

Legislative Analysis



MBT: APPRENTICESHIP CREDIT

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House Bill 6282 (Substitute H-3)

Sponsor: Rep. Tim Melton

Committee: Tax Policy

Complete to 9-25-08

A SUMMARY OF HOUSE BILL 6282 AS REPORTED FROM COMMITTEE 9-24-08

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 would first be available for tax years beginning after December 31, 2008.

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. Under the bill, an apprentice is a state resident between 16 and 20 years of age who has not obtained a high school diploma, but is currently enrolled in high school or a GED program, and is trained through an apprenticeship program that meets the following criteria: (1) registered with the U.S. Department of Labor, Office of Apprenticeship;¹ (2) provided through an agreement signed by the taxpayer and the apprentice; (3) filed with the local Workforce Investment Board; and (4) provides a minimum of 4,000 hours of training. A special apprentice, in the case of tool and die manufacturers, is generally a person who is between 16 and 24 years of age.

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 See the Office of Apprentice website at <http://www.doleta.gov/jobseekers/Apprent.cfm> for further information on registering apprenticeship programs.