

INCOME TAX ACT OF 1967 (EXCERPT)
Act 281 of 1967
Chapter 5

206.251 Credit for taxes withheld; election to treat as total tax.

Sec. 251.

(1) The amount withheld under section 703 shall be allowed to the recipient of the compensation as a credit against the tax imposed on him or her by this part.

(2) The amount so withheld during any calendar year shall be allowed as a credit for the taxable year beginning in such calendar year. If more than 1 taxable year begins in a calendar year, such amount shall be allowed as a credit for the last taxable year so beginning.

History: 1967, Act 281, Eff. Oct. 1, 1967 ;-- Am. 1969, Act 332, Imd. Eff. Nov. 4, 1969 ;-- Am. 2011, Act 38, Eff. Jan. 1, 2012 ;-- Am. 2011, Act 174, Eff. Jan. 1, 2012

206.252, 206.253 Repealed. 2011, Act 38, Eff. Jan. 1, 2012.

Compiler's Notes: The repealed sections pertained to Headlee amendment refund and tax credit relating to purchase and installation of qualified home improvement.

206.254 Flow-through entity members; tax credit for tax paid by the flow-through entity; refundable; reasonable proof.

Sec. 254.

(1) Except as otherwise provided under this section, for tax years beginning on and after January 1, 2021, a taxpayer who is either a member of a flow-through entity that elects to file a return and pay the tax imposed under part 4 or a direct or indirect member of another flow-through entity that elects to file a return and pay the tax imposed under part 4 may claim a credit against the tax imposed under this part in an amount equal to the member's allocated share of the tax as reported to the member by the flow-through entity pursuant to section 839(1)(d) for the tax year ending on or within the taxpayer's same tax year. A nonresident estate or trust may claim a credit against the tax imposed under this part in an amount equal to the nonresident estate's or trust's allocated share of the tax as reported to the nonresident estate or trust pursuant to section 839(1)(d) for the tax year ending on or within the taxpayer's same tax year multiplied by a percentage equal to a fraction, the numerator of which is 100 minus the rate imposed under section 51, and the denominator of which is 100.

(2) For a taxpayer that is an estate or trust, the amount of the credit allowed under this section shall be determined by multiplying the amount calculated under subsection (1) by a percentage equal to a fraction, the numerator of which is the flow-through entity business income tax base that is retained by the estate or trust and the denominator of which is the total flow-through entity business income tax base that is included in distributable net income.

(3) For a taxpayer who is a beneficiary of an estate or trust that is either a member of a flow-through entity that elects to file a return and pay the tax imposed under part 4 or a direct or indirect member of another flow-through entity that elects to file a return and pay the tax imposed under part 4, the amount of the credit allowed under this section is equal to the allocable share of the tax imposed under part 4 for the year ending on or within the taxpayer's same tax year as reported to the beneficiary in accordance with section 839(2).

(4) If the credit allowed under this section exceeds the tax liability of the taxpayer for the tax year, that portion of the credit that exceeds the tax liability shall be refunded.

(5) For tax years ending in 2021 only, if the taxpayer claims a credit under this section and the annual return filed under this part on which the credit under this section is claimed results in a refund, any portion of that refund that is attributable to the credit claimed under this section is not subject to added interest under section 30(3), (4), and (5)

of 1941 PA 122, MCL 205.30.

(6) The department may require reasonable proof from the taxpayer related to the allocated share of the tax claimed for a credit under this section, the direct or indirect flow-through entities required to report under section 839(1)(d), or any other information required by the department for the administration of this section.

History: Add. 2021, Act 135, Imd. Eff. Dec. 21, 2021 ;-- Am. 2024, Act 216, Eff. Apr. 2, 2025

Compiler's Notes: Enacting section 1 of Act 135 of 2021 provides: "Enacting section 1. This amendatory act is retroactive and intended to apply retroactively effective for tax years beginning on and after January 1, 2021."

206.255 Credit for tax imposed by another state, District of Columbia, or Canadian province; allowance of Canadian provincial credit; maximum credit.

Sec. 255.

(1) A resident individual or resident estate or trust is allowed a credit against the tax due under this part for the amount of an income tax imposed on the resident individual or resident estate or trust for the tax year by another state of the United States, a political subdivision of another state of the United States, the District of Columbia, or a Canadian province, on income derived from sources outside this state that is also subject to tax under this part or the amount determined under subsection (3), whichever is less. For purposes of the Canadian provincial credit, the credit is allowed for only that portion of the provincial tax not claimed as a credit for federal income tax purposes. It is presumed that the Canadian federal income tax is claimed first. The provincial tax claimed as a carryover deduction as provided in the internal revenue code is not allowed as a credit under this section.

(2) The Canadian provincial credit shall be allowed for the 1978 tax year and for each tax year after 1978.

(3) The credit under this section shall not exceed an amount determined by dividing income that is subject to taxation both in this state and in another jurisdiction by taxable income and then multiplying that result by the taxpayer's tax liability before any credits are deducted.

History: 1967, Act 281, Eff. Oct. 1, 1967 ;-- Am. 1969, Act 332, Imd. Eff. Nov. 4, 1969 ;-- Am. 1978, Act 589, Imd. Eff. Jan. 4, 1979 ;-- Am. 1979, Act 30, Imd. Eff. June 14, 1979 ;-- Am. 1982, Act 515, Imd. Eff. Dec. 31, 1982 ;-- Am. 1987, Act 254, Imd. Eff. Dec. 28, 1987 ;-- Am. 1996, Act 484, Eff. Jan. 1, 1997 ;-- Am. 2011, Act 38, Eff. Jan. 1, 2012

Compiler's Notes: Section 2 of Act 515 of 1982 provides: "(1) Section 255 of this amendatory act shall be effective for the 1979 tax year and each tax year thereafter.(2) Section 301 of this amendatory act shall take effect for tax years beginning on or after January 1, 1983.(3) Section 520 of this amendatory act shall take effect for tax years beginning on or after January 1, 1981."

206.256 Tax exemption in other states by nonresidents; reciprocal agreement.

Sec. 256.

For a nonresident individual, estate, or trust, if the laws of the state of residence exempt a resident of this state from liability for the payment of income taxes on income earned for personal services performed in that state, the department may enter into a reciprocal agreement with that state to provide a similar tax exemption for that state's residents on income earned for personal services performed in this state.

History: 1967, Act 281, Eff. Oct. 1, 1967 ;-- Am. 1969, Act 332, Imd. Eff. Nov. 4, 1969 ;-- Am. 1996, Act 484, Eff. Jan. 1, 1997 ;-- Am. 2011, Act 38, Eff. Jan. 1, 2012

206.257 Repealed. 2011, Act 38, Eff. Jan. 1, 2012.

Compiler's Notes: The repealed section pertained to tax credit for city income taxes.

206.258 Repealed. 1975, Act 233, Imd. Eff. Aug. 27, 1975.

Compiler's Notes: The repealed section pertained to credit for personal property taxes paid on inventories.

