



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

**BILL ANALYSIS**

Telephone: (517) 373-5383  
Fax: (517) 373-1986  
TDD: (517) 373-0543

House Bill 6185 (Substitute H-1 as passed by the House)  
Sponsor: Representative Richard Hammel  
House Committee: Education

**CONTENT**

The bill would amend the Income Tax Act to provide for the payment of income tax revenue to a community college pursuant to a job training agreement entered into under Chapter 13 of the Community College Act or to the Michigan Strategic Fund (MSF) pursuant to an agreement with the MSF for similar purposes. The bill also would require the Department of Treasury to make an annual report concerning the operation and effectiveness of new job training programs and the corresponding income tax withholding requirements.

The bill is tie-barred to either Senate Bill 1342 or House Bill 6184, each of which would add Chapter 13 (New Jobs Training Programs) to the Community College Act. (Chapter 13 would allow a community college district to enter into an agreement with an employer, until December 31, 2018, to provide training for new jobs, and allow training program costs to be paid to the community college from income taxes withheld by employers on the new jobs created.)

MCL 206.351 et al.

Legislative Analyst: Patrick Affholter

**FISCAL IMPACT**

The tie-barred bills would allow community colleges or the Michigan Strategic Fund to finance job training programs by capturing the income tax that otherwise would be withheld from the wages paid the workers being trained and remitted to the Department of Treasury. It is not possible to provide a meaningful estimate of the impact the bills would potentially have on income tax revenue because there is no way to know how many job training programs would actually be created, the size and cost of these job training programs, the number of jobs that would be created, or how many of these jobs would be created only because of the job training programs. If it is assumed that all of the jobs created through these job training programs would be created only due to the programs, then it can be argued that the bills would have no real fiscal impact on income tax revenue because with or without the job training programs, the State would not receive any income tax from these workers. However, it is very likely that at least some of the jobs that would be created under the bills would be created even if the bills were not enacted. To help put the potential fiscal impact into perspective, for every 100 jobs created through the proposed job training programs, assuming an average wage of \$35,000 per year, community colleges would capture about \$121,000 annually to finance job training programs under these bills. Any loss of income tax revenue under the bills would reduce the General Fund (76.7%) and the School Aid Fund (23.3%).

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Fiscal Analyst: Jay Wortley