

HOUSE BILL No. 6593

December 6, 2018, Introduced by Reps. Clemente, Hammoud, Hertel, Lasinski, Gay-Dagnogo, Geiss, Wittenberg, Greig and Camilleri 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 675.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 675. (1) FOR TAX YEARS BEGINNING ON AND AFTER JANUARY 1,
2 2019, A TAXPAYER MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY THIS
3 PART EQUAL TO THE SUM OF 50% OF THE QUALIFIED EXPENSES DEFINED IN
4 SUBSECTION (5) (D) (i) AND (ii) AND 100% OF THE QUALIFIED EXPENSES
5 DEFINED IN SUBSECTION (5) (D) (iii) PAID BY THE TAXPAYER IN THE TAX
6 YEAR IN EACH OF THE FOLLOWING CIRCUMSTANCES:

7 (A) EXCEPT FOR APPRENTICES TRAINED UNDER SUBDIVISION (B), AN
8 AMOUNT NOT TO EXCEED \$2,000.00 FOR EACH APPRENTICE TRAINED BY THE
9 TAXPAYER IN THE TAX YEAR.

10 (B) FOR COMPANIES THAT HAVE A CLASSIFICATION UNDER THE NORTH
11 AMERICAN INDUSTRY CLASSIFICATION SYSTEM (NAICS) OF 333511, 333512,

1 333513, 333514, OR 333515, AN AMOUNT NOT TO EXCEED \$4,000.00 FOR
2 EACH APPRENTICE TRAINED BY THE TAXPAYER IN THE TAX YEAR.

3 (2) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE TAX
4 LIABILITY OF THE TAXPAYER UNDER THIS ACT FOR THE TAX YEAR, THAT
5 PORTION OF THE CREDIT THAT EXCEEDS THE TAX LIABILITY SHALL BE
6 REFUNDED.

7 (3) THE CREDIT ALLOWED UNDER THIS SECTION SHALL BE CLAIMED ON
8 THE ANNUAL RETURN REQUIRED UNDER SECTION 685. FOR A TAXPAYER THAT
9 IS NOT REQUIRED TO FILE AN ANNUAL RETURN, THE DEPARTMENT SHALL
10 PROVIDE THAT THE CREDIT UNDER THIS SECTION MAY BE CLAIMED ON A FORM
11 PRESCRIBED BY THE DEPARTMENT.

12 (4) FOR EACH YEAR THAT THIS CREDIT IS IN EFFECT, THE
13 DEPARTMENT OF TALENT AND ECONOMIC DEVELOPMENT SHALL PREPARE A
14 REPORT CONTAINING INFORMATION INCLUDING, BUT NOT LIMITED TO, THE
15 NUMBER OF COMPANIES TAKING ADVANTAGE OF THE APPRENTICESHIP CREDIT,
16 THE NUMBER OF APPRENTICES PARTICIPATING IN THE PROGRAM, THE NUMBER
17 OF APPRENTICES WHO COMPLETE A PROGRAM THE COSTS OF WHICH WERE THE
18 BASIS OF A CREDIT UNDER THIS SECTION, THE NUMBER OF APPRENTICES
19 THAT WERE HIRED BY THE TAXPAYER AFTER THE APPRENTICESHIP TRAINING
20 WAS COMPLETED FOR WHICH THE TAXPAYER CLAIMED A CREDIT UNDER THIS
21 SECTION FOR THE COSTS OF TRAINING THAT APPRENTICE, INFORMATION ON
22 THE EMPLOYMENT STATUS OF INDIVIDUALS WHO HAVE COMPLETED AN
23 APPRENTICESHIP TO THE EXTENT THE INFORMATION IS AVAILABLE, AND THE
24 FISCAL IMPACT OF THE APPRENTICESHIP CREDIT. THIS REPORT SHALL THEN
25 BE TRANSMITTED TO THE HOUSE TAX POLICY AND SENATE FINANCE
26 COMMITTEES AND TO THE HOUSE AND SENATE APPROPRIATIONS COMMITTEES.
27 THIS REPORT SHALL BE DUE NO LATER THAN THE FIRST DAY OF MARCH EACH

