

HOUSE BILL No. 6080

July 14, 2004, Introduced by Rep. Accavitti and referred to the Committee on Tax Policy.

A bill to amend 1975 PA 228, entitled
"Single business tax act,"
(MCL 208.1 to 208.145) by adding section 37g.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 37g. (1) For tax years that begin after December 31,
2 2003, a qualified taxpayer may claim a credit against the tax
3 imposed by this act equal to 10% of the job skills training
4 expenses paid by the qualified taxpayer in the tax year.

5 (2) If the credit allowed under this section exceeds the tax
6 liability of the taxpayer under this act for the tax year, that
7 portion of the credit that exceeds the tax liability shall not be
8 refunded but may be carried forward until the credit is used up.

9 (3) A qualified taxpayer that claims a credit under this
10 section shall submit proof of the expenditures used to calculate
11 the credit under this section and that those expenditures are for

1 certified job skills training programs with its annual return
2 required under this act on which the credit is claimed.

3 (4) A qualified taxpayer that is a flow-through entity may be
4 assigned all or a portion of the credit allowed under this
5 section to 1 or more of its members. An assignment under this
6 section shall be based on the percentage of the member's
7 distributive share of the income of the flow-through entity or
8 based on an alternative method approved by the department. A
9 credit assignment under this subsection is irrevocable. A
10 qualified taxpayer may claim a portion of a credit and assign the
11 remaining credit amount. A member that is an assignee shall not
12 subsequently assign a credit or any portion of a credit assigned
13 under this subsection. The credit assignment under this
14 subsection shall be made on a form prescribed by the department.
15 The qualified taxpayer shall send a copy of the completed
16 assignment form to the department in the tax year in which the
17 assignment is made. A member who is an assignee shall attach a
18 copy of the completed assignment form to its annual return
19 required under this act, for the tax year in which the assignment
20 is made and the assignee first claims a credit, which shall be
21 the same tax year.

22 (5) As used in this section:

23 (a) "Flow-through entity" means an S corporation,
24 partnership, limited partnership, limited liability partnership,
25 or limited liability company. Flow-through entity does not
26 include a publicly traded partnership as that term is defined in
27 section 7704 of the internal revenue code that has equity

1 securities registered with the securities and exchange commission
2 under section 12 of title I of the securities exchange act of
3 1934, 15 USC 781.

4 (b) "Highly compensated employees" means that term as defined
5 in section 414(q) of the internal revenue code.

6 (c) "Job skills training expenses" means expenses, not
7 including indirect costs such as wages, salaries, and fringe
8 benefits paid to employees while the employees attend certified
9 job skills training programs, that are incurred by a qualified
10 taxpayer for any of the following:

11 (i) Sponsoring or cosponsoring a certified job skills
12 training program that the qualified taxpayer provides for its
13 employees, to the extent the expenses are incurred to provide
14 training to its employees and not to other program participants.

15 (ii) Reimbursing an employee for participation in a certified
16 job skills training program not sponsored or cosponsored by the
17 qualified taxpayer.

18 (d) "Job skills training program" means a job skills training
19 program certified by the department of labor and economic growth
20 under the job skills training program certification act designed
21 to do all of the following:

22 (i) Develop, enhance, or upgrade basic workforce skills of an
23 employee including literacy, communication skills, computational
24 skills, and other transferable workforce skills.

25 (ii) Develop, enhance, or upgrade advanced, specialized, or
26 industry specific skills of an employee that are directly related
27 to the employee's job or career.

1 (e) "Member of a flow-through entity" means a shareholder of
2 an S corporation, a partner in a partnership or limited
3 partnership, or a member of a limited liability company.

4 (f) "Qualified taxpayer" means a taxpayer that pays an
5 average hourly wage to its employees, other than highly
6 compensated employees, that exceeds 150% of the federal minimum
7 wage.

8 Enacting section 1. This amendatory act does not take effect
9 unless all of the following bills of the 92nd Legislature are
10 enacted into law:

11 (a) Senate Bill No. _____ or House Bill No. 6081 (request
12 no. 04341'03).

13 (b) Senate Bill No. _____ or House Bill No. 6082 (request
14 no. 05048'03).