

# HOUSE BILL No. 4606

April 18, 2007, Introduced by Reps. Clemente, Melton, Meadows, Griffin, Spade, Clack, Meisner, Constan and Hammel and referred to the Committee on Tax Policy.

A bill to amend 1975 PA 228, entitled  
"Single business tax act,"  
(MCL 208.1 to 208.145) by adding section 33.

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

1           SEC. 33. (1) A QUALIFIED TAXPAYER THAT MAKES AN ELIGIBLE  
2 CONTRIBUTION IN AN ELIGIBLE BUSINESS MAY CLAIM A CREDIT AGAINST THE  
3 TAX IMPOSED BY THE ACT EQUAL TO 50% OF THE TAXPAYER'S ELIGIBLE  
4 CONTRIBUTION, NOT TO EXCEED \$500,000.00.

5           (2) PRIOR TO MAKING AN ELIGIBLE CONTRIBUTION, A QUALIFIED  
6 TAXPAYER SHALL SUBMIT AN APPLICATION TO THE AUTHORITY FOR APPROVAL  
7 OF THE CREDIT. THE APPLICATION SHALL INCLUDE AT LEAST ALL OF THE  
8 FOLLOWING:

9           (A) AN ECONOMIC IMPACT ANALYSIS, INCLUDING ALL OF THE  
10 FOLLOWING:

1 (i) THE IMPACT ON BOTH THE QUALIFIED TAXPAYER AND ELIGIBLE  
2 BUSINESS.

3 (ii) THE INNOVATION IMPACT ON THE TECHNOLOGY SECTOR.

4 (iii) THE NUMBER OF JOBS CREATED.

5 (B) A PROJECT AND COLLABORATION STRUCTURE THAT INCLUDES:

6 (i) THE STRUCTURE OF INVESTMENT BETWEEN THE QUALIFIED TAXPAYER  
7 AND ELIGIBLE BUSINESS.

8 (ii) TECHNOLOGY DEVELOPMENT ROLES AND RESPONSIBILITIES.

9 (iii) A COMMERCIALIZATION PLAN, INCLUDING INTELLECTUAL PROPERTY  
10 STRUCTURE.

11 (C) A TECHNOLOGY SUMMARY, INCLUDING A DUE DILIGENCE REVIEW BY  
12 THE QUALIFIED TAXPAYER.

13 (D) OTHER COLLABORATORS OR INTERESTED AND SUPPORTIVE  
14 BUSINESSES.

15 (E) A FINANCIAL SUMMARY.

16 (F) TOTAL ELIGIBLE CONTRIBUTION BY THE QUALIFIED TAXPAYER.

17 (G) IN-KIND SERVICES PROVIDED BY THE QUALIFIED TAXPAYER.

18 (H) OTHER INVESTORS OR SERVICE PROVIDERS IN THE PROJECT.

19 (I) TOTAL OVERALL INVESTMENT INTO THE PROJECT.

20 (3) THE AUTHORITY SHALL DEVELOP CRITERIA TO COMPETITIVELY  
21 REVIEW APPLICATIONS, INCLUDING, BUT NOT LIMITED TO, CRITERIA  
22 RELATED TO ALL OF THE FOLLOWING:

23 (A) ECONOMIC IMPACT IN MICHIGAN.

24 (B) TOTAL CASH INVESTMENT BY THE QUALIFIED TAXPAYER.

25 (C) TOTAL IN-KIND SERVICES PROVIDED BY THE QUALIFIED TAXPAYER.

26 (D) OTHER COLLABORATORS AND SERVICES PROVIDED.

27 (E) IMPACT OF TECHNOLOGY DEVELOPMENT ACROSS SPECIFIC AND OTHER

1 SECTORS.

2 (F) THE COMMERCIALIZATION PLAN AND POTENTIAL FOR  
3 COMMERCIALIZATION.

4 (4) A QUALIFIED TAXPAYER SHALL NOT CLAIM A CREDIT UNDER THIS  
5 SECTION UNLESS THE MICHIGAN ECONOMIC GROWTH AUTHORITY HAS ISSUED A  
6 CERTIFICATE TO THE TAXPAYER. THE TAXPAYER SHALL ATTACH THE  
7 CERTIFICATE TO THE ANNUAL RETURN FILED UNDER THIS ACT ON WHICH A  
8 CREDIT UNDER THIS SECTION IS CLAIMED.

9 (5) THE CERTIFICATE REQUIRED BY SUBSECTION (4) SHALL STATE ALL  
10 OF THE FOLLOWING:

11 (A) THE TAXPAYER IS AN ELIGIBLE BUSINESS.

12 (B) THE AMOUNT OF THE CREDIT UNDER THIS SECTION FOR THE  
13 ELIGIBLE BUSINESS FOR THE DESIGNATED TAX YEAR, WHICH SHALL BE THE  
14 YEAR IN WHICH CONTRIBUTION IS MADE.

