

HOUSE BILL NO. 5979

March 24, 2022, Introduced by Reps. O'Malley, Whiteford, Green, Wakeman, Brann, Kahle, Brenda Carter, Young, Pohutsky, Tyrone Carter and Anthony 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 section 678.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 678. (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 preadoptive 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 preadoptive leave. The maximum amount of
2 leave with respect to any qualifying employee for which a credit
3 may be claimed under this section must not exceed 12 weeks. Any
4 preadoptive leave that is paid by this state or a political
5 subdivision of this state or that is required to be paid by law
6 must not be included in determining the amount of the credit under
7 this section for wages paid to a qualifying employee for
8 preadoptive leave.

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

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

24 (4) As used in this section:

25 (a) "Preadoptive leave" means periods of absence related to
26 the adoption, such as necessary trips during the adoption process
27 and bonding and adjustment time immediately after placement.

28 (b) "Qualified employee" means an individual who has been
29 employed by the employer for at least 1 year, and for the preceding

1 year had compensation that does not exceed 60% of the amount
2 applicable for highly compensated employees under section
3 414(q) (1) (B) of the internal revenue code for that same year.

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

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

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

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