206.260, 206.261 Repealed. 2011, Act 38, Eff. Jan. 1, 2012.

Compiler's Notes: The repealed sections pertained to tax credit for certain charitable contributions and to certain community foundations.

206.262 Repealed. 1996, Act 484, Eff. Jan. 1, 1997.

Compiler's Notes: The repealed section pertained to tax credits for solar, wind, or water energy conversion devices.

206.263 Repealed. 1996, Act 484, Eff. Jan. 1, 1996.

Compiler's Notes: The repealed section pertained to agricultural products gleaned from agricultural property.

206.264 Repealed. 2011, Act 38, Eff. Jan. 1, 2012.

Compiler's Notes: The repealed section pertained to tax credit for contribution to medical care savings account.

206.265 Credit against tax; determining amount; eligibility; limitation; refund.

Sec. 265.

(1) For the 1989 tax year and each tax year after 1989, a taxpayer may credit against the tax imposed by this part for the tax year an amount equal to the tax paid in any prior tax year attributable to income received by the taxpayer in any prior tax year and repaid by the taxpayer during the tax year if the taxpayer is eligible for a deduction or credit against his or her federal tax liability pursuant to section 1341 of the internal revenue code based on the repayment for the tax year. A credit under this section for a tax year is allowed only if the repayment for which a deduction or credit was taken pursuant to section 1341 of the internal revenue code is not deducted in calculating the taxpayer's adjusted gross income for the tax year.

(2) If the credit allowed under this section exceeds the tax liability of the taxpayer for the tax year, that portion of the credit that exceeds the tax liability shall be refunded.

History: Add. 1993, Act 128, Imd. Eff. July 22, 1993 ;-- Am. 1998, Act 19, Imd. Eff. Mar. 12, 1998 ;-- Am. 2011, Act 38, Eff. Jan. 1, 2012
Compiler's Notes: Enacting section 1 of Act 19 of 1998 provides: "This amendatory act is effective for tax years beginning after 1988."

206.266 Rehabilitation of historic resource; tax credit; plan; certification; revocation of certificate or sale of historic resource; rules; report; definitions.

Sec. 266.

(1) A qualified taxpayer with a rehabilitation plan certified after December 31, 1998 and before January 1, 2012 may credit against the tax imposed by this part the amount determined pursuant to subsection (2) for the qualified expenditures for the rehabilitation of a historic resource pursuant to the rehabilitation plan in the year in which the certification of completed rehabilitation of the historic resource is issued. Only those expenditures that are paid or incurred during the time periods prescribed for the credit under section 47(a)(2) of the internal revenue code and any related treasury regulations shall be considered qualified expenditures.

(2) The credit allowed under this section shall be 25% of the qualified expenditures that are eligible, or would have been eligible except that the taxpayer elected to transfer the credit under subsection (12), for the credit under section 47(a)(2) of the internal revenue code if the taxpayer is eligible for the credit under section 47(a)(2) of the internal revenue code or, if the taxpayer is not eligible for the credit under section 47(a)(2) of the internal revenue code, 25% of the qualified expenditures that would qualify under section 47(a)(2) of the internal revenue code except that the expenditures are made to a historic resource that is not eligible for the credit under section 47(a)(2) of the internal revenue code, subject to both of the following:

(a) A taxpayer with qualified expenditures that are eligible for the credit under section 47(a)(2) of the internal revenue code may not claim a credit under this section for those qualified expenditures unless the taxpayer has claimed and received a credit for those qualified expenditures under section 47(a)(2) of the internal revenue code or the taxpayer has elected to transfer the credit under subsection (12).

(b) A credit under this section shall be reduced by the amount of a credit received by the taxpayer for the same qualified expenditures under section 47(a)(2) of the internal revenue code.

(3) To be eligible for the credit under this section, the taxpayer shall apply to and receive from the Michigan state housing development authority that the historic significance, the rehabilitation plan, and the completed rehabilitation of the historic resource meet the criteria under subsection (6) and either of the following:

(a) All of the following criteria:

(i) The historic resource contributes to the significance of the historic district in which it is located.

(ii) Both the rehabilitation plan and completed rehabilitation of the historic resource meet the federal secretary of the interior's standards for rehabilitation and guidelines for rehabilitating historic buildings, 36 CFR part 67.

(iii) All rehabilitation work has been done to or within the walls, boundaries, or structures of the historic resource or to historic resources located within the property boundaries of the resource.

(b) The taxpayer has received certification from the national park service that the historic resource's significance, the rehabilitation plan, and the completed rehabilitation qualify for the credit allowed under section 47(a)(2) of the internal revenue code.

(4) If a qualified taxpayer is eligible for the credit allowed under section 47(a)(2) of the internal revenue code, the qualified taxpayer shall file for certification with the authority to qualify for the credit allowed under section 47(a)(2) of the internal revenue code. If the qualified taxpayer has previously filed for certification with the authority to qualify for the credit allowed under section 47(a)(2) of the internal revenue code, additional filing for the credit allowed under this section is not required.

(5) The authority may inspect a historic resource at any time during the rehabilitation process and may revoke certification of completed rehabilitation if the rehabilitation was not undertaken as represented in the rehabilitation plan or if unapproved alterations to the completed rehabilitation are made during the 5 years after the tax year in which the credit was claimed. The authority shall promptly notify the department of a revocation.

(6) Qualified expenditures for the rehabilitation of a historic resource may be used to calculate the credit under this section if the historic resource meets 1 of the criteria listed in subdivision (a) and 1 of the criteria listed in subdivision (b):

(a) The resource is 1 of the following during the tax year in which a credit under this section is claimed for those qualified expenditures:

(i) Individually listed on the national register of historic places or state register of historic sites.

(ii) A contributing resource located within a historic district listed on the national register of historic places or the state register of historic sites.

(iii) A contributing resource located within a historic district designated by a local unit pursuant to an ordinance adopted under the local historic districts act, 1970 PA 169, MCL 399.201 to 399.215.

(b) The resource meets 1 of the following criteria during the tax year in which a credit under this section is claimed for those qualified expenditures:

(i) The historic resource is located in a designated historic district in a local unit of government with an existing ordinance under the local historic districts act, 1970 PA 169, MCL 399.201 to 399.215.

(ii) The historic resource is located in an incorporated local unit of government that does not have an ordinance under the local historic districts act, 1970 PA 169, MCL 399.201 to 399.215, and has a population of less than 5,000.

(iii) The historic resource is located in an unincorporated local unit of government.

(iv) The historic resource is located in an incorporated local unit of government that does not have an ordinance under the local historic districts act, 1970 PA 169, MCL 399.201 to 399.215, and is located within the boundaries of an association that has been chartered under 1889 PA 39, MCL 455.51 to 455.72.

(v) The historic resource is subject to a historic preservation easement.

