

HOUSE BILL NO. 4367

April 11, 2023, Introduced by Reps. Hall, Bezotte, Wozniak, Tisdell, Schuette, Markkanen, Bierlein, DeBoer, Filler, Kunse, Martin, 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 672.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 672. (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 282 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 282 for that tax year shall be reduced on a pro rata basis.

9 (2) A taxpayer shall claim the credit under this section after
10 all allowable nonrefundable credits under this part.

11 (3) If the amount of the credit allowed under this section
12 exceeds the tax liability of the taxpayer for the tax year, that
13 portion of the credit that exceeds the tax liability of the
14 taxpayer for the tax year shall not be refunded, but may be carried
15 forward to offset tax liability under this part in subsequent tax
16 years for a period not to exceed 15 tax years or until used up,
17 whichever occurs first.

18 (4) As used in this section:

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

23 (b) "New research project" means a research and development
24 project that begins after the effective date of the amendatory act
25 that added this section and that qualifies for the credit under
26 section 41 of the internal revenue code.

27 (c) "Qualified research and development expenses" means any
28 new research and development expenses attributable to a new
29 research project or any research and development expenses above the

1 base amount.

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

5 Enacting section 1. This amendatory act does not take effect
6 unless Senate Bill No.____ or House Bill No. 4368 (request no.
7 01057'23) of the 102nd Legislature is enacted into law.