

# HOUSE BILL No. 4223

February 4, 1997, Introduced by Reps. Dobronski, Brewer, Harder, Willard, Anthony, Wetters, Schauer, Prusi, DeHart, Ciaramitaro, Varga, Schermesser, Leland, Gire, Raczkowski, Martinez, Cherry, Hanley, Goschka, Wojno, Bogardus, McBryde and Callahan and referred to the Committee on Tax Policy.

A bill to amend 1975 PA 228, entitled  
"Single business tax act,"  
(MCL 208.1 to 208.145) by adding sections 36e and 36f.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1        SEC. 36E. (1) FOR TAX YEARS BEGINNING AFTER DECEMBER 31,  
2 1996, A TAXPAYER THAT IS LICENSED OR REGISTERED AS A CHILD CARE  
3 ORGANIZATION UNDER 1973 PA 116, MCL 722.111 TO 722.128, AND  
4 LOCATED IN AN UNDERSERVED COUNTY MAY CLAIM A CREDIT AGAINST THE  
5 TAX IMPOSED BY THIS ACT FOR THE TAX YEAR EQUAL TO \$75.00 FOR EACH  
6 CHILD IN THE CARE OF THE CHILD CARE ORGANIZATION FOR NOT LESS  
7 THAN 1,800 HOURS DURING THE TAX YEAR.  
8        (2) THE CREDIT ALLOWED UNDER THIS SECTION SHALL NOT EXCEED  
9 20% OF THE TAX LIABILITY FOR THE TAX YEAR OR \$5,000.00, WHICHEVER  
10 IS LESS.

1 (3) A TAXPAYER THAT CLAIMS A CREDIT UNDER THIS SECTION FOR A  
2 TAX YEAR SHALL NOT ALSO CLAIM A CREDIT FOR THAT TAX YEAR UNDER  
3 SECTION 36F.

4 (4) THE FAMILY INDEPENDENCE AGENCY SHALL DETERMINE WHICH  
5 COUNTIES ARE UNDERSERVED COUNTIES BASED ON DATA COLLECTED IN THE  
6 LATEST FEDERAL DECENNIAL CENSUS.

7 (5) AS USED IN THIS SECTION, "UNDERSERVED COUNTY" MEANS A  
8 COUNTY IN WHICH THE LICENSED CAPACITY OF CHILD CARE ORGANIZATIONS  
9 LICENSED OR REGISTERED UNDER 1973 PA 116, MCL 722.111 TO 722.128,  
10 IS LESS THAN 40% OF THE NUMBER OF CHILDREN IN THE COUNTY AS OF  
11 THE MOST RECENT FEDERAL DECENNIAL CENSUS THAT WERE UNDER AGE 6  
12 AND TO WHICH EITHER OF THE FOLLOWING APPLIED:

13 (A) THE CHILD LIVED WITH 2 PARENTS AND BOTH PARENTS WERE IN  
14 THE LABOR FORCE AND AT WORK 35 OR MORE HOURS PER WEEK.

15 (B) THE CHILD LIVED WITH 1 PARENT AND THAT PARENT WAS IN THE  
16 LABOR FORCE AND AT WORK 35 OR MORE HOURS PER WEEK.

17 SEC. 36F. (1) FOR TAX YEARS BEGINNING AFTER DECEMBER 31,  
18 1996, IF A TAXPAYER HAS AN AVERAGE OF 25 OR FEWER EMPLOYEES  
19 DURING THE TAX YEAR, THE TAXPAYER MAY CLAIM A CREDIT AGAINST THE  
20 TAX IMPOSED BY THIS ACT FOR THE TAX YEAR EQUAL TO 20% OF THE SUM  
21 OF THE FOLLOWING:

22 (A) COSTS INCURRED BY THE TAXPAYER TO PROVIDE CARE FOR CHIL-  
23 DREN OR LEGAL WARDS OF EMPLOYEES OF THE TAXPAYER AT A CHILD CARE  
24 ORGANIZATION OPERATED BY THE TAXPAYER AND LICENSED OR REGISTERED  
25 UNDER 1973 PA 116, MCL 722.111 TO 722.128. COSTS UNDER THIS SUB-  
26 DIVISION, WITH RESPECT TO ANY CHILD OR LEGAL WARD, SHALL BE BASED  
27 ON UTILIZATION AND THE VALUE OF THE SERVICES PROVIDED.

1 (B) PAYMENTS MADE BY THE TAXPAYER TO A CHILD CARE  
2 ORGANIZATION LICENSED OR REGISTERED UNDER 1973 PA 116, MCL  
3 722.111 TO 722.128, TO COMPENSATE THE CHILD CARE ORGANIZATION FOR  
4 THE CARE OF CHILDREN OR LEGAL WARDS OF EMPLOYEES OF THE  
5 TAXPAYER.

6 (2) COSTS INCURRED OR PAYMENTS MADE BY A TAXPAYER UNDER  
7 SUBSECTION (1) DO NOT QUALIFY FOR A CREDIT UNDER THIS SECTION TO  
8 THE EXTENT THAT THE TAXPAYER IS REIMBURSED FOR THE COSTS OR PAY-  
9 MENTS THROUGH A SALARY REDUCTION PLAN.

10 (3) THE CREDIT ALLOWED UNDER THIS SECTION SHALL NOT EXCEED  
11 20% OF THE TAXPAYER'S TAX LIABILITY FOR THE TAX YEAR OR  
12 \$5,000.00, WHICHEVER IS LESS.

13 (4) A TAXPAYER THAT CLAIMS A CREDIT UNDER THIS SECTION FOR A  
14 TAX YEAR SHALL NOT ALSO CLAIM A CREDIT FOR THAT TAX YEAR UNDER  
15 SECTION 36E.