

**SUBSTITUTE FOR  
HOUSE BILL NO. 6070**

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 qualified employee during any period in which the**  
7 **qualified employee is on adoption leave or \$4,000.00 per qualified**  
8 **employee, whichever is less. The maximum amount of leave with**  
9 **respect to any qualified employee for which a credit may be claimed**



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

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

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

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

27 (5) As used in this section:

28 (a) "Adoption leave" means a period of absence related to the  
29 adoption of a child by the employee to provide time for bonding and



1 adjustments immediately after placement of that child with the  
2 employee.

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

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

11 (i) Provides at least 2 weeks of paid adoption leave for each  
12 full-time qualified employee and a proportionate amount of adoption  
13 leave for each part-time qualified employee.

14 (ii) The rate of payment for adoption leave is not less than  
15 50% of the wages normally paid to that same employee for services  
16 performed for the employer.

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

19 Sec. 678. (1) Subject to the limitations under this section,  
20 for tax years beginning on and after January 1, 2023, a qualified  
21 taxpayer that voluntarily provides paid adoption leave to its  
22 employees may claim a credit against the tax imposed by this part  
23 in an amount equal to 50% of the amount of wages paid during the  
24 tax year to each qualified employee during any period in which the  
25 qualified employee is on adoption leave or \$4,000.00 per qualified  
26 employee, whichever is less. The maximum amount of leave with  
27 respect to any qualified employee for which a credit may be claimed  
28 under this section must not exceed 12 weeks. Any adoption leave  
29 that is paid by this state or a political subdivision of this state



1 or that is required to be paid by law must not be included in  
2 determining the amount of the credit under this section for wages  
3 paid to a qualified employee for adoption leave.

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

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

19 (4) As used in this section:

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

24 (b) "Qualified employee" means an individual who has been  
25 employed by the employer for at least 1 year, and for the preceding  
26 year had compensation that does not exceed 60% of the amount  
27 applicable for highly compensated employees under section  
28 414(q) (1) (B) of the internal revenue code for that same year.

29 (c) "Qualified taxpayer" means a taxpayer that is an employer



1 who has a written policy offering adoption leave that satisfies  
2 both of the following:

3 (i) Provides at least 2 weeks of paid adoption leave for each  
4 full-time qualified employee and a proportionate amount of adoption  
5 leave for each part-time qualified employee.

6 (ii) The rate of payment for adoption leave is not less than  
7 50% of the wages normally paid to that same employee for services  
8 performed for the employer.

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