(7) A credit amount assigned under section 39c(7) of former 1975 PA 228 or section 435 of the Michigan business tax act, 2007 PA 36, MCL 208.1435, may be claimed against the partner's, member's, or shareholder's tax liability under this part as provided in section 39c(7) of former 1975 PA 228 or section 435 of the Michigan business tax act, 2007 PA 36, MCL 208.1435.

(8) If the credit allowed under this section for the tax year and any unused carryforward of the credit allowed by this section exceed the taxpayer's tax liability for the tax year, that portion that exceeds the tax liability for the tax year shall not be refunded but may be carried forward to offset tax liability in subsequent tax years for 10 years or until used up, whichever occurs first. For projects for which a certificate of completed rehabilitation is issued for a tax year beginning after December 31, 2008 and for which the credit amount allowed is less than \$250,000.00, a qualified taxpayer may elect to forgo the carryover period and receive a refund of the amount of the credit that exceeds the qualified taxpayer's tax liability. The amount of the refund shall be equal to 90% of the amount of the credit that exceeds the qualified taxpayer's tax liability. An election under this subsection shall be made in the year that a certificate of completed rehabilitation is issued and shall be irrevocable.

(9) For tax years beginning before January 1, 2009, if a taxpayer sells a historic resource for which a credit under this section was claimed less than 5 years after the year in which the credit was claimed, the following percentage of the credit amount previously claimed relative to that historic resource shall be added back to the tax liability of the taxpayer in the year of the sale:

(a) If the sale is less than 1 year after the year in which the credit was claimed, 100%.

(b) If the sale is at least 1 year but less than 2 years after the year in which the credit was claimed, 80%.

(c) If the sale is at least 2 years but less than 3 years after the year in which the credit was claimed, 60%.

(d) If the sale is at least 3 years but less than 4 years after the year in which the credit was claimed, 40%.

(e) If the sale is at least 4 years but less than 5 years after the year in which the credit was claimed, 20%.

(f) If the sale is 5 years or more after the year in which the credit was claimed, an addback to the taxpayer's tax liability shall not be made.

(10) For tax years beginning before January 1, 2009, if a certification of completed rehabilitation is revoked under subsection (5) less than 5 years after the year in which a credit was claimed, the following percentage of the credit amount previously claimed relative to that historic resource shall be added back to the tax liability of the taxpayer in the year of the revocation:

(a) If the revocation is less than 1 year after the year in which the credit was claimed, 100%.

(b) If the revocation is at least 1 year but less than 2 years after the year in which the credit was claimed, 80%.

(c) If the revocation is at least 2 years but less than 3 years after the year in which the credit was claimed, 60%.

(d) If the revocation is at least 3 years but less than 4 years after the year in which the credit was claimed, 40%.

(e) If the revocation is at least 4 years but less than 5 years after the year in which the credit was claimed, 20%.

(f) If the revocation is 5 years or more after the year in which the credit was claimed, an addback to the taxpayer's tax liability shall not be made.

(11) For tax years beginning after December 31, 2008, if a certificate of completed rehabilitation is revoked under subsection (5) or if the historic resource is sold or disposed of less than 5 years after being placed in service as defined in section 47(b)(1) of the internal revenue code and related treasury regulations, the following percentage of the credit amount previously claimed relative to that historic resource shall be added back to the tax liability of the qualified taxpayer that received the certificate of completed rehabilitation and not the assignee in the year of the revocation:

(a) If the revocation is less than 1 year after the historic resource is placed in service, 100%.

(b) If the revocation is at least 1 year but less than 2 years after the historic resource is placed in service, 80%.

(c) If the revocation is at least 2 years but less than 3 years after the historic resource is placed in service, 60%.

(d) If the revocation is at least 3 years but less than 4 years after the historic resource is placed in service, 40%.

(e) If the revocation is at least 4 years but less than 5 years after the historic resource is placed in service, 20%.

(f) If the revocation is at least 5 years or more after the historic resource is placed in service, an addback to the qualified taxpayer tax liability shall not be required.

(12) A qualified taxpayer who receives a certificate of completed rehabilitation after December 31, 2008 may

elect to forgo claiming the credit and transfer the credit along with the ownership of the property for which the credit may be claimed to a new owner. The new owner shall be treated as the qualified taxpayer having incurred the rehabilitation costs and shall be subject to the recapture provisions under subsection (11) if the new owner sells or disposes of the property within 5 years after the new owner acquired the property. For purposes of this subsection and subsection (11), the placed in service date for a new owner is the date the new owner acquired the property for which the credit is claimed.

(13) The authority may impose a fee to cover the administrative cost of implementing the program under this section.

(14) The qualified taxpayer shall attach all of the following to the qualified taxpayer's annual return under this part:

(a) Certification of completed rehabilitation.

(b) Certification of historic significance related to the historic resource and the qualified expenditures used to claim a credit under this section.

(c) A completed assignment form if the qualified taxpayer is an assignee under section 39c of former 1975 PA 228 or section 435 of the Michigan business tax act, 2007 PA 36, MCL 208.1435, of any portion of a credit allowed under that section.

(15) The authority may promulgate rules to implement this section pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(16) The total of the credits claimed under this section and section 39c of former 1975 PA 228 or section 435 of the Michigan business tax act, 2007 PA 36, MCL 208.1435, for a rehabilitation project shall not exceed 25% of the total qualified expenditures eligible for the credit under this section for that rehabilitation project.

(17) The authority shall report all of the following to the legislature annually for the immediately preceding state fiscal year:

(a) The fee schedule used by the center and the total amount of fees collected.

(b) A description of each rehabilitation project certified.

(c) The location of each new and ongoing rehabilitation project.

(18) As used in this section:

(a) "Contributing resource" means a historic resource that contributes to the significance of the historic district in which it is located.

(b) "Historic district" means an area, or group of areas not necessarily having contiguous boundaries, that contains 1 resource or a group of resources that are related by history, architecture, archaeology, engineering, or culture.

(c) "Historic resource" means a publicly or privately owned historic building, structure, site, object, feature, or open space located within a historic district designated by the national register of historic places, the state register of historic sites, or a local unit acting under the local historic districts act, 1970 PA 169, MCL 399.201 to 399.215; or that is individually listed on the state register of historic sites or national register of historic places and includes all of the following:

(i) An owner-occupied personal residence or a historic resource located within the property boundaries of that personal residence.

(ii) An income-producing commercial, industrial, or residential resource or a historic resource located within the property boundaries of that resource.

(iii) A resource owned by a governmental body, nonprofit organization, or tax-exempt entity that is used primarily by a taxpayer lessee in a trade or business unrelated to the governmental body, nonprofit organization, or tax-exempt entity and that is subject to tax under this part.

(iv) A resource that is occupied or utilized by a governmental body, nonprofit organization, or tax-exempt entity pursuant to a long-term lease or lease with option to buy agreement.

(v) Any other resource that could benefit from rehabilitation.

