Is in a qualified local governmental unit and is a  
13 facility, functionally obsolete, or blighted and includes parcels  
14 that are adjacent or contiguous to that property if the development  
15 of the adjacent and contiguous parcels is estimated to increase the  
16 captured taxable value of that property.

17 (ii) Is not in a qualified local governmental unit and is a  
18 facility, and includes parcels that are adjacent or contiguous to  
19 that property if the development of the adjacent and contiguous  
20 parcels is estimated to increase the captured taxable value of that  
21 property.

22 (iii) Is tax reverted property owned or under the control of a  
23 land bank fast track authority.

24 (f) "Last tax year" means the taxpayer's tax year under former  
25 1975 PA 228 that begins after December 31, 2006 and before January  
26 1, 2008.

27 (g) "Michigan economic growth authority" means the Michigan

1 economic growth authority created in the Michigan economic growth  
2 authority act, 1995 PA 24, MCL 207.801 to 207.810.

3 (h) "Multiphase project" means a project approved under this  
4 section that has more than 1 component, each of which can be  
5 completed separately.

6 (i) "Personal property" means that term as defined in section  
7 8 of the general property tax act, 1893 PA 206, MCL 211.8, except  
8 that personal property does not include either of the following:

9 (i) Personal property described in section 8(h), (i), or (j) of  
10 the general property tax act, 1893 PA 206, MCL 211.8.

11 (ii) Buildings described in section 14(6) of the general  
12 property tax act, 1893 PA 206, MCL 211.14.

13 (j) "Project" means the total of all eligible investment on an  
14 eligible property or, for purposes of subsection (6)(b), 1 of the  
15 following:

16 (i) All eligible investment on property not in a qualified  
17 local governmental unit that is a facility.

18 (ii) All eligible investment on property that is not a facility  
19 but is functionally obsolete or blighted.

20 (k) "Qualified local governmental unit" means that term as  
21 defined in the obsolete property rehabilitation act, 2000 PA 146,  
22 MCL 125.2781 to 125.2797.

23 (l) "Qualified taxpayer" means a taxpayer that meets both of  
24 the following criteria:

25 (i) Owns, leases, or has entered into an agreement to purchase  
26 or lease eligible property.

27 (ii) Certifies that, except as otherwise provided in this

1 subparagraph, the department of natural resources and environment  
2 has not sued or issued a unilateral order to the taxpayer pursuant  
3 to part 201 of the natural resources and environmental protection  
4 act, 1994 PA 451, MCL 324.20101 to 324.20142, to compel response  
5 activity on or to the eligible property, or expended any state  
6 funds for response activity on or to the eligible property and  
7 demanded reimbursement for those expenditures from the qualified  
8 taxpayer. However, if the taxpayer has completed all response  
9 activity required by part 201 of the natural resources and  
10 environmental protection act, 1994 PA 451, MCL 324.20101 to  
11 324.20142, is in compliance with any deed restriction or  
12 administrative or judicial order related to the required response  
13 activity, and has reimbursed the state for all costs incurred by  
14 the state related to the required response activity, the taxpayer  
15 meets the criteria under this subparagraph.

16 (m) "Urban development area project" means a project located  
17 on eligible property in the downtown or traditional central  
18 business district of a qualified local governmental unit or county  
19 seat or along a traditional commercial corridor of a qualified  
20 local governmental unit or county seat as determined by the  
21 Michigan economic growth authority or the chairperson of the  
22 Michigan economic growth authority or his or her designee.

23 (34) ~~(33)~~—For purposes of subsection (2), eligible property  
24 means that term as defined under subsection ~~(32)(e)~~—(33) (E) except  
25 that all of the following apply:

26 (a) Eligible property means property identified under a  
27 brownfield plan that was used or is currently used for commercial,

1 industrial, public, or residential purposes and that is 1 of the  
2 following:

3 (i) Property for which eligible activities are identified under  
4 the brownfield plan, is in a qualified local governmental unit, and  
5 is a facility, functionally obsolete, or blighted.

6 (ii) Property that is not in a qualified local governmental  
7 unit but is within a downtown development district established  
8 under 1975 PA 197, MCL 125.1651 to 125.1681, and is functionally  
9 obsolete or blighted, and a component of the project on that  
10 eligible property is 1 or more of the following:

11 (A) Infrastructure improvements that directly benefit the  
12 eligible property.

13 (B) Demolition of structures that is not response activity  
14 under section 20101 of the natural resources and environmental  
15 protection act, 1994 PA 451, MCL 324.20101.

16 (C) Lead or asbestos abatement.

17 (D) Site preparation that is not response activity under  
18 section 20101 of the natural resources and environmental protection  
19 act, 1994 PA 451, MCL 324.20101.

20 (iii) Property for which eligible activities are identified  
21 under the brownfield plan, is not in a qualified local governmental  
22 unit, and is a facility.

23 (b) Eligible property includes parcels that are adjacent or  
24 contiguous to the eligible property if the development of the  
25 adjacent or contiguous parcels is estimated to increase the  
26 captured taxable value of the property or tax reverted property  
27 owned or under the control of a land bank fast track authority



1 pursuant to the land bank fast track act, 2003 PA 258, MCL 124.751  
2 to 124.774.

3 (c) Eligible property includes, to the extent included in the  
4 brownfield plan, personal property located on the eligible  
5 property.

6 (d) Eligible property does not include qualified agricultural  
7 property exempt under section 7ee of the general property tax act,  
8 1893 PA 206, MCL 211.7ee, from the tax levied by a local school  
9 district for school operating purposes to the extent provided under  
10 section 1211 of the revised school code, 1976 PA 451, MCL 380.1211.