

# Legislative Analysis



## SBT AMENDMENTS: RAISE APPRENTICESHIP CREDIT AND INCREASE GROSS SALES LIMIT

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**House Bill 4922**

**Sponsor: Rep. Fulton Sheen**

**Committee: Tax Policy**

**Complete to 7-11-05**

### A SUMMARY OF HOUSE BILL 4922 AS INTRODUCED 6-14-05

The bill would amend the Single Business Tax in two ways.

1) The Single Business Tax (SBT) Act allows a taxpayer to claim a refundable credit of up to \$2,000 per year for expenses related to the training of an apprentice. The bill would increase the maximum amount that may be claimed to \$3,000 per year for tax years that begin after December 31, 2005.

[For tool and die manufacturers, the apprenticeship credit maximum was raised to \$4,000 by Public Act 273 of 2003.]

The credit is equal to the sum of (1) 50 percent of the apprentice's salary and wages, including fringe benefits and other expenses paid for the benefit of an apprentice; and (2) 100 percent of the costs related to classroom instruction.

2) The SBT act provides that if a taxpayer's business activities in the state do not include owning or renting real property or tangible personal property and the taxpayer's gross sales in the state during the tax year do not exceed \$100,000, the taxpayer's tax liability could be calculated as the product of (1) total sales in the state and (2) the ratio of the tax base to total sales as reported on the taxpayer's federal income tax return. The bill would increase the gross sales limit to \$110,000 for tax years that begin after December 31, 2005. The current gross sales limit was established with the enactment of the SBT Act in 1975; it has not been increased since then.

MCL 208.38e and 208.68

### FISCAL IMPACT:

This bill would reduce SBT revenue by under an estimated \$0.5 million on an annual basis. All SBT revenue accrues to the General Fund/General Purpose (GF/GP).

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