15 (C) THE TAXPAYER'S FEDERAL EMPLOYER IDENTIFICATION NUMBER OR  
16 THE MICHIGAN DEPARTMENT OF TREASURY NUMBER ASSIGNED TO THE  
17 TAXPAYER.

18 (6) THE AUTHORITY SHALL NOT GRANT MORE THAN 25 CREDITS UNDER  
19 THIS SECTION FOR ANY 1 YEAR, BASED ON AN APPLICATION AND A  
20 COMPETITIVE REVIEW CRITERIA.

21 (7) A QUALIFIED TAXPAYER THAT RECEIVES A CREDIT UNDER THIS  
22 SECTION AND THE ELIGIBLE BUSINESS TO WHICH A CONTRIBUTION IS MADE  
23 SHALL ENTER INTO AN AGREEMENT WITH THE AUTHORITY THAT REQUIRES THE  
24 QUALIFIED TAXPAYER AND THE ELIGIBLE BUSINESS TO COMPLY WITH THE  
25 RELEVANT PROVISIONS OF THE APPLICATION AS DETERMINED BY THE  
26 AUTHORITY FOR A PERIOD OF 5 YEARS. IF THE AUTHORITY DETERMINES THAT  
27 THERE HAS NOT BEEN COMPLIANCE WITH THE REQUIREMENTS OF THE TERMS OF

1 THE AGREEMENT, THE QUALIFIED TAXPAYER SHALL BE LIABLE FOR AN AMOUNT  
2 EQUAL TO 125% OF THE TOTAL OF ALL CREDITS RECEIVED UNDER THIS  
3 SECTION FOR ALL TAX YEARS.

4 (8) AS USED IN THIS SECTION:

5 (A) "AUTHORITY" MEANS THE MICHIGAN ECONOMIC GROWTH AUTHORITY  
6 CREATED IN THE MICHIGAN ECONOMIC GROWTH AUTHORITY ACT, 1995 PA 24,  
7 MCL 207.801 TO 207.810.

8 (B) "ELIGIBLE CONTRIBUTION" MEANS THE TRANSFER OF PECUNIARY  
9 INTEREST IN THE FORM OF CASH, FOR THE PURPOSES OF RESEARCH AND  
10 DEVELOPMENT AND TECHNOLOGY INNOVATION. AN ELIGIBLE CONTRIBUTION  
11 DOES NOT INCLUDE CONTRACT RESEARCH.

12 (C) "ELIGIBLE BUSINESS" MEANS A TAXPAYER ENGAGED IN RESEARCH  
13 AND DEVELOPMENT THAT TOGETHER WITH ANY AFFILIATES EMPLOYS FEWER  
14 THAN 50 FULL-TIME EMPLOYEES OR HAS GROSS RECEIPTS OF LESS THAN  
15 \$10,000,000.00 AND HAS NO PRIOR FINANCIAL INTEREST IN THE QUALIFIED  
16 TAXPAYER AND IN WHICH THE QUALIFIED TAXPAYER HAS NO PRIOR FINANCIAL  
17 INTEREST.

18 (D) "QUALIFIED TAXPAYER" MEANS A TAXPAYER THAT MEETS ALL OF  
19 THE FOLLOWING CRITERIA:

20 (i) PROPOSES TO FUND, SUPPORT, AND COLLABORATE IN THE RESEARCH  
21 AND DEVELOPMENT AND TECHNOLOGY INNOVATION WITH AN ELIGIBLE BUSINESS  
22 LOCATED IN THIS STATE.

23 (ii) HAS NOT RECEIVED A CREDIT UNDER THIS SECTION IN THE PAST  
24 CALENDAR YEAR.

25 (E) "RESEARCH AND DEVELOPMENT" MEANS 1 OF THE FOLLOWING:

26 (i) TRANSLATIONAL RESEARCH CONDUCTED WITH THE OBJECTIVE OF  
27 ATTAINING A SPECIFIC BENEFIT OR TO SOLVE A PRACTICAL PROBLEM.

1           (ii) ACTIVITY THAT SEEKS TO UTILIZE, SYNTHESIZE, OR APPLY  
2 EXISTING KNOWLEDGE, INFORMATION, OR RESOURCES TO THE RESOLUTION OF  
3 A SPECIFIED PROBLEM, QUESTION, OR ISSUE, WITH HIGH POTENTIAL FOR  
4 COMMERCIAL APPLICATION TO CREATE JOBS IN THIS STATE.

5           (iii) ORIGINAL INVESTIGATION FOR THE ADVANCEMENT OF SCIENTIFIC  
6 OR TECHNOLOGICAL KNOWLEDGE THAT WILL ENHANCE THE RESEARCH CAPACITY  
7 OF THIS STATE IN A WAY THAT INCREASES THE ABILITY TO ATTRACT TO OR  
8 DEVELOP COMPANIES, JOBS, RESEARCHERS, OR STUDENTS IN THIS STATE.