

Legislative Analysis



EARNED INCOME TAX CREDIT INFORMATION FOR EMPLOYEES

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5296

Sponsor: Rep. Rebekah Warren

Committee: Labor

Complete to 12-7-09

A SUMMARY OF HOUSE BILL 5296 AS INTRODUCED 9-2-09

House Bill 5296 would create a new law to be known as the Earned Income Tax Credit Notification Act.

The bill would require that, not later than January 31 of each year, an employer provide each employee with information about the Earned Income Tax Credit, including general eligibility requirements and instructions for claiming the credit. An employer would provide the information by one or more of the following methods:

- Including it with the employee's annual wage summary or with the federal W-2 or 1099 form.
- By electronic mail to the employee's work electronic mail address.
- By mailing it to the employee at the employee's last known home or mailing address.

In addition, an employer would be required to post eligibility information in every workplace, in a location where notices to employees were normally posted.

Under the bill, the Department of Treasury would be required to designate standard eligibility information for use by employers in meeting the requirements of the legislation. The department would post the eligibility information on its internet website in a downloadable format.

The bill defines "employer" to mean an individual or a private, public, or governmental entity doing business in this state that employs five or more individuals for compensation. "Employee" means an individual who is employed by an employer for compensation.

FISCAL IMPACT:

The bill would impose additional costs on public employers (the state, local governments, school districts, etc) and private employers relative to the cost of printing the required information on the Earned Income Tax Credit and providing it to employees through inclusion with the W-2 or 1099 forms or a separate mailing, and through workplace postings. To the extent the information is provided through a separate mailing, there would be additional postage costs imposed on employers. The individual per-unit

printing costs would be a few cents, with the total costs dependent on the number of individuals employed. Whatever costs would be incurred by employers, such increases would be mitigated somewhat to the extent that the required information is provided to employers through email, at the employee's work email address, or through inclusion with the W-2 or 1099 forms.

Legislative Analyst: J. Hunault
Fiscal Analyst: Mark Wolf

■ 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.