

Legislative Analysis



MBT: APPRENTICESHIP CREDIT

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House Bill 6282

Sponsor: Rep. Tim Melton

Committee: Tax Policy

Complete to 9-23-08

A SUMMARY OF HOUSE BILL 6282 AS INTRODUCED 6-25-08

The bill would amend the Michigan Business Tax Act to re-establish the apprenticeship credit previously included as part of the Single Business Tax (former MCL 208.38e). Under the bill, a taxpayer could claim a refundable credit against the MBT for expenses related to the training of an apprentice. The credit is capped at \$2,000 per apprentice. (For tool and die manufacturers, the credit is limited to \$4,000 per apprentice or \$1,000 for each special apprentice.)

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

The bill retains a reporting requirement on the Department of Labor and Economic Growth, in which the department would have to annually submit a report to the Legislature stating the number taxpayers claiming the credit, the number of participating apprentices, and the number of apprentices hired by taxpayers claiming the credit, the employment status of apprentices who've completed a program¹.

FISCAL IMPACT:

The Single Business Tax apprenticeship credit reduced revenues on an annual basis by under \$1 million.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent

¹ The reporting requirement has been in place since the credit was first created by 1996 PA 593. It was first the responsibility of the Michigan Jobs Commission, which became the Department of Career Development (EO 1999-1), which became the Department of Labor and Economic Growth (EO 2003-14). The SBT Act was amended by 2003 PA 273 to change to reporting requirement from DCD to DLEG. However, last year the Governor issued EO 2007-4 transferring administration of secondary career and technical education programs (which includes apprenticeships) from DLEG to the Department of Education. As such, it appears the reporting requirement on DLEG is misplaced, and should be the responsibility of the Department of Education.