

Act No. 118
Public Acts of 2024
Approved by the Governor
July 23, 2024
Filed with the Secretary of State
July 23, 2024
EFFECTIVE DATE: Sine Die
(91st day after final adjournment of the 2024 Regular Session)

**STATE OF MICHIGAN
102ND LEGISLATURE
REGULAR SESSION OF 2024**

Introduced by Reps. VanWoerkom, Hall, Bezotte, Tisdell, Wozniak, Schuette, Markkanen, DeBoer, Bierlein, Kunse, Martin, Filler, Kuhn, Alexander, DeBoyer, Harris and Outman

ENROLLED HOUSE BILL No. 4368

AN ACT to amend 1967 PA 281, entitled “An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, reporting, payment, and enforcement by lien and otherwise of taxes on or measured by net income and on certain commercial, business, and financial activities; to prescribe the manner and time of making reports and paying the taxes, and the functions of public officers and others as to the taxes; to permit the inspection of the records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits, rebates, and refunds of the taxes; to create certain funds; to provide for the expenditure of certain funds; to impose certain duties and requirements on certain officials, departments, and authorities of this state; to prescribe penalties for the violation of this act; to provide an appropriation; and to repeal acts and parts of acts,” (MCL 206.1 to 206.847) by adding section 716.

The People of the State of Michigan enact:

Sec. 716. As used in this chapter and section 677:

(a) “Authorized business” means the following:

(i) Except as otherwise provided under this subparagraph, for purposes of a credit under section 717, a flow-through entity that is subject to the withholding requirements under section 703(2) and that has increased its qualifying research and development expenses. Authorized business does not include a flow-through entity that is subject to the Michigan business tax act, 2007 PA 36, MCL 208.1101 to 208.1519, for the tax year.

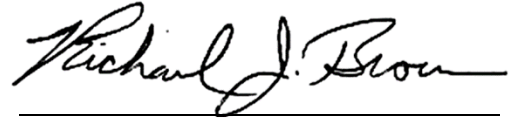
(ii) For purposes of a credit under section 677, a taxpayer that has increased its qualifying research and development expenses. As used in this subparagraph, “taxpayer” means that term as defined under section 611.

(b) “Base amount” means the average annual amount of qualifying research and development expenses during the 3 calendar years immediately preceding the calendar year ending with or within the tax year for which a credit is being claimed under section 677 or 717. An authorized business with no prior qualifying research and development expenses has a base amount of zero. If qualifying research and development expenses were incurred in only 1 or 2 of the immediately preceding 3 calendar years, the average annual amount must be based on the number of calendar years during which qualifying research and development expenses were incurred.

(c) “Michigan strategic fund” means the Michigan strategic fund created in section 5 of the Michigan strategic fund act, 1984 PA 270, MCL 125.2005.

(d) “Qualifying research and development expenses” means qualified research expenses as that term is defined in section 41(b) of the internal revenue code of 1986, 26 USC 41, for research conducted in this state. Qualifying research and development expenses does not include qualified research expenses for research conducted outside of this state.

(e) "Research university" means a public university described in section 4, 5, or 6 of article VIII of the state constitution of 1963 or an independent nonprofit college or university in this state.



Clerk of the House of Representatives



Secretary of the Senate

Approved _____

Governor