

**SUBSTITUTE FOR
HOUSE BILL NO. 4816**

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.847) by adding section 283.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 283. (1) For tax years beginning on and after January 1,**
2 **2026, subject to the limitations under this section, a taxpayer**
3 **that makes a qualified investment in a qualified business may claim**
4 **a credit against the tax imposed by this part equal to 50% of the**
5 **qualified investment made during the tax year. A taxpayer shall not**
6 **claim a credit of more than \$3,000.00 based on a qualified**
7 **investment in any 1 qualified business and shall not claim a credit**
8 **of more than \$3,000.00 for qualified investments in all qualified**
9 **businesses in any 1 tax year.**



1 (2) To qualify for the credit under this section, the taxpayer
2 shall request certification from either an independent certified
3 public accountant or the Michigan strategic fund within 60 days of
4 making the investment. The Michigan strategic fund shall develop an
5 application and approval process in order to certify investments
6 under this section and adopt a program describing parameters and
7 criteria to be used for approving and certifying investments for a
8 credit under this section. As part of that program adoption, the
9 Michigan strategic fund may determine and describe the conditions
10 to be met to be considered a qualified investment.

11 (3) A taxpayer shall not claim a credit under this section
12 unless an independent certified public accountant or the Michigan
13 strategic fund has determined that the investment is a qualified
14 investment and has issued a certificate to the taxpayer. The
15 taxpayer shall attach the certificate to the annual return filed
16 under this part on which a credit under this section is claimed.
17 The certificate required under this subsection must specify all of
18 the following:

19 (a) The total amount of investments made during the tax year
20 by the taxpayer in each qualified business.

21 (b) The total amount of qualified investments made in each
22 qualified business if different from the previous amount.

23 (c) The total amount of the credit under this section that the
24 taxpayer is allowed to claim for the designated tax year.

25 (4) If the amount of the credit allowed under this section
26 exceeds the tax liability of the taxpayer for the tax year, that
27 portion of the credit that exceeds the tax liability of the
28 taxpayer for the tax year must not be refunded but may be carried
29 forward to offset tax liability under this part in subsequent tax



1 years for a period not to exceed 10 tax years or until used up,
2 whichever occurs first.

3 (5) As used in this section:

4 (a) "Certified public accountant" means that term as defined
5 under section 720 of the occupational code, 1980 PA 299, MCL
6 339.720.

7 (b) "Family member" means an individual who is the spouse,
8 mother, father, brother, sister, child, stepparent, stepchild,
9 stepbrother, stepsister, grandparent, grandchild, legal ward, or a
10 legally appointed guardian with a certified letter of guardianship,
11 of the investor.

12 (c) "Michigan strategic fund" means the Michigan strategic
13 fund created under section 5 of the Michigan strategic fund act,
14 1984 PA 270, MCL 125.2005.

15 (d) "Qualified business" means a business that satisfies all
16 of the following at the time of the investment:

17 (i) The business has its headquarters in this state, is
18 domiciled in this state, and has a majority of its employees
19 working in this state, and its transactions are limited to
20 residents of this state under section 77c(a)(11) of the securities
21 act of 1933, 15 USC 77c.

22 (ii) The business receives at least 80% of its gross revenues
23 from the operation of its business in this state.

24 (iii) The business has at least 80% of its assets in this state.

25 (e) "Qualified investment" means a cash or a cash equivalent
26 investment in a qualified business that satisfies all of the
27 following:

28 (i) Is not in a qualified business in which a family member of
29 the investor is an employee or owner of the business or in which



1 the investor or a family member of the investor has a preexisting
2 fiduciary relationship with the business.

3 (ii) Is subject to the uniform securities act (2002), 2008 PA
4 551, MCL 451.2101 to 451.2703, and is made in compliance with
5 applicable state and federal securities laws, rules, and
6 regulations.

7 Enacting section 1. It is the intent of the legislature to
8 annually appropriate sufficient funds from the state general fund
9 to the state school aid fund created in section 11 of article IX of
10 the state constitution of 1963 to fully compensate for any loss of
11 revenue resulting from the enactment of this amendatory act.