1 YEAR.

2 (5) AS USED IN THIS SECTION:

3 (A) "APPRENTICE" MEANS A PERSON WHO IS A RESIDENT OF THIS
4 STATE, IS 16 YEARS OF AGE OR OLDER, HAS NOT OBTAINED A HIGH SCHOOL
5 DIPLOMA, IS ENROLLED IN HIGH SCHOOL OR A HIGH SCHOOL EQUIVALENCY
6 TEST PREPARATION PROGRAM, AS DEFINED IN SECTION 4 OF THE STATE
7 SCHOOL AID ACT OF 1979, 1979 PA 94, MCL 388.1604, AND IS TRAINED BY
8 A TAXPAYER THROUGH A PROGRAM THAT MEETS ALL OF THE FOLLOWING
9 CRITERIA:

10 (i) THE PROGRAM IS REGISTERED WITH THE BUREAU OF
11 APPRENTICESHIP AND TRAINING OF THE UNITED STATES DEPARTMENT OF
12 LABOR.

13 (ii) THE PROGRAM IS PROVIDED PURSUANT TO AN APPRENTICESHIP
14 AGREEMENT SIGNED BY THE TAXPAYER AND THE APPRENTICE.

15 (iii) THE PROGRAM IS FILED WITH A LOCAL WORKFORCE DEVELOPMENT
16 BOARD.

17 (iv) THE MINIMUM TERM IN HOURS FOR THE PROGRAM IS NOT LESS
18 THAN 4,000 HOURS.

19 (B) "ENROLLED" MEANS CURRENTLY ENROLLED OR EXPECTING TO ENROLL
20 AFTER A PERIOD OF LESS THAN 3 MONTHS DURING WHICH THE PROGRAM IS
21 NOT IN OPERATION AND THE APPRENTICE IS NOT ENROLLED.

22 (C) "LOCAL WORKFORCE DEVELOPMENT BOARD" MEANS A BOARD
23 AUTHORIZED UNDER THE WORKFORCE INVESTMENT ACT IN 29 USC 2832 THAT
24 HAS THE RESPONSIBILITY TO ENSURE THAT THE WORKFORCE NEEDS OF THE
25 EMPLOYERS IN THE GEOGRAPHIC AREA GOVERNED BY THE LOCAL UNIT OF
26 GOVERNMENT ARE MET.

27 (D) "QUALIFIED EXPENSES" MEANS ALL OF THE FOLLOWING EXPENSES

1 PAID BY THE TAXPAYER IN A TAX YEAR THAT BEGINS AFTER DECEMBER 31,
2 2018 THAT WERE NOT PAID FOR WITH FUNDS THE TAXPAYER RECEIVED OR
3 RETAINED, THAT THE TAXPAYER WOULD NOT OTHERWISE HAVE RECEIVED OR
4 RETAINED, AND THAT ARE USED FOR TRAINING AN APPRENTICE:

5 (i) SALARY AND WAGES PAID TO AN APPRENTICE.

6 (ii) FRINGE BENEFITS AND OTHER PAYROLL EXPENSES PAID FOR THE
7 BENEFIT OF AN APPRENTICE.

8 (iii) COSTS OF CLASSROOM INSTRUCTION AND RELATED EXPENSES
9 IDENTIFIED AS COSTS FOR WHICH THE TAXPAYER IS RESPONSIBLE UNDER AN
10 APPRENTICESHIP AGREEMENT, INCLUDING, BUT NOT LIMITED TO, TUITION,
11 FEES, AND BOOKS FOR COLLEGE-LEVEL COURSES TAKEN WHILE THE
12 APPRENTICE IS ENROLLED IN HIGH SCHOOL.