

SUBSTITUTE FOR
SENATE BILL NO. 387

A bill to amend 1975 PA 228, entitled
"Single business tax act,"
(MCL 208.1 to 208.145) by adding section 35d.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 35D. (1) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31,
2 2005, AN ELIGIBLE TAXPAYER THAT PAYS ELIGIBLE EXPENSES FOR A
3 QUALIFIED EMPLOYEE MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY
4 THIS ACT EQUAL TO 10% OF THE FIRST \$10,000.00 OF ELIGIBLE EXPENSES
5 PAID IN THE TAX YEAR FOR EACH QUALIFIED EMPLOYEE FOR COURSES THAT
6 WILL LEAD TO A POSTSECONDARY DEGREE OR THAT ARE TAKEN TO ACQUIRE OR
7 IMPROVE THE QUALIFIED EMPLOYEE'S JOB SKILLS AT AN ELIGIBLE
8 EDUCATIONAL INSTITUTION.

9 (2) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2006, THE
10 MAXIMUM AMOUNTS OF ADJUSTED GROSS INCOME UNDER SUBSECTION (6) (E) (ii)
11 SHALL BE ADJUSTED BY THE PERCENTAGE INCREASE IN THE UNITED STATES

1 CONSUMER PRICE INDEX FOR THE IMMEDIATELY PRECEDING CALENDAR YEAR.

2 (3) MONEY FROM ANY OTHER SOURCE USED TO PAY FOR ELIGIBLE
3 EXPENSES SHALL NOT BE USED TO CALCULATE THE CREDIT UNDER THIS
4 SECTION.

5 (4) AMOUNTS DEDUCTED UNDER ANY OTHER SECTION OF THIS ACT OR
6 THE INCOME TAX ACT, 1967 PA 281, MCL 206.1 TO 206.532, SHALL NOT BE
7 USED TO CALCULATE THE CREDIT UNDER THIS SECTION.

8 (5) IF THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION
9 EXCEEDS THE TAX LIABILITY OF THE ELIGIBLE TAXPAYER FOR THE TAX
10 YEAR, THAT PORTION OF THE CREDIT THAT EXCEEDS THE TAX LIABILITY
11 SHALL BE REFUNDED.

12 (6) AS USED IN THIS SECTION:

13 (A) "ELIGIBLE EDUCATIONAL INSTITUTION" MEANS ANY COLLEGE,
14 UNIVERSITY, VOCATIONAL SCHOOL, OR OTHER POSTSECONDARY EDUCATIONAL
15 INSTITUTION THAT IS ELIGIBLE TO PARTICIPATE IN A STUDENT AID
16 PROGRAM ADMINISTERED BY THE FEDERAL DEPARTMENT OF EDUCATION.

17 (B) "ELIGIBLE EXPENSES" MEANS EXPENSES LISTED IN SUBPARAGRAPHS
18 (i) AND (ii) PAID FOR COURSES THE QUALIFIED EMPLOYEE TOOK DURING THE
19 TAX YEAR AND FOR WHICH HE OR SHE RECEIVED ACADEMIC CREDIT AND DOES
20 NOT INCLUDE EXPENSES LISTED IN SUBPARAGRAPH (iii), AS FOLLOWS:

21 (i) TUITION.

22 (ii) RELATED EXPENSES SUCH AS STUDENT-ACTIVITY FEES AND
23 EXPENSES FOR COURSE-RELATED BOOKS, SUPPLIES, AND EQUIPMENT IF THE
24 RELATED EXPENSES ARE A CONDITION FOR ENROLLMENT OR ATTENDANCE AT
25 THE INSTITUTION OR IN THE COURSE.

26 (iii) ANY EXPENSES RELATED TO THE FOLLOWING TYPES OF COURSES:

27 (A) COURSES TAKEN TO MEET A CONTINUING EDUCATION REQUIREMENT

1 FOR A LICENSE OR CERTIFICATE REQUIRED FOR THE QUALIFIED EMPLOYEE'S
2 JOB.

3 (B) SPORTS, GAMES, OR HOBBIES.

4 (C) "ELIGIBLE TAXPAYER" MEANS A TAXPAYER THAT HAS AN AVERAGE
5 OF 250 OR FEWER FULL-TIME EQUIVALENT EMPLOYEES DURING THE TAX YEAR
6 IN WHICH A CREDIT UNDER THIS