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Senate Bill 223 (as introduced 2-17-05)

FOOD PROCESSORS: APPRENTICE CREDIT

Sponsor: Senator Ron Jelinek

Committee: Agriculture, Forestry and Tourism

Date Completed: 3-2-05

CONTENT

The bill would amend the Single Business Tax Act to allow companies with particular North American Industry Classification System (NAICS) classifications (pertaining to food processing) to claim a credit of up to \$4,000 per apprentice trained by a company in a tax year. The bill would apply to tax years beginning after December 31, 2004.

The Act allows a taxpayer to claim a refundable credit of up to \$2,000 against the tax for qualified expenses related to the training of an apprentice. The credit equals 50% of the salary and wages paid to the apprentice, 50% of fringe benefits and other payroll expenses paid for his or her benefit, and 100% of the costs of classroom instruction and related expenses for which the taxpayer is responsible under an apprenticeship agreement. Under the bill, the \$4,000 credit could be claimed for the same expenses, and the \$2,000 credit would continue to be available if the \$4,000 credit did not apply.

The Act defines "apprentice" as a State resident at least 16 years old but under 20 years old who has not obtained a high school diploma, is enrolled in high school or a general education development (G.E.D.) test preparation program (or is expecting to enroll within three months), and is trained by the taxpayer in a program that meets the following criteria:

- -- Is registered with the Bureau of Apprenticeship and Training of the U.S. Department of Labor.
- -- Includes a minimum of at least 4,000 hours.
- -- Is provided pursuant to an agreement signed by the taxpayer and the apprentice.
- -- Is filed with the local workforce development board (a board established by a local unit's chief elected official pursuant to the Federal Job Training Partnership Act). (The bill would refer to the "former" Act.)

To claim the \$4,000 credit, a company would have to have one of the following NAICS classifications:

Classification	
Number	Industry and Product Description
311111	Dog and Cat Food
311119	Other Animal Food Products
311211	Flour and Other Grain Mill Products
311212	Rice
311213	Malt Beverages

Page 1 of 2 sb223/0506

311221	Wet Corn Products
311222	Soybean Products
311223	Other Oilseed Products
311225	Refined or Blended Fats and Oils
311230	Breakfast Cereals and Related Products
311313	Beet Sugar
311320	Chocolate and Confectionary Products Made from Cacao Beans
311330	Confectionary Products Made from Purchased Chocolate
311340	Nonchocolate Confectionary Products
311411	Frozen Fruits and Vegetables
311412	Frozen Specialties
311421	Canned Fruits and Vegetables
311422	Specialty Canned Food Products
311423	Dried and Dehydrated Foods
311511	Fluid Milk
311512	Creamery Butter
311513	Cheese
311514	Dry, Condensed, and Evaporated Milk
311520	Ice Cream and Frozen Desserts
311611	Animal Slaughtering Products (Except Poultry)
311612	Meat Processed from Carcasses
311613	Rendering or Meat Byproducts
311615	Poultry
311711	Seafood Canning Products
311712	Fresh and Frozen Seafood
311813	Retail Bakery Products
311821	Cookies and Crackers
311822	Flour Mixes and Dough Made from Purchased Flour
311823	Pasta
311911	Roasted Nuts or Seeds and Peanut Butter
311919	Other Snack Foods
311920	Coffee and Tea Products
311930	Flavoring Syrups and Concentrate Products
311941	Mayonnaise, Dressings, and Other Prepared Sauces
311942	Spices and Extracts
311999	All other Miscellaneous Food Preparations

MCL 208.38e Legislative Analyst: Claire Layman

FISCAL IMPACT

Given that food manufacturers are currently eligible for the apprenticeship tax credit up to \$2,000 per qualified apprentice, and that the latest data available reveal that all businesses are claiming only about \$100,000 in apprenticeship tax credits, it is estimated that this bill would reduce single business tax revenue by less than \$100,000. This loss in revenue would affect the General Fund/General Purpose budget. The bill would have no direct impact on local governments.

Fiscal Analyst: Jay Wortley

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.