

HOUSE BILL NO. 6070

May 05, 2022, Introduced by Rep. O'Malley and referred to the Committee on Families, Children, and Seniors.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.847) by adding sections 277 and 678.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 277. (1) Subject to the limitations under this section,
2 for tax years beginning on and after January 1, 2023, a qualified
3 taxpayer that voluntarily provides paid adoption leave to its
4 employees may claim a credit against the tax imposed by this part
5 in an amount equal to 50% of the amount of wages paid during the
6 tax year to each qualifying employee during any period in which the

1 qualifying employee is on adoption leave or \$4,000.00, whichever is
2 less. The maximum amount of leave with respect to any qualifying
3 employee for which a credit may be claimed under this section must
4 not exceed 12 weeks. Any adoption leave that is paid by this state
5 or a political subdivision of this state or that is required to be
6 paid by law must not be included in determining the amount of the
7 credit under this section for wages paid to a qualifying employee
8 for adoption leave.

9 (2) For a qualified taxpayer who is a member of a flow-through
10 entity that voluntarily provides paid adoption leave to its
11 employees, that qualified taxpayer may claim credit against the
12 member's tax liability under this part based on the member's
13 distributive share of business income reported from that flow-
14 through entity or an alternative method approved by the department.

15 (3) The credit allowed under this section with respect to any
16 qualified employee for the tax year must not exceed an amount equal
17 to the product of the normal hourly wage rate of that qualified
18 employee each hour for actual services performed for the employer
19 and the number of hours for which adoption leave is taken. For a
20 qualified employee who is not paid an hourly wage, that qualified
21 employee's wages must be prorated to an hourly wage rate as
22 prescribed by the department.

23 (4) If the amount of the credit allowed under this section for
24 the tax year and any unused carryforward of the credit allowed by
25 this section exceed the qualified taxpayer's tax liability for the
26 tax year, that portion that exceeds the tax liability for the tax
27 year shall not be refunded but may be carried forward to offset tax
28 liability in subsequent tax years for 5 years or until used up,
29 whichever occurs first.

1 (5) As used in this section:

2 (a) "Adoption leave" means a period of absence related to the
3 adoption of a child by the employee to provide time for bonding and
4 adjustments immediately after placement of that child with the
5 employee.

6 (b) "Qualified employee" means an individual who has been
7 employed by the employer for at least 1 year, and for the preceding
8 year had compensation that does not exceed 60% of the amount
9 applicable for highly compensated employees under section
10 414(q) (1) (B) of the internal revenue code for that same year.

11 (c) "Qualified taxpayer" means a taxpayer that is an employer
12 who has a written policy offering adoption leave that satisfies
13 both of the following:

14 (i) Provides at least 2 weeks of paid adoption leave for each
15 full-time qualifying employee and a proportionate amount of
16 adoption leave for each part-time qualifying employee.

17 (ii) The rate of payment for adoption leave is not less than
18 50% of the wages normally paid to that same employee for services
19 performed for the employer.

20 (d) "Wages" means that term as defined in section 3306(b) of
21 the internal revenue code.

22 Sec. 678. (1) Subject to the limitations under this section,
23 for tax years beginning on and after January 1, 2023, a qualified
24 taxpayer that voluntarily provides paid adoption leave to its
25 employees may claim a credit against the tax imposed by this part
26 in an amount equal to 50% of the amount of wages paid during the
27 tax year to each qualifying employee during any period in which the
28 qualifying employee is on adoption leave or \$4,000.00, whichever is
29 less. The maximum amount of leave with respect to any qualifying

1 employee for which a credit may be claimed under this section must
2 not exceed 12 weeks. Any adoption leave that is paid by this state
3 or a political subdivision of this state or that is required to be
4 paid by law must not be included in determining the amount of the
5 credit under this section for wages paid to a qualifying employee
6 for adoption leave.

7 (2) The credit allowed under this section with respect to any
8 qualified employee for the tax year must not exceed an amount equal
9 to the product of the normal hourly wage rate of that qualified
10 employee each hour for actual services performed for the employer
11 and the number of hours for which adoption leave is taken. For a
12 qualified employee who is not paid an hourly wage, that qualified
13 employee's wages must be prorated to an hourly wage rate as
14 prescribed by the department.

15 (3) If the amount of the credit allowed under this section for
16 the tax year and any unused carryforward of the credit allowed by
17 this section exceed the qualified taxpayer's tax liability for the
18 tax year, that portion that exceeds the tax liability for the tax
19 year shall not be refunded but may be carried forward to offset tax
20 liability in subsequent tax years for 5 years or until used up,
21 whichever occurs first.

22 (4) As used in this section:

23 (a) "Adoption leave" means a period of absence related to the
24 adoption of a child by the employee to provide time for bonding and
25 adjustments immediately after placement of that child with the
26 employee.

27 (b) "Qualified employee" means an individual who has been
28 employed by the employer for at least 1 year, and for the preceding
29 year had compensation that does not exceed 60% of the amount

1 applicable for highly compensated employees under section
2 414(q) (1) (B) of the internal revenue code for that same year.

3 (c) "Qualified taxpayer" means a taxpayer that is an employer
4 who has a written policy offering adoption leave that satisfies
5 both of the following:

6 (i) Provides at least 2 weeks of paid adoption leave for each
7 full-time qualifying employee and a proportionate amount of
8 adoption leave for each part-time qualifying employee.

9 (ii) The rate of payment for adoption leave is not less than
10 50% of the wages normally paid to that same employee for services
11 performed for the employer.

12 (d) "Wages" means that term as defined in section 3306(b) of
13 the internal revenue code.