

# HOUSE BILL NO. 4368

April 11, 2023, Introduced by Reps. VanWoerkom, Hall, Bezotte, Tisdell, Wozniak, Schuette, Markkanen, DeBoer, Bierlein, Kunse, Martin, Filler, Kuhn, Alexander, DeBoyer, Harris and Outman and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
(MCL 206.1 to 206.847) by adding section 282.

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

1           Sec. 282. (1) Subject to the limitations under this section,  
2 for tax years that begin on and after January 1, 2023, a taxpayer  
3 may claim a credit against the tax imposed by this part for  
4 research and development expenses incurred in this state during the  
5 tax year in an amount equal to 15% of the qualified research and  
6 development expenses incurred in this state during the tax year.

1 The maximum amount of the credit allowed under this section that  
2 any 1 taxpayer may claim in a single tax year is \$2,000,000.00. The  
3 total amount of all credits allowed to be claimed under this  
4 section and section 672 to all taxpayers for a single tax year is  
5 \$500,000,000.00. If the total amount of all credits claimed for a  
6 single tax year exceeds \$500,000,000.00, the amount of the credit  
7 allowed for each taxpayer claiming a credit under this section and  
8 section 672 for that tax year shall be reduced on a pro rata basis.

9 (2) For a taxpayer who is a member of a flow-through entity  
10 that qualifies for the credit under this section, that taxpayer may  
11 claim a credit against the member's tax liability under this part  
12 based on the member's distributive share of business income  
13 reported from that flow-through entity or an alternative method  
14 approved by the department.

15 (3) A taxpayer shall claim the credit under this section after  
16 all allowable nonrefundable credits under this part.

17 (4) If the amount of the credit allowed under this section  
18 exceeds the tax liability of the taxpayer for the tax year, that  
19 portion of the credit that exceeds the tax liability of the  
20 taxpayer for the tax year shall not be refunded, but may be carried  
21 forward to offset tax liability under this part in subsequent tax  
22 years for a period not to exceed 15 tax years or until used up,  
23 whichever occurs first.

24 (5) As used in this section:

25 (a) "Base amount" means the average amount of research and  
26 development expenses incurred in this state for the 3 tax years  
27 preceding the tax year for which the credit is being claimed under  
28 this section.

29 (b) "New research project" means a research and development

1 project that begins after the effective date of the amendatory act  
2 that added this section and that qualifies for the credit under  
3 section 41 of the internal revenue code.

4 (c) "Qualified research and development expenses" means any  
5 new research and development expenses attributable to a new  
6 research project or any research and development expenses above the  
7 base amount.

8 (d) "Research and development expenses" means qualified  
9 research expenses as that term is defined in section 41(b) of the  
10 internal revenue code.

11 Enacting section 1. This amendatory act does not take effect  
12 unless Senate Bill No.\_\_\_\_ or House Bill No. 4367 (request no.  
13 02483'23) of the 102nd Legislature is enacted into law.