

SINGLE BUSINESS TAX ACT (EXCERPT)
Act 228 of 1975

***** 208.38e THIS SECTION IS REPEALED BY ACT 325 OF 2006 EFFECTIVE DECEMBER 31, 2007

208.38e Apprenticeship tax credit.

Sec. 38e. (1) A taxpayer may claim a credit against the tax imposed by this act equal to the sum of 50% of the qualified expenses defined in subsection (5)(d)(i) and (ii) and 100% of the qualified expenses defined in subsection (5)(d)(iii) paid by the taxpayer in the tax year in each of the following circumstances:

(a) Except for apprentices trained under subdivision (b) or (c), an amount not to exceed \$2,000.00 for each apprentice trained by the taxpayer in the tax year.

(b) For companies that have a classification under the North American industrial classification system (NAICS) of 333511, 333512, 333513, 333514, or 333515 and for tax years that begin after December 31, 2003, an amount not to exceed \$4,000.00 for each apprentice trained by the taxpayer in the tax year.

(c) For companies that have a classification under the North American industrial classification system (NAICS) of 333511, 333512, 333513, 333514, or 333515 and for tax years that begin after December 31, 2003, an amount not to exceed \$1,000.00 for each special apprentice trained by the taxpayer in the tax year.

(2) If the credit allowed under this section exceeds the tax liability of the taxpayer under this act for the tax year, that portion of the credit that exceeds the tax liability shall be refunded.

(3) The credit allowed under this section shall be claimed on the annual return required under section 73, or for a taxpayer that is not required to file an annual return, the department shall provide that the credit under this subsection may be claimed on the C-8044 form, a successor form for persons not required to file an annual return, or other simplified form prescribed by the department.

(4) For each year that this credit is in effect, the department of labor and economic growth shall prepare a report containing information including, but not limited to, the number of companies taking advantage of the apprenticeship credit, the number of apprentices participating in the program, the number of apprentices who complete a program the costs of which were the basis of a credit under this section, the number of apprentices that were hired by the taxpayer after the apprenticeship training was completed for which the taxpayer claimed a credit under this section for the costs of training that apprentice, information on the employment status of individuals who have completed an apprenticeship to the extent the information is available, and the fiscal impact of the apprenticeship credit. This report shall then be transmitted to the house tax policy and senate finance committees and to the house and senate appropriations committees. This report shall be due no later than the first day of March each year.

(5) As used in this section:

(a) "Apprentice" means a person who is a resident of this state, is 16 years of age or older but younger than 20 years of age, has not obtained a high school diploma, is enrolled in high school or a general education development (G.E.D.) test preparation program, and is trained by a taxpayer through a program that meets all of the following criteria:

(i) The program is registered with the bureau of apprenticeship and training of the United States department of labor.

(ii) The program is provided pursuant to an apprenticeship agreement signed by the taxpayer and the apprentice.

(iii) The program is filed with a local workforce development board.

(iv) The minimum term in hours for the program shall be not less than 4,000 hours.

(b) "Enrolled" means currently enrolled or expecting to enroll after a period of less than 3 months during which the program is not in operation and the apprentice is not enrolled.

(c) "Local workforce development board" means a board established by the chief elected official of a local unit of government pursuant to the job training partnership act, Public Law 97-300, 96 Stat. 1322, that has the responsibility to ensure that the workforce needs of the employers in the geographic area governed by the local unit of government are met.

(d) "Qualified expenses" means all of the following expenses paid by the taxpayer in a tax year that begins after December 31, 1996 for expenses used to calculate a credit under subsection (1)(a) and after December 31, 2003 for expenses used to calculate a credit under subsection (1)(b) that were not paid for with funds the taxpayer received or retained that the taxpayer would not otherwise have received or retained and that are used for training an apprentice:

(i) Salary and wages paid to an apprentice.

(ii) Fringe benefits and other payroll expenses paid for the benefit of an apprentice.

(iii) Costs of classroom instruction and related expenses identified as costs for which the taxpayer is responsible under an apprenticeship agreement, including but not limited to tuition, fees, and books for college level courses taken while the apprentice is enrolled in high school.

(e) "Special apprentice" means a person who is not an apprentice as defined by section (5)(a), is a resident of this state, is 16 years of age or older but younger than 25 years of age, and is trained by a taxpayer through a program that meets all of the criteria under subdivision (a)(i) to (iv).

History: Add. 1996, Act 593, Imd. Eff. Jan. 22, 1997;—Am. 1999, Act 184, Imd. Eff. Nov. 24, 1999;—Am. 2003, Act 273, Imd. Eff. Jan. 8, 2004.

Compiler's note: For transfer of certain powers and duties vested in the department of career development or its director, relating to powers and duties of state board of education or superintendent of public instruction to the department of labor and economic growth, see E.R.O. No. 2003-1, compiled at MCL 445.2011.