

# HOUSE BILL No. 5304

November 13, 2003, Introduced by Rep. Wenke and referred to the Committee on Tax Policy.

A bill to amend 1975 PA 228, entitled  
"Single business tax act,"  
by amending sections 38e and 68 (MCL 208.38e and 208.68), section  
38e as amended by 1999 PA 184.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 38e. (1) A taxpayer may claim a credit against the tax  
2 imposed by this act equal to the sum of 50% of the qualified  
3 expenses defined in subsection (5)(d)(i) and (ii) and 100% of the  
4 qualified expenses defined in subsection (5)(d)(iii) paid by the  
5 taxpayer in the tax year, not to exceed \$2,000.00 **for tax years**  
6 **that begin before January 1, 2004 or \$3,000.00 for tax years that**  
7 **begin after December 31, 2003** for each apprentice trained by the  
8 taxpayer in the tax year.

9       (2) If the credit allowed under this section exceeds the tax  
10 liability of the taxpayer under this act for the tax year, that

1 portion of the credit that exceeds the tax liability shall be  
2 refunded.

3 (3) The credit allowed under this section shall be claimed on  
4 the annual return required under section 73, or for a taxpayer  
5 that is not required to file an annual return, the department  
6 shall provide that the credit under this subsection may be  
7 claimed on the C-8044 form, a successor form for persons not  
8 required to file an annual return, or other simplified form  
9 prescribed by the department.

10 (4) For each year that this credit is in effect, the Michigan  
11 department of career development shall prepare a report  
12 containing information including but not limited to the number of  
13 companies taking advantage of the apprenticeship credit, the  
14 number of apprentices participating in the program, the number of  
15 apprentices who complete a program the costs of which were the  
16 basis of a credit under this section, the number of apprentices  
17 that were hired by the taxpayer after the apprenticeship training  
18 was completed for which the taxpayer claimed a credit under this  
19 section for the costs of training that apprentice, information on  
20 the employment status of individuals who have completed an  
21 apprenticeship to the extent the information is available, and  
22 the fiscal impact of the apprenticeship credit. This report  
23 shall then be transmitted to the house tax policy and senate  
24 finance committees and to the house and senate appropriations  
25 committees. This report shall be due no later than the first day  
26 of March each year.

27 (5) As used in this section:

1 (a) "Apprentice" means a person who is a resident of this  
2 state, is 16 years of age or older but younger than 20 years of  
3 age, has not obtained a high school diploma, is enrolled in high  
4 school or a general education development (G.E.D.) test  
5 preparation program, and is trained by a taxpayer through a  
6 program that meets all of the following criteria:

7 (i) The program is registered with the bureau of  
8 apprenticeship and training of the United States department of  
9 labor.

10 (ii) The program is provided pursuant to an apprenticeship  
11 agreement signed by the taxpayer and the apprentice.

12 (iii) The program is filed with a local workforce development  
13 board.

14 (iv) The minimum term in hours for the program shall be not  
15 less than 4,000 hours.

16 (b) "Enrolled" means currently enrolled or expecting to  
17 enroll after a period of less than 3 months during which the  
18 program is not in operation and the apprentice is not enrolled.

19 (c) "Local workforce development board" means a board  
20 established by the chief elected official of a local unit of  
21 government pursuant to the job training partnership act, Public  
22 Law 97-300, 96 Stat. 1322, that has the responsibility to ensure  
23 that the workforce needs of the employers in the geographic area  
24 governed by the local unit of government are met.

25 (d) "Qualified expenses" means all of the following expenses  
26 paid by the taxpayer in a tax year that begins after December 31,  
27 1996 that were not paid for with funds the taxpayer received or

1 retained that the taxpayer would not otherwise have received or  
 2 retained and that are used for training an apprentice:

3 (i) Salary and wages paid to an apprentice.

4 (ii) Fringe benefits and other payroll expenses paid for the  
 5 benefit of an apprentice.

6 (iii) Costs of classroom instruction and related expenses  
 7 identified as costs for which the taxpayer is responsible under  
 8 an apprenticeship agreement, including but not limited to  
 9 tuition, fees, and books for college level courses taken while  
 10 the apprentice is enrolled in high school.

11 Sec. 68. (1) If the taxpayer's business activities ~~within~~  
 12 ~~in~~ this state do not include owning or renting real ~~estate~~  
 13 **property** or tangible personal property, and ~~whose dollar volume~~  
 14 ~~of~~ **if the taxpayer's** gross sales made during the tax year  
 15 ~~within in this state is not in excess of \$100,000.00~~ **do not**  
 16 **exceed \$100,000.00 for tax years that begin before January 1,**  
 17 **2004 or \$110,000.00 for tax years that begin after December 31,**  
 18 **2003,** the taxpayer may elect ~~for that year~~ to report and pay  
 19 ~~a~~ **the tax imposed under this act for the tax year** on the tax  
 20 base arrived at by multiplying total sales in this state for the  
 21 ~~taxable~~ **tax** year by the ratio of the tax base, for the tax  
 22 imposed by this act, to total sales as reported on the taxpayer's  
 23 federal income tax return for the same ~~taxable~~ **tax** year.

24 (2) The election **under subsection (1)** is not available for  
 25 any ~~taxable~~ **tax** year for which **the taxpayer files a**  
 26 consolidated or combined return. ~~is filed.~~