

**SUBSTITUTE FOR  
HOUSE BILL NO. 5100**

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
(MCL 206.1 to 206.847) by adding section 677.

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

1           **Sec. 677. (1) Subject to the limitations under this section,**  
2 **for tax years beginning on and after January 1, 2024, a taxpayer**  
3 **that is an authorized business may claim a credit against the tax**  
4 **imposed under this part in an amount equal to the product of the**  
5 **taxpayer's qualifying research and development expenses incurred**  
6 **during the calendar year ending with or within the tax year in**  
7 **excess of the base amount, multiplied by the following percentages**  
8 **in the following circumstances:**

9           **(a) For a taxpayer with 250 or more employees, 10%. The credit**



1 amount calculated under this subdivision must not exceed  
2 \$2,000,000.00 per tax year per taxpayer.

3 (b) For a taxpayer with less than 250 employees, 15%. The  
4 credit amount calculated under this subdivision must not exceed  
5 \$250,000.00 per tax year per taxpayer.

6 (2) Subject to the limitations under this section, a taxpayer  
7 claiming a credit under subsection (1) may claim an additional  
8 credit equal to 5% of the qualifying research and development  
9 expenses incurred during the calendar year ending with or within  
10 the tax year that are in excess of the base amount if the  
11 taxpayer's qualifying research and development expenses for which  
12 the credit is being claimed under subsection (1) are incurred in  
13 collaboration with a research university in this state pursuant to  
14 a written agreement between the taxpayer and the research  
15 university. In order to claim the additional credit under this  
16 subsection, if requested by the department, the taxpayer must  
17 provide the department with a copy of the written agreement with  
18 the research university. The additional credit allowed under this  
19 subsection must not exceed \$200,000.00 per tax year per taxpayer.

20 (3) To be eligible for a credit under this section, a taxpayer  
21 must submit, in a form and manner as prescribed by the department,  
22 a tentative claim for which a credit under this section is sought  
23 to the department on or before March 15 after the calendar year  
24 ending with or within the tax year for which the taxpayer intends  
25 to submit a claim for the credit on the taxpayer's annual return  
26 required under this part. The tentative claim required under this  
27 subsection must include, at a minimum, all of the following  
28 information:

29 (a) If the credit is to be claimed under subsection (1) (a) or



1 (b) .

2 (b) The amount of qualifying research and development expenses  
3 incurred for which a credit is being claimed.

4 (c) If an additional credit is to be claimed under subsection  
5 (2) for collaboration with a research university.

6 (4) The department shall review all tentative claims submitted  
7 under this subsection and if the amount of tentative claims  
8 submitted exceeds the amount allowed under subsection (5), the  
9 department shall publish a notice on its website notifying  
10 taxpayers of the adjustment to the tentative claims for that  
11 calendar year as required under subsection (5) .

12 (5) The aggregate amount of credits allowed to be claimed by  
13 all taxpayers under this section and all employers under section  
14 717 based on qualifying research and development expenses incurred  
15 in a single calendar year must not exceed \$100,000,000.00. If the  
16 aggregate amount of credits claimed under this section and section  
17 717 exceeds \$100,000,000.00, the department shall prorate the  
18 amount of credits allowed for each claimant as follows:

19 (a) If the aggregate amount of credits claimed by all  
20 taxpayers qualifying under subsection (1)(b) and all employers  
21 qualifying under section 717(1)(b) does not exceed \$25,000,000.00,  
22 the amount of credits claimed by each of those claimants must not  
23 be prorated. However, for taxpayers claiming a credit under  
24 subsection (1)(a) or employers claiming a credit under section  
25 717(1)(a), the amount of credits claimed must be prorated so that  
26 each claimant's allowed credits equal that claimant's pro rata  
27 share of the remaining amount of credits allowed to be claimed  
28 under this subsection and section 717(5) .

29 (b) Except as provided in subdivision (c), if the aggregate



1 amount of credits claimed by all taxpayers qualifying under  
2 subsection (1) (b) and all employers qualifying under section  
3 717(1) (b) exceeds \$25,000,000.00, the amount of credits claimed by  
4 each of those claimants must be prorated so that each claimant's  
5 allowed credits equal that claimant's pro rata share of  
6 \$25,000,000.00, and the amount of credits claimed by each taxpayer  
7 qualifying under subsection (1) (a) or employer qualifying under  
8 section 717(1) (a) must be prorated so that each claimant's allowed  
9 credits equal that claimant's pro rata share of \$75,000,000.00.

10 (c) If the aggregate amount of credits claimed by all  
11 taxpayers qualifying under subsection (1) (b) and all employers  
12 qualifying under section 717(1) (b) exceeds 25% of the aggregate  
13 amount of credits claimed by all taxpayers under this section and  
14 employers under section 717, then the proration under subdivision  
15 (b) does not apply, and the amount of credits claimed by each  
16 taxpayer under this section and employer under section 717 shall be  
17 prorated so that each claimant's allowed credits equal that  
18 claimant's pro rata share of \$100,000,000.00.

19 (6) A taxpayer shall not assign or transfer all or any portion  
20 of a credit allowed under this section. A credit or any portion of  
21 a credit allowed under this section is not assignable or  
22 transferable either by agreement or by operation of law.

23 (7) A taxpayer shall, in a form and manner as prescribed by  
24 the department, file a claim for a credit under this section with  
25 the annual return required to be filed under this part for the same  
26 tax year for which a credit under this section is claimed. The  
27 credits allowed under this section must be claimed after all  
28 allowable nonrefundable credits under this part. If the amount of  
29 the credits allowed under this section exceeds the tax liability of



1 the taxpayer for the tax year, that portion of the credit that  
2 exceeds the tax liability of the taxpayer for the tax year must be  
3 refunded.

4 (8) As used in this section, "authorized business", "base  
5 amount", "Michigan strategic fund", "qualifying research and  
6 development expenses", and "research university" mean those terms  
7 as defined in section 716.

