



**House
Legislative
Analysis
Section**

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SBT CREDIT; HIRING WELFARE RECIPIENTS

House Bill 4377

Sponsor: Rep. Bill Martin

Committee: Taxation

Complete to 6-27-89

A SUMMARY OF HOUSE BILL 4377 AS INTRODUCED 3-7-89

The bill would amend the Single Business Tax Act to provide a credit against the tax for employers who hired recipients of public assistance. The credit would be for the amount of wages, child care services and health insurance provided in the first five years of employment, subject to certain limitations. The credit for wages could not exceed the greater of either the amount the person would have received on public assistance during the tax year, or a gradually declining percentage over five years of employment (100 percent of wages paid in the first year, declining to 50 percent in the fifth year). For purposes of calculating the credit, the Department of Social Services would have to provide information to the taxpayer regarding the amount of public assistance an employee would have been eligible for if not employed. ("Public assistance" would not include Medicaid or child care allowances.) The credit would have to be claimed in the year the wages or benefits were provided, but amounts of credit in excess of the taxpayer's tax liability could be carried over and applied toward a subsequent year's tax liability.

House Bill 4377 is tie-barred to House Bill 4376, which would allow former public assistance recipients to retain Medicaid eligibility and child care allowances for five years after becoming employed.

MCL 208.37c

House Bill 4377 (6-27-89)