

# HOUSE BILL No. 6603

November 6, 2008, Introduced by Rep. Steil 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 206.532) by adding section 278.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1           SEC. 278. (1) A TAXPAYER WHO IS AN INDIVIDUAL THAT MAKES A  
2 QUALIFIED INVESTMENT IN THIS STATE MAY CLAIM A CREDIT AGAINST THE  
3 TAX IMPOSED BY THIS ACT EQUAL TO 75% OF THE TOTAL AMOUNT OF THE  
4 TAXPAYER'S QUALIFIED INVESTMENTS MADE DURING THE TAX YEAR OR  
5 \$10,000,000.00, WHICHEVER IS LESS.

6           (2) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE TAX  
7 LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT PORTION OF THE  
8 CREDIT THAT EXCEEDS THE TAX LIABILITY SHALL NOT BE REFUNDED.

9           (3) A TAXPAYER WHO CLAIMS A CREDIT UNDER THIS SECTION IS NOT  
10 PROHIBITED FROM CLAIMING A CREDIT UNDER ANY OTHER SECTION OF THIS  
11 ACT OR UNDER THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL

1 208.1101 TO 208.1601. HOWEVER, THE TAXPAYER SHALL NOT CLAIM A  
2 CREDIT UNDER THIS SECTION OR ANY OTHER SECTION OF THIS ACT OR THE  
3 MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1101 TO 208.1601,  
4 BASED ON THE SAME INVESTMENTS.

5 (4) AS USED IN THIS SECTION, "QUALIFIED INVESTMENT" MEANS 1 OR  
6 MORE OF THE FOLLOWING INVESTMENTS IN A BUSINESS IN THIS STATE:

7 (A) NEW CONSTRUCTION. AS USED IN THIS SUBDIVISION:

8 (i) "NEW CONSTRUCTION" MEANS PROPERTY NOT IN EXISTENCE ON THE  
9 DATE THE TAXPAYER MADE THE INVESTMENT AND NOT REPLACEMENT  
10 CONSTRUCTION. NEW CONSTRUCTION INCLUDES THE PHYSICAL ADDITION OF  
11 EQUIPMENT OR FURNISHINGS, SUBJECT TO SECTION 27(2) (A) TO (O) OF THE  
12 GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.27.

13 (ii) "REPLACEMENT CONSTRUCTION" MEANS THAT TERM AS DEFINED IN  
14 SECTION 34D(1) (B) (v) OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206,  
15 MCL 211.34D.

16 (B) THE PURCHASE OF NEW PERSONAL PROPERTY. AS USED IN THIS  
17 SUBDIVISION, "NEW PERSONAL PROPERTY" MEANS PERSONAL PROPERTY THAT  
18 IS NOT SUBJECT TO OR THAT IS EXEMPT FROM THE COLLECTION OF TAXES  
19 UNDER THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.1 TO  
20 211.155, ON THE DATE THE TAXPAYER MADE THE INVESTMENT.

21 (C) COMMON OR PREFERRED STOCK AND EQUITY WITHOUT A REPURCHASE  
22 REQUIREMENT FOR AT LEAST 5 YEARS.

23 (D) A RIGHT TO PURCHASE STOCK OR EQUITY SECURITIES.

24 (E) ANY DEBENTURE OR LOAN, WHETHER OR NOT CONVERTIBLE OR  
25 HAVING STOCK PURCHASE RIGHTS, WHICH ARE SUBORDINATED, TOGETHER WITH  
26 SECURITY INTERESTS AGAINST THE ASSETS OF THE BORROWER, BY THEIR  
27 TERMS TO ALL BORROWINGS OF THE BORROWER FROM OTHER INSTITUTIONAL

1 LENDERS, AND THAT IS FOR A TERM OF NOT LESS THAN 3 YEARS, AND THAT  
2 HAS NO PART AMORTIZED DURING THE FIRST 3 YEARS.

3 (F) GENERAL OR LIMITED PARTNERSHIP INTERESTS.