

HOUSE BILL NO. 4776

May 04, 2021, Introduced by Reps. Thanedar, Aiyash, Cavanagh, Young, Scott, Brenda Carter and Yancey and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.713) by adding section 279.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 279. (1) Subject to the limitations under this section,
2 for tax years that begin on and after January 1, 2021, an eligible
3 taxpayer may claim a credit against the tax imposed under this part
4 in an amount equal to the amount paid by the eligible taxpayer for
5 qualified personal protective equipment expenses incurred to remain

1 open and in operation during the tax year or \$25,000.00, whichever
2 is less. For the 2021 tax year only, an eligible taxpayer may claim
3 a credit against the tax imposed under this part in an amount equal
4 to the amount paid by the eligible taxpayer for qualified personal
5 protective equipment expenses incurred to remain open and in
6 operation during both the 2020 and 2021 tax years or \$50,000.00,
7 whichever is less.

8 (2) For an eligible taxpayer who is a member of a flow-through
9 entity that qualifies for the credit under this section, that
10 eligible taxpayer may claim the credit against the member's tax
11 liability under this part based on the member's distributive share
12 of business income reported from that flow-through entity or an
13 alternative method approved by the department.

14 (3) The department shall prescribe the form and manner in
15 which an eligible taxpayer shall claim a credit under this section.
16 The department may require reasonable proof from the eligible
17 taxpayer in support of the expenses claimed under this section. For
18 purposes of calculating the amount of the credit under this
19 section, an eligible taxpayer shall not include any expense for
20 which a deduction was allowed under this part or the internal
21 revenue code in determining adjusted gross income, for the same
22 expense.

23 (4) If the credit allowed by this section exceeds the tax
24 liability of the eligible taxpayer for the tax year, that portion
25 of the credit that exceeds the tax liability of the eligible
26 taxpayer for the tax year shall be refunded.

27 (5) As used in this section:

28 (a) "Eligible taxpayer" means a taxpayer who is either an
29 individual who is engaged in a trade or business and operates under

1 a sole proprietorship, as an independent contractor or a self-
2 employed individual, and has 50 or fewer employees or a taxpayer
3 who is a member of a flow-through entity that is engaged in a trade
4 or business and operates that trade or business with 50 or fewer
5 employees.

6 (b) "Qualified personal protective equipment expenses" means
7 the amounts paid or incurred for the purpose of reducing the risk
8 of COVID-19 transmission between people on the premises of the
9 business of the taxpayer including, but not limited to, the
10 following:

11 (i) Gloves, medical masks, N-95 respirators, eye protection,
12 gowns and aprons, boots or closed-toe work shoes, cleaning
13 detergents, hand sanitizers, cleaning products, and tools.

14 (ii) The retrofitting or installation of equipment to prevent
15 the transmission of COVID-19.

16 (iii) Any other relevant expense the department, in consultation
17 with the department of health and human services, determines
18 necessary to prevent the transmission of COVID-19.