(d) "Local unit" means a county, city, village, or township.

(e) "Long-term lease" means a lease term of at least 27.5 years for a residential resource or at least 31.5 years for a nonresidential resource.

(f) "Michigan state housing development authority" or "authority" means the public body corporate and politic created by section 21 of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1421.

(g) "Open space" means undeveloped land, a naturally landscaped area, or a formal or man-made landscaped area that provides a connective link or a buffer between other resources.

(h) "Person" means an individual, partnership, corporation, association, governmental entity, or other legal entity.

(i) "Qualified expenditures" means capital expenditures that qualify, or would qualify except that the taxpayer elected to transfer the credit under subsection (12), for a rehabilitation credit under section 47(a)(2) of the internal revenue code if the taxpayer is eligible for the credit under section 47(a)(2) of the internal revenue code or, if the taxpayer is not eligible for the credit under section 47(a)(2) of the internal revenue code, the qualified expenditures that would qualify under section 47(a)(2) of the internal revenue code except that the expenditures are made to a

historic resource that is not eligible for the credit under section 47(a)(2) of the internal revenue code, that were paid. Qualified expenditures do not include capital expenditures for nonhistoric additions to a historic resource except an addition that is required by state or federal regulations that relate to historic preservation, safety, or accessibility.

(j) "Qualified taxpayer" means a person that is an assignee under section 39c of former 1975 PA 228 or section 435 of the Michigan business tax act, 2007 PA 36, MCL 208.1435, or either owns the resource to be rehabilitated or has a long-term lease agreement with the owner of the historic resource and that has qualified expenditures for the rehabilitation of the historic resource equal to or greater than 10% of the state equalized valuation of the property. If the historic resource to be rehabilitated is a portion of a historic or nonhistoric resource, the state equalized valuation of only that portion of the property shall be used for purposes of this subdivision. If the assessor for the local tax collecting unit in which the historic resource is located determines the state equalized valuation of that portion, that assessor's determination shall be used for purposes of this subdivision. If the assessor does not determine that state equalized valuation of that portion, qualified expenditures, for purposes of this subdivision, shall be equal to or greater than 5% of the appraised value as determined by a certified appraiser. If the historic resource to be rehabilitated does not have a state equalized valuation, qualified expenditures for purposes of this subdivision shall be equal to or greater than 5% of the appraised value of the resource as determined by a certified appraiser.

(k) "Rehabilitation plan" means a plan for the rehabilitation of a historic resource that meets the federal secretary of the interior's standards for rehabilitation and guidelines for rehabilitation of historic buildings under 36 CFR part 67.

History: Add. 1998, Act 535, Imd. Eff. Jan. 19, 1999 ;-- Am. 1999, Act 214, Imd. Eff. Dec. 28, 1999 ;-- Am. 2001, Act 70, Imd. Eff. July 24, 2001 ;-- Am. 2006, Act 52, Imd. Eff. Mar. 9, 2006 ;-- Am. 2007, Act 94, Imd. Eff. Oct. 1, 2007 ;-- Am. 2008, Act 447, Imd. Eff. Jan. 9, 2009 ;-- Am. 2011, Act 38, Eff. Jan. 1, 2012

Compiler's Notes: Enacting section 1 of Act 52 of 2006 provides: "Enacting section 1. This amendatory act is effective for tax years that begin after December 31, 2004." For transfer of powers and duties of department of history, arts, and libraries or the Michigan historical center relating to the identification, certification, and preservation of historical sites to the Michigan state housing development authority, see E.R.O. No. 2009-26, compiled at MCL 399.752. For transfer of powers and duties of the state historic preservation office relating to the identification, certification, and preservation of historical sites from the Michigan state housing development authority to the Michigan strategic fund, see E.R.O. No. 2019-3, compiled at MCL 125.1998.

Admin Rule: R 206.151 et seq. of the Michigan Administrative Code.

206.266a Rehabilitation of historic resource; tax credit; plan; certification; revocation of certificate or sale of historic resource; rules; report; definitions.

Sec. 266a.

(1) Subject to the limitations under this section, a qualified taxpayer with a certificate of completed rehabilitation issued pursuant to subsection (4) after December 31, 2020 and before January 1, 2031 may credit against the tax imposed by this part the amount determined pursuant to subsection (2) for the qualified expenditures for the rehabilitation of a historic resource pursuant to the rehabilitation plan in the year in which the certificate of completed rehabilitation of the historic resource is issued. The qualified taxpayer shall initially claim a credit under this section within 5 years after the certificate of completed rehabilitation is issued pursuant to subsection (4). If the credit is not initially claimed within 5 years after the certificate is issued, the certificate is no longer valid and the qualified taxpayer is no longer eligible to claim a credit under this section for that rehabilitation plan. Only those expenditures that are paid or incurred during the time periods prescribed for the credit under section 47(a)(2) of the internal revenue code and any related treasury regulations shall be considered qualified expenditures.

(2) Subject to the limitations under this section, a qualified taxpayer that has claimed and received a credit for qualified expenditures under section 47(a)(2) of the internal revenue code or has entered into an agreement under subsection (10) may claim a credit under this section equal to 25% of the qualified expenditures that are eligible, or would have been eligible except that the qualified taxpayer entered into an agreement under subsection (10), for the credit under section 47(a)(2) of the internal revenue code or, if the qualified taxpayer is not eligible for the credit under section 47(a)(2) of the internal revenue code, 25% of the qualified expenditures that would qualify under section 47(a)(2) of the internal revenue code except that the expenditures are made to a historic resource that is not eligible for the credit under section 47(a)(2) of the internal revenue code.

(3) To be eligible for the credit under this section, a person shall submit an application and a rehabilitation plan to the state historic preservation office. Completed applications must be considered in the order in which the office received the completed applications and approved or denied within 120 days of receipt of the completed applications. If the office determines that the application is complete and the rehabilitation plan meets the criteria

