



HOUSE BILL No. 4260

February 1, 1995, Introduced by Reps. Dobronski, DeHart, Profit, Hanley, Anthony, Stallworth, Bennane, Scott, Parks, Yokich, Martinez, Leland, Gire, Goschka, Willard, Brewer, DeMars and Pitoniak and referred to the Committee on Tax Policy.

A bill to amend Act No. 228 of the Public Acts of 1975,
entitled
"Single business tax act,"
as amended, being sections 208.1 to 208.145 of the Michigan
Compiled Laws, by adding sections 38d and 38e.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 228 of the Public Acts of 1975, as
2 amended, being sections 208.1 to 208.145 of the Michigan Compiled
3 Laws, is amended by adding sections 38d and 38e to read as
4 follows:

5 SEC. 38D. (1) FOR A TAX YEAR BEGINNING AFTER DECEMBER 31,
6 1994, A TAXPAYER THAT IS LICENSED OR REGISTERED AS A CHILD CARE
7 ORGANIZATION UNDER ACT NO. 116 OF THE PUBLIC ACTS OF 1973, BEING
8 SECTIONS 722.111 TO 722.128 OF THE MICHIGAN COMPILED LAWS, AND
9 LOCATED IN AN UNDERSERVED COUNTY MAY CLAIM A CREDIT AGAINST THE

1 TAX IMPOSED BY THIS ACT FOR THE TAX YEAR EQUAL TO \$75.00 FOR EACH
2 CHILD IN THE CARE OF THE CHILD CARE ORGANIZATION FOR NOT LESS
3 THAN 1,800 HOURS DURING THE TAX YEAR.

4 (2) THE CREDIT ALLOWED UNDER THIS SECTION SHALL NOT EXCEED
5 20% OF THE TAX LIABILITY FOR THE TAX YEAR OR \$5,000.00, WHICHEVER
6 IS LESS.

7 (3) A TAXPAYER THAT CLAIMS A CREDIT UNDER THIS SECTION FOR A
8 TAX YEAR SHALL NOT ALSO CLAIM A CREDIT FOR THAT TAX YEAR UNDER
9 SECTION 38E OR UNDER SECTION 274 OF THE INCOME TAX ACT OF 1967,
10 ACT NO. 281 OF THE PUBLIC ACTS OF 1967, BEING SECTION 206.274 OF
11 THE MICHIGAN COMPILED LAWS.

12 (4) THE DEPARTMENT OF SOCIAL SERVICES SHALL DETERMINE WHICH
13 COUNTIES ARE UNDERSERVED COUNTIES BASED ON DATA COLLECTED IN THE
14 LATEST FEDERAL DECENNIAL CENSUS.

15 (5) AS USED IN THIS SECTION, "UNDERSERVED COUNTY" MEANS A
16 COUNTY IN WHICH THE LICENSED CAPACITY OF CHILD CARE ORGANIZATIONS
17 LICENSED OR REGISTERED UNDER ACT NO. 116 OF THE PUBLIC ACTS OF
18 1973 IS LESS THAN 40% OF THE NUMBER OF CHILDREN IN THE COUNTY AS
19 OF THE MOST RECENT FEDERAL DECENNIAL CENSUS THAT WERE UNDER AGE 6
20 AND TO WHICH EITHER OF THE FOLLOWING APPLIED:

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

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

25 SEC. 38E. (1) FOR A TAX YEAR BEGINNING AFTER DECEMBER 31,
26 1994, IF A TAXPAYER HAS AN AVERAGE OF 25 OR FEWER EMPLOYEES
27 DURING THE TAX YEAR, THE TAXPAYER MAY CLAIM A CREDIT AGAINST THE

1 TAX IMPOSED BY THIS ACT FOR THE TAX YEAR EQUAL TO 20% OF THE SUM
2 OF THE FOLLOWING:

3 (A) COSTS INCURRED BY THE TAXPAYER TO PROVIDE CARE FOR CHIL-
4 DREN OR LEGAL WARDS OF EMPLOYEES OF THE TAXPAYER AT A CHILD CARE
5 ORGANIZATION OPERATED BY THE TAXPAYER AND LICENSED OR REGISTERED
6 UNDER ACT NO. 116 OF THE PUBLIC ACTS OF 1973, BEING SECTIONS
7 722.111 TO 722.128 OF THE MICHIGAN COMPILED LAWS. COSTS UNDER
8 THIS SUBDIVISION, WITH RESPECT TO ANY CHILD OR LEGAL WARD, SHALL
9 BE BASED ON UTILIZATION AND THE VALUE OF THE SERVICES PROVIDED.

10 (B) PAYMENTS MADE BY THE TAXPAYER TO A CHILD CARE ORGANIZA-
11 TION LICENSED OR REGISTERED UNDER ACT NO. 116 OF THE PUBLIC ACTS
12 OF 1973 TO COMPENSATE THE CHILD CARE ORGANIZATION FOR THE CARE OF
13 CHILDREN OR LEGAL WARDS OF EMPLOYEES OF THE TAXPAYER.

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

18 (3) THE CREDIT ALLOWED UNDER THIS SECTION SHALL NOT EXCEED
19 20% OF THE TAXPAYER'S TAX LIABILITY FOR THE TAX YEAR OR
20 \$5,000.00, WHICHEVER IS LESS.

21 (4) A TAXPAYER THAT CLAIMS A CREDIT UNDER THIS SECTION FOR A
22 TAX YEAR SHALL NOT ALSO CLAIM A CREDIT FOR THAT TAX YEAR UNDER
23 SECTION 38D OR UNDER SECTION 274 OF THE INCOME TAX ACT OF 1967,
24 ACT NO. 281 OF THE PUBLIC ACTS OF 1967, BEING SECTION 206.274 OF
25 THE MICHIGAN COMPILED LAWS.

1 Section 2. This amendatory act shall not take effect unless
2 Senate Bill No. _____ or House Bill No. _____ (request
3 no. 00135'95) of the 88th Legislature is enacted into law.