

**SUBSTITUTE FOR  
HOUSE BILL NO. 4124**

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
(MCL 206.1 to 206.847) by adding sections 677a and 717a.

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

1           **Sec. 677a. (1) Except as otherwise provided under this**  
2 **section, for tax years that begin on and after January 1, 2025, a**  
3 **taxpayer may claim a credit against the tax imposed by this part**  
4 **equal to 15% of the taxpayer's qualified research and development**  
5 **expenses incurred during the tax year. A taxpayer that claims a**  
6 **credit under this section is not prohibited from claiming a credit**  
7 **under section 677. However, the taxpayer shall not claim a credit**  
8 **under this section and section 677 based on the same qualified**  
9 **research expenses.**



1           (2) To be eligible for a credit under this section, a taxpayer  
2 must submit, in a form and manner as prescribed by the department,  
3 a tentative claim for which a credit under this section is sought  
4 to the department on or before March 15 after the calendar year  
5 ending with or within the tax year for which the taxpayer intends  
6 to submit a claim for the credit on the taxpayer's annual return  
7 required under this part. The tentative claim required under this  
8 subsection must include, at a minimum, the amount of qualified  
9 research and development expenses incurred for which a credit is  
10 being claimed. The department shall review all tentative claims  
11 submitted under this subsection and if the amount of tentative  
12 claims submitted exceeds the amount of credits allowed under  
13 subsection (3), the department shall publish a notice on its  
14 website notifying taxpayers of the adjustment to the tentative  
15 claims for that calendar year as required under subsection (3).

16           (3) The aggregate amount of credits allowed to be claimed by  
17 all taxpayers under this section and all employers under section  
18 717a based on qualified research and development expenses incurred  
19 in a single calendar year must not exceed \$25,000,000.00. If the  
20 aggregate amount of tentative claims submitted under this section  
21 and section 717a exceeds \$25,000,000.00, the department shall  
22 prorate the amount of the credits allowed for each claimant on an  
23 equal basis.

24           (4) If the amount of the credit allowed under this section  
25 exceeds the tax liability of the taxpayer for the tax year, that  
26 portion of the credit that exceeds the tax liability of the  
27 taxpayer for the tax year must not be refunded but may be carried  
28 forward to offset tax liability under this act in subsequent tax  
29 years for a period not to exceed 15 tax years or until used up,



1 whichever occurs first.

2 (5) As used in this section:

3 (a) "Advanced nuclear fuel technologies" means developing new  
4 types of nuclear fuel, materials, and fabrication techniques to  
5 enhance performance and characteristics of nuclear fuel for use in  
6 advanced nuclear reactors including the use of uranium enriched to  
7 greater than 5% and less than 20% in the uranium 235-isotope in  
8 nuclear fission reactors.

9 (b) "Advanced nuclear reactors" means that term as defined in  
10 42 USC 16271.

11 (c) "Advanced nuclear reactor technologies" means that term as  
12 defined in section 10h of 1939 PA 3, MCL 460.10h.

13 (d) "Qualified research and development expenses" means  
14 qualified research expenses for research conducted in this state  
15 related to the design, development, or improvement of advanced  
16 nuclear reactor technologies or analytical techniques, advanced  
17 nuclear fuel technologies for use in existing nuclear power plants,  
18 and power uprates at existing nuclear power plants, and to  
19 accelerate the availability of advanced nuclear reactors into  
20 domestic and international markets. Qualified research and  
21 development expenses do not include qualified research expenses for  
22 research conducted outside of this state.

23 (e) "Qualified research expenses" means that term is defined  
24 in section 41(b) of the internal revenue code.

25 Sec. 717a. (1) Except as otherwise provided under this  
26 section, for tax years that begin on and after January 1, 2025, an  
27 employer may claim a credit against the taxes required to be  
28 withheld and remitted to this state under this chapter equal to 15%  
29 of the employer's qualified research and development expenses



1 incurred during the tax year. An employer that claims a credit  
2 under this section is not prohibited from claiming a credit under  
3 section 717. However, the employer shall not claim a credit under  
4 this section and section 717 based on the same qualified research  
5 expenses.

6 (2) To be eligible for a credit under this section, an  
7 employer must submit, in a form and manner as prescribed by the  
8 department, a tentative claim for which a credit under this section  
9 is sought to the department on or before March 15 after the  
10 calendar year ending with or within the tax year for which the  
11 taxpayer intends to submit a claim for the credit. The tentative  
12 claim required under this subsection must include, at a minimum,  
13 the amount of qualified research and development expenses incurred  
14 for which a credit is being claimed. The department shall review  
15 all tentative claims submitted under this subsection and if the  
16 amount of tentative claims submitted exceeds the amount of credits  
17 allowed under subsection (3), the department shall publish a notice  
18 on its website notifying employers of the adjustment to the  
19 tentative claims for that calendar year as required under  
20 subsection (3).

21 (3) The aggregate amount of credits allowed to be claimed by  
22 all employers under this section and all taxpayers under section  
23 677a based on qualified research and development expenses incurred  
24 in a single calendar year must not exceed \$25,000,000.00. If the  
25 aggregate amount of tentative claims submitted under this section  
26 and section 677a exceeds \$25,000,000.00, the department shall  
27 prorate the amount of the credits allowed for each claimant on an  
28 equal basis.

29 (4) If the amount of the credit allowed under this section



1 exceeds the tax liability of the employer for the tax year, that  
2 portion of the credit that exceeds the tax liability of the  
3 employer for the tax year must not be refunded but may be carried  
4 forward to offset tax liability under this chapter in subsequent  
5 tax years for a period not to exceed 15 tax years or until used up,  
6 whichever occurs first.

7 (5) As used in this section:

8 (a) "Advanced nuclear fuel technologies" means developing new  
9 types of nuclear fuel, materials, and fabrication techniques to  
10 enhance performance and characteristics of nuclear fuel for use in  
11 advanced nuclear reactors including the use of uranium enriched to  
12 greater than 5% and less than 20% in the uranium 235-isotope in  
13 nuclear fission reactors.

14 (b) "Advanced nuclear reactor" means that term as defined in  
15 42 USC 16271.

16 (c) "Advanced nuclear reactor technologies" means that term as  
17 defined in section 10h of 1939 PA 3, MCL 460.10h.

18 (d) "Qualified research and development expenses" means  
19 qualified research expenses for research conducted in this state  
20 related to the design, development, or improvement of advanced  
21 nuclear reactor technologies or analytical techniques, advanced  
22 nuclear fuel technologies for use in existing nuclear power plants,  
23 and power uprates at existing nuclear power plants, and to  
24 accelerate the availability of advanced nuclear reactors into  
25 domestic and international markets. Qualified research and  
26 development expenses do not include qualified research expenses for  
27 research conducted outside of this state.

28 (e) "Qualified research expenses" means that term as defined  
29 in section 41(b) of the internal revenue code.



1           Enacting section 1. This amendatory act does not take effect  
2 unless all of the following bills of the 103rd Legislature are  
3 enacted into law:

4           (a) House Bill No. 4125.

5           (b) House Bill No. 4126.

6           (c) House Bill No. 4127.

7           (d) House Bill No. 4128.

8           (e) House Bill No. 4129.