for a credit under this section, the office shall issue a preapproval letter to the applicant that states that the rehabilitation plan qualifies for the credit under this section and the maximum total amount of the credit reserved for which a credit may be claimed when the project is complete and a certificate of completed rehabilitation is issued for qualified expenditures pursuant to that rehabilitation plan. If an application is denied under this subsection, the applicant may file an appeal in a form and manner as prescribed by the office or subsequently reapply for the same rehabilitation plan or for another rehabilitation plan, or both. Subject to the limitations under this section, the total of all credits reserved under preapproval letters for rehabilitation plans approved under this section and section 676 shall not exceed \$5,000,000.00 per calendar year. To the extent the office receives applications for the rehabilitation of small nonresidential historic resources for credits in excess of \$2,000,000.00, not less than \$2,000,000.00 of the \$5,000,000.00 each calendar year shall be approved for small nonresidential historic resources. To the extent the office receives applications for the rehabilitation of large nonresidential historic resources for credits in excess of \$2,000,000.00, not less than \$2,000,000.00 of the \$5,000,000.00 each calendar year shall be approved for large nonresidential historic resources. To the extent the office receives applications for the rehabilitation of residential historic resources for credits in excess of \$1,000,000.00, not less than \$1,000,000.00 of the \$5,000,000.00 each calendar year shall be approved for residential historic resources. The office shall not issue a preapproval letter or certificate of completed rehabilitation that authorizes a qualified taxpayer to claim a credit of more than \$2,000,000.00 in a single tax year for the same historic resource. If, for any calendar year, the office issues preapproval letters and reserves the maximum amount of tax credits allowed under this section for that calendar year, the office shall notify all applicants who have submitted completed applications and rehabilitation plans then awaiting approval or submitted for approval after the calculation is made that no additional preapproval letters for rehabilitation plans will be issued during that calendar year. The office shall also notify those applicants of the priority number given to the applicant's application and rehabilitation plan awaiting approval. The applications and plans will remain in priority status for 2 years from the date of the original application and plan and will be considered for approval and reservation of tax credits in the priority order established in this subsection in the event that additional credits become available resulting from the rescission of approvals under this subsection or subsection (5) and at the beginning of the next calendar year. An applicant that has received a preapproval letter shall commence rehabilitation, if it has not previously begun, within 1 year after the issuance of the preapproval letter and complete the rehabilitation plan within 8 years after the issuance of the preapproval letter or the office will rescind the preapproval letter and reallocate the amount of the credit reserved for that rehabilitation plan. Upon completion of a rehabilitation plan for which a preapproval letter was issued, the applicant shall submit to the office documentation that the rehabilitation is complete and the completed rehabilitation of the historic resource meets the criteria under subsection (6) and either of the following:

(a) All of the following criteria:

- (i) The historic resource contributes to the significance of the historic district in which it is located or is individually listed on the National Register of Historic Places or state register of historic sites.
- (ii) Both the rehabilitation plan and completed rehabilitation of the historic resource meet the federal secretary of the interior's standards for rehabilitation and guidelines for rehabilitating historic buildings, 36 CFR part 67.
- (iii) All rehabilitation work has been done to or within the walls, boundaries, or structures of the historic resource or to historic resources located within the property boundaries of the resource.

(b) The applicant has received certification from the national park service that the historic resource's significance, the rehabilitation plan, and the completed rehabilitation qualify for the credit allowed under section 47(a)(2) of the internal revenue code.

(4) The office shall verify that the rehabilitation is complete and meets the criteria under subsection (3). However, if the applicant is eligible for the credit allowed under section 47(a)(2) of the internal revenue code, additional documentation that the rehabilitation is complete for the credit allowed under this section is not required. Within 120 days after receiving verification, in a form and manner as prescribed by the office, that the rehabilitation is complete and meets the requirements of subsection (3), the office shall issue a certificate of completed rehabilitation to the applicant that states the rehabilitation plan submitted by the applicant has been completed, the amount of qualified expenditures, and the total amount of the credit allowed to be claimed by a qualified taxpayer under this section. If the amount of qualified expenditures incurred exceeds the amount of the tax credits reserved by the preapproval letter issued under subsection (3), the applicant may submit a request to the office, in a form and manner as prescribed by the office, for the issuance and approval of a certificate of completed rehabilitation in excess of the amount initially authorized in the preapproval letter. If the office determines that less than \$5,000,000.00 has been reserved under preapproval letters issued for the calendar year, after priority has been given to those notified under subsection (3), then the office may issue a certificate of completed rehabilitation in excess of the amount included in the preapproval letter.

(5) The office may inspect a historic resource at any time during the rehabilitation process and may revoke the preapproval letter or the certificate of completed rehabilitation if the rehabilitation was not undertaken as represented in the rehabilitation plan or if unapproved alterations to the completed rehabilitation are made within 5 years after the tax year in which the certificate of completed rehabilitation was issued. The office shall promptly notify the department of a revocation.

(6) Qualified expenditures for the rehabilitation of a historic resource may be used to calculate the credit under this section if the historic resource is 1 of the following during the tax year in which a credit under this section is claimed for those qualified expenditures:

(a) Individually listed on the National Register of Historic Places or state register of historic sites.

(b) A contributing resource located within a historic district listed on the National Register of Historic Places or the state register of historic sites.

(c) A contributing resource located within a historic district designated by a local unit pursuant to an ordinance adopted under the local historic districts act, 1970 PA 169, MCL 399.201 to 399.215.

(7) A person that has been issued a certificate of completed rehabilitation under subsection (4) may assign all or any portion of the credit allowed under this section. A credit assignment under this subsection is irrevocable and shall be made in the tax year in which a certificate of completed rehabilitation is issued. A qualified taxpayer may claim a portion of a credit and assign the remaining amount. If the qualified taxpayer both claims and assigns portions of the credit, the qualified taxpayer shall claim the portion it claims in the tax year in which a certificate of completed rehabilitation is issued pursuant to this section. Except as otherwise provided under this subsection, an assignee may subsequently assign the credit or any portion of the credit assigned under this subsection to 1 or more assignees. An assignment or subsequent reassignment of a credit shall be made in the year the certificate of completed rehabilitation is issued. A credit assignment or subsequent reassignment under this section shall be made on a form prescribed by the office. The office shall review and issue a completed assignment or reassignment certificate to the assignee or reassignee. A credit amount assigned under this subsection may be claimed against the assignee's tax liability under this part or part 2. A credit amount authorized or assigned to a partnership, limited liability company, or subchapter S corporation under this section or section 676 may be claimed against the partner's, member's, or shareholder's tax liability under this part based on the partner's, member's, or shareholder's proportionate share of ownership or an alternative method approved by the office. An assignee or subsequent reassignee shall attach a copy of the completed assignment certificate to the annual return required to be filed under this part for the tax year in which the assignment or reassignment is made and the assignee or reassignee first claims the credit, which shall be the same tax year.

(8) If the credit allowed under this section for the tax year and any unused carryforward of the credit allowed by this section exceed the qualified taxpayer's tax liability for the tax year, that portion that exceeds the tax liability for the tax year shall not be refunded but may be carried forward to offset tax liability in subsequent tax years for 10 years or until used up, whichever occurs first. If a qualified taxpayer has an unused carryforward of a credit under this section, the amount otherwise added under subsection (9) to the qualified taxpayer's tax liability may instead be used to reduce the qualified taxpayer's carryforward under this section.

(9) Except as otherwise provided under subsection (10), if a certificate of completed rehabilitation is revoked under subsection (5) or if the historic resource is sold or disposed of less than 5 years after the certificate of completed rehabilitation is issued, the following percentage of the credit amount previously claimed relative to that historic resource shall be added back to the tax liability of the qualified taxpayer that received the certificate of completed rehabilitation and not the assignee in the year of the revocation:

(a) If the revocation is less than 1 year after the certificate of completed rehabilitation is issued, 100%.

(b) If the revocation is at least 1 year but less than 2 years after the certificate of completed rehabilitation is issued, 80%.

(c) If the revocation is at least 2 years but less than 3 years after the certificate of completed rehabilitation is issued, 60%.

(d) If the revocation is at least 3 years but less than 4 years after the certificate of completed rehabilitation is issued, 40%.

(e) If the revocation is at least 4 years but less than 5 years after the certificate of completed rehabilitation is issued, 20%.

(f) If the revocation is at least 5 years or more after the certificate of completed rehabilitation is issued, an addback to the qualified taxpayer tax liability is not required.

(10) Subsection (9) shall not apply if the qualified taxpayer enters into a written agreement with the office that will allow for the transfer or sale of the historic resource and provides the following:

(a) Reasonable assurance that subsequent to the transfer the property will remain a historic resource during the 5-year period after the certificate of completed rehabilitation is issued.

(b) A method that the department can recover an amount from the qualified taxpayer equal to the appropriate percentage of credit added back as described under subsection (9).

(c) An encumbrance on the title to the historic resource being sold or transferred, stating that the property must remain a historic resource throughout the 5-year period after the certificate of completed rehabilitation is issued.

(d) A provision for the payment by the qualified taxpayer of all legal and professional fees associated with the drafting, review, and recording of the written agreement required under this subsection.

(11) The office may impose a fee to cover the administrative cost of implementing the program under this section.

(12) The qualified taxpayer shall attach all of the following to the qualified taxpayer's annual return under this

part:

(a) Certificate of completed rehabilitation.

(b) Certification of historic significance related to the historic resource and the qualified expenditures used to claim a credit under this section.

(c) A completed assignment form if the qualified taxpayer is an assignee under this section or section 676 of any portion of a credit allowed under that section.

(13) The office may promulgate rules to implement this section pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

(14) The total of the credits claimed under this section and section 676 for a rehabilitation project shall not exceed 25% of the total qualified expenditures eligible for the credit under this section for that rehabilitation project.

(15) The office shall submit an economic impact report that includes, to the extent available, all of the following to the legislature annually for the immediately preceding state fiscal year:

(a) The fee schedule used by the office and the total amount of fees collected.

(b) A description of each rehabilitation project for which a preapproval letter was issued and for each certificate of completed rehabilitation issued. The description must include the total rehabilitation costs, labor hours generated, jobs added, payroll added, total capital investments, gain in property value after rehabilitation, and the amount of income tax and sales tax generated by the rehabilitation project.

(c) The location of each new and ongoing rehabilitation project.

(16) As used in this section:

(a) "Contributing resource" means a historic resource that contributes to the significance of the historic district in which it is located.

(b) "Detroit Consumer Price Index" means the most comprehensive index of consumer prices available for the Detroit area from the United States Department of Labor, Bureau of Labor Statistics.

(c) "Historic district" means an area, or group of areas not necessarily having contiguous boundaries, that contains 1 resource or a group of resources that are related by history, architecture, archaeology, engineering, or culture.

(d) "Historic resource" means a publicly or privately owned historic building, structure, site, object, feature, or open space located within a historic district designated by the National Register of Historic Places, the state register of historic sites, or a local unit acting under the local historic districts act, 1970 PA 169, MCL 399.201 to 399.215; or that is individually listed on the state register of historic sites or National Register of Historic Places.

(e) "Large nonresidential historic resource" means a nonowner-occupied, income producing historic resource that has a rehabilitation plan with qualified expenditures of \$2,000,000.00 or more.

(f) "Local unit" means a county, city, village, or township.

(g) "Long-term lease" means a lease term of at least 27.5 years for a residential resource or at least 31.5 years for a nonresidential resource.

(h) "Open space" means undeveloped land, a naturally landscaped area, or a formal or man-made landscaped area that provides a connective link or a buffer between other resources.

(i) "Qualified expenditures" means capital expenditures that qualify, or would qualify except that the qualified taxpayer entered into an agreement under subsection (10), for a rehabilitation credit under section 47(a)(2) of the internal revenue code if the qualified taxpayer is eligible for the credit under section 47(a)(2) of the internal revenue code or, if the applicant is not eligible for the credit under section 47(a)(2) of the internal revenue code, the qualified expenditures that would qualify under section 47(a)(2) of the internal revenue code except that the expenditures are made to a historic resource that is not eligible for the credit under section 47(a)(2) of the internal revenue code, that were paid. Qualified expenditures do not include capital expenditures for nonhistoric additions to a historic resource except an addition that is required by state or federal regulations that relate to historic preservation, safety, or accessibility.

(j) "Qualified taxpayer" means a person that is an assignee under this section or section 676 or that either owns the resource to be rehabilitated or has a long-term lease agreement with the owner of the historic resource and that has qualified expenditures for the rehabilitation of the historic resource that satisfies either of the following:

(i) For the rehabilitation of a residential historic resource, qualified expenditures equal to or greater than \$1,000.00. The \$1,000.00 amount must be annually adjusted for inflation using the Detroit Consumer Price Index.

(ii) For the rehabilitation of a historic resource that is not a residential historic resource, qualified expenditures equal to or greater than 10% of the state equalized valuation of the property. If the historic resource to be rehabilitated is a portion of a historic or nonhistoric resource, the state equalized valuation of only that portion of the property shall be used for purposes of this subparagraph. If the assessor for the local tax collecting unit in which the historic resource is located determines the state equalized valuation of that portion, that assessor's determination shall be used for purposes of this subparagraph. If the assessor does not determine that state equalized valuation of that portion, qualified expenditures, for purposes of this subparagraph, shall be equal to or greater than 5% of the appraised value as determined by a certified appraiser. If the historic resource to be rehabilitated does not have a state equalized valuation, qualified expenditures for purposes of this subparagraph

shall be equal to or greater than 5% of the appraised value of the resource as determined by a certified appraiser.

(k) "Rehabilitation plan" means a plan for the rehabilitation of a historic resource that meets the federal Secretary of the Interior's standards for rehabilitation and guidelines for rehabilitation of historic buildings under 36 CFR part 67.

(l) "Residential historic resource" means a non-income producing historic resource that is an owner-occupied dwelling.

(m) "Small nonresidential historic resource" means a nonowner-occupied, income producing historic resource that has a rehabilitation plan with qualified expenditures of less than \$2,000,000.00.

(n) "State historic preservation office" or "office" means the state historic preservation office created by Executive Order No. 2007-53 and transferred to the Michigan strategic fund by Executive Reorganization Order No. 2019-3, MCL 125.1998.

History: Add. 2020, Act 343, Imd. Eff. Dec. 30, 2020

206.267-206.269 Repealed. 2011, Act 38, Eff. Jan. 1, 2012.

Compiler's Notes: The repealed sections pertained to tax credit after December 31, 2000, tax exemption for qualified adoption expenses, and tax credit for donated automobiles.

206.270 Tax voucher certificate; definitions.

Sec. 270.

(1) For tax years that begin after December 31, 2008, a taxpayer to whom a tax voucher certificate is issued under an agreement entered into before January 1, 2012 or a taxpayer that is the transferee of a tax voucher certificate that is issued under an agreement entered into before January 1, 2012 may use the tax voucher certificate to pay any liability of the taxpayer under section 51 or to pay any amount owed by the taxpayer under section 351.

(2) A tax voucher certificate shall be used for the purposes allowed under subsection (1) and only in a tax year that begins after December 31, 2008.

(3) The amount of the tax voucher that may be used to pay a liability due under this part in any tax year shall not exceed the lesser of the following:

(a) The amount of the tax voucher stated in the tax voucher certificate held by the taxpayer.

(b) The amount authorized to be used in the tax year under the terms of the tax voucher certificate.

(c) The taxpayer's liability under this part for the tax year for which the tax voucher is used.

(4) If the amount of any tax voucher certificate held by a taxpayer or transferee exceeds the amount the taxpayer may use under subsection (3)(b) or (c) in a tax year, that excess may be used by the taxpayer or transferee to pay, subject to the limitations of subsection (3), any future liability of the taxpayer or transferee under this part.

(5) The tax voucher certificate, and any completed transfer form that was issued pursuant to the Michigan early stage venture investment act of 2003, 2003 PA 296, MCL 125.2231 to 125.2263, shall be attached to the annual return under this part. The department may prescribe and implement alternative methods of reporting and recording ownership, transfer, and utilization of tax voucher certificates that are not inconsistent with the provisions of this act. The department shall administer this section to assure that any amount of a tax voucher certificate used to pay any liability under this part shall not also be applied to pay any liability of the taxpayer or any other person under the Michigan business tax act, 2007 PA 36, MCL 208.1101 to 208.1601. The department shall take any action necessary to enforce and effectuate the permissible issuance and use of tax voucher certificates in a manner authorized under this section and the Michigan early stage venture investment act of 2003, 2003 PA 296, MCL 125.2231 to 125.2263.

(6) As used in this section:

(a) "Certificate" or "tax voucher certificate" means the tax voucher certificate issued under section 23 of the Michigan early stage venture capital investment act of 2003, 2003 PA 296, MCL 125.2253, or any replacement tax voucher certificate issued under former section 37e(9)(b) or (d) of the single business tax act, 1975 PA 228, or

section 419 of the Michigan business tax act, 2007 PA 36, MCL 208.1419.

(b) "Transferee" means a taxpayer to whom a tax voucher certificate has been transferred under section 23 of the Michigan early stage venture investment act of 2003, 2003 PA 296, MCL 125.2253, and former section 37e of the single business tax act, 1975 PA 228, or section 419 of the Michigan business tax act, 2007 PA 36, MCL 208.1419.

History: Add. 2003, Act 295, Imd. Eff. Jan. 8, 2004 ;-- Am. 2005, Act 234, Imd. Eff. Nov. 21, 2005 ;-- Am. 2007, Act 94, Imd. Eff. Oct. 1, 2007 ;-- Am. 2011, Act 38, Eff. Jan. 1, 2012

Compiler's Notes: In subsection (6)(a), the reference to the "Michigan early stage venture capital investment act of 2003" evidently should read "Michigan early stage venture investment act of 2003."

206.271 Recomputation of taxable income by excluding proportional gain or loss on disposition of property.

Sec. 271.

(1) A taxpayer subject to the tax levied by section 51 and whose income received after September 30, 1967 is increased or diminished by the disposition of property acquired before October 1, 1967, which is described in and subject to subchapter P of the internal revenue code, may elect to recompute taxable income by excluding therefrom the proportional gain or loss incurred before October 1, 1967. Taxpayers so electing shall be subject to a tax on taxable income thus recomputed at the rates imposed by this part. An election so made shall include all items of gains or losses realized during the taxable year.

(2) The proportion of gain or loss occurring after September 30, 1967, to total gain or loss is equal to the proportion the number of months after September 30, 1967, to date of disposition bears to the number of months from date of acquisition to date of disposition.

History: 1967, Act 281, Eff. Oct. 1, 1967 ;-- Am. 1969, Act 332, Imd. Eff. Nov. 4, 1969 ;-- Am. 1975, Act 233, Imd. Eff. Aug. 27, 1975 ;-- Am. 2011, Act 38, Eff. Jan. 1, 2012

206.272 Earned income tax credit; amount equal to federal credit; refund.

Sec. 272.

(1) A taxpayer may credit against the tax imposed by this act an amount equal to the specified percentages of the credit the taxpayer is allowed to claim as a credit under section 32 of the internal revenue code for a tax year on a return filed under this act for the same tax year:

- (a) For tax years that begin after December 31, 2007 and before January 1, 2009, 10%.
- (b) For tax years that begin after December 31, 2008 and before January 1, 2012, 20%.
- (c) For tax years that begin after December 31, 2011 and before January 1, 2023, 6%.
- (d) For tax years that begin after December 31, 2022, 30%.

(2) For the 2022 tax year only, a taxpayer that claims a credit under this section on the taxpayer's return filed under this part for the 2022 tax year is entitled to an additional credit in an amount equal to 24% of the credit the taxpayer is allowed to claim as a credit under section 32 of the internal revenue code for the 2022 tax year. A taxpayer shall not claim this additional credit on the taxpayer's return filed under this part for the 2022 tax year or file an amended return for the 2022 tax year to claim this additional credit. In a form and manner as determined by the department, the department shall calculate the amount of the additional credit that each taxpayer is entitled to receive under this subsection. The amount of the additional credit calculated under this subsection must be refunded as soon as practical as provided in section 30 of 1941 PA 122, MCL 205.30. Notwithstanding section 352, the department shall issue any refund under this subsection to the taxpayer in the form of a fully negotiable check.

(3) If the credit allowed by this section exceeds the tax liability of the taxpayer for the tax year, the state treasurer shall refund the excess to the taxpayer without interest, except as provided in section 30 of 1941 PA 122, MCL 205.30.

History: Add. 2006, Act 372, Imd. Eff. Sept. 22, 2006 ;-- Am. 2011, Act 38, Eff. Jan. 1, 2012 ;-- Am. 2023, Act 4, Eff. Feb. 13, 2024
Compiler's Notes: Enacting section 1 of Act 469 of 2014 provides: "Enacting section 1. This amendatory act does not take effect unless House Joint Resolution UU of the 97th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963." House Joint Resolution UU was presented to the electors as Proposal 15-1 at the May 5, 2015 special election. The proposal to amend the constitution was not approved by the voters and Act 469 of 2014 does not go into effect.

206.273 Repealed. 2000, Act 499, Eff. Dec. 31, 2001.

Compiler's Notes: The repealed section pertained to credit for prescription drugs.

206.274-206.276 Repealed. 2011, Act 38, Eff. Jan. 1, 2012.

Compiler's Notes: The repealed sections pertained to tax credit claimed for student fees and tuition, certificate of stillbirth, and contributions to individual or family development account program.

206.278 Qualified investment in qualified business; tax credit; definitions.

Sec. 278.

(1) Subject to the limitations provided under this section, a taxpayer that makes a qualified investment after December 31, 2010 and before January 1, 2012 in a qualified business may claim a credit against the tax imposed by this act equal to 25% of the qualified investment made during the tax year.

(2) To qualify for the credit under this section, the taxpayer shall request certification from the Michigan strategic fund within 60 days of making the investment. A taxpayer shall not claim a credit under this section unless the Michigan strategic fund has issued a certificate to the taxpayer. The board shall not approve a credit under this section for a taxpayer who has been convicted of a felony involving a fiduciary obligation or the conversion or misappropriation of funds or insurance accounts, theft, deceit, fraud, misrepresentation, or corruption. The Michigan strategic fund shall forward a copy of each certificate received pursuant to this subsection to the governor, the president of the Michigan strategic fund, the chairperson of the senate finance committee, the chairperson of the house tax policy committee, the director of the senate fiscal agency, and the director of the house fiscal agency. The requirements of section 28(1)(f) of 1941 PA 122, MCL 205.28, do not apply to the disclosure required by this subsection. The Michigan strategic fund shall not certify more than \$1,000,000.00 in qualified investments in any 1 qualified business. The taxpayer shall attach the certificate to the annual return filed under this act on which a credit under this section is claimed. The certificate required under this subsection shall specify all of the following:

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

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

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

(3) A taxpayer shall not claim a credit of more than \$250,000.00 based on an investment in any 1 qualified business and shall not claim a credit of more than \$250,000.00 for qualified investments in all qualified businesses in any 1 year. The credit allowed under this section shall be taken by the taxpayer in equal installments over 2 years beginning with the tax year in which the certification was issued.

(4) The total amount of credits that the Michigan strategic fund may certify under this section shall not exceed \$9,000,000.00.

(5) If the amount of the credit allowed under this section exceeds the tax liability of the taxpayer for the tax year, that portion of the credit that exceeds the tax liability of the taxpayer for the tax year shall not be refunded but may be carried forward to offset tax liability under this act in subsequent tax years for a period not to exceed 5 tax years or until used up, whichever occurs first.

(6) The board shall develop an application and approval process in order to certify investments under this section and adopt a program describing parameters and criteria to be used for approving investments. As part of that program adoption, the board may determine and describe the conditions to be met to be considered an investment alongside or through an approved angel group, seed capital firm, or venture capital firm.

(7) A taxpayer who has not paid or entered into an installment agreement regarding a final assessment of an unpaid liability for a state tax for which all rights of appeal have been exhausted or who is currently in a bankruptcy proceeding is not eligible to claim a credit under this section.

(8) As used in this section:

(a) "Board" means the board of directors of the Michigan strategic fund.

(b) "Michigan strategic fund" means the Michigan strategic fund as described in the Michigan strategic fund act, 1984 PA 270, MCL 125.2001 to 125.2094.

(c) "Qualified business" means a business that the board certifies as in compliance with all of the following at the time of the investment:

(i) The business is a seed or early stage business as defined in section 3 of the Michigan early stage venture investment act of 2003, 2003 PA 296, MCL 125.2233.

(ii) The business has its headquarters in this state, is domiciled in this state, and has a majority of its employees working in this state.

(iii) The business has a preinvestment valuation of less than \$10,000,000.00 and has fewer than 100 full-time equivalent employees.

(iv) Except as otherwise provided under this subparagraph, the business has been in existence less than 5 years; or, for a business in which the business activity is derived from research at an institution of higher education located within this state or an organization exempt from federal taxation under section 501(c)(3) of the internal revenue code and that is located within this state, the business has been in existence less than 10 years. As used in this subparagraph, a public or private college or university that awards a bachelor's degree or other degrees is an institution of higher education.

(v) The business is not a retail establishment as described in section 44-45 – retail trade, of the North American industry classification system, United States, 1997, published by the office of management and budget.

(vi) The business has not claimed a credit under section 431, 455, 457, or 459 of the Michigan business tax act, 2007 PA 36, MCL 208.1431, 208.1455, 208.1457, and 208.1459.

(d) "Qualified investment" means, except as otherwise provided under this subdivision, an investment of at least \$20,000.00 certified by the Michigan strategic fund that is made alongside of, or through, a seed venture capital or angel investor group that is registered with the Michigan strategic fund and is not in a business in which any member of the investor's family is an employee or owner of the business or in which the investor or any member of the investor's family has a preexisting fiduciary relationship with the business. Qualified investment does not include an investment in a business that engages in life sciences technology unless those activities are included in the definition of life sciences as that term is defined under section 88a of the Michigan strategic fund act, 1984 PA 270, MCL 125.2088a.

History: Add. 2010, Act 235, Imd. Eff. Dec. 14, 2010 ;-- Am. 2011, Act 38, Eff. Jan. 1, 2012

Compiler's Notes: Enacting section 1 of Act 235 of 2010 provides: "Enacting section 1. This amendatory act shall be known as the "venture investment credit"."

206.280 One-time credit for live organ donation expenses.

Sec. 280.

(1) For tax years that begin on and after January 1, 2025, subject to the limitations under this section, a taxpayer may claim a 1-time credit against the tax imposed by this part equal to the unreimbursed live organ donation expenses incurred during the tax year or \$10,000.00, whichever is less. A taxpayer may claim the 1-time credit under this section for live organ donation expenses that were incurred in the tax year prior to the live organ donation, the tax year of the live organ donation, or the tax year after the live organ donation. In order to claim the credit under this section, the taxpayer must submit verification, in a form and manner as determined by the department, of the live organ donation with the annual return filed under this part on which a credit under this section is claimed. The department may require reasonable proof from the taxpayer in support of the live organ donation expenses claimed under this section.

(2) If the amount of the credit exceeds the tax liability of the taxpayer for the tax year, that portion of the credit that exceeds the tax liability must not be refunded.

(3) As used in this section:

(a) "Child care expenses" means employment-related expenses as defined under section 21 of the internal revenue code.

(b) "Human organ" means that term as defined in section 10204 of the public health code, 1978 PA 368, MCL 333.10204.

(c) "Live organ donation" means that an individual who is living donates 1 or more of the individual's human organs to another human to be transplanted using a medical procedure to the body of the other human.

(d) "Live organ donation expenses" means the total amount of expenses incurred by a taxpayer that are not reimbursed to that taxpayer by any person, are directly related to a live organ donation by the taxpayer or another individual that the taxpayer is allowed to claim as a dependent under section 30(2), and includes, but is not limited to, travel expenses, lodging expenses, lost wages, child care expenses, and other expenses as may be defined by rule by the department.

History: Add. 2024, Act 156, Eff. Apr. 2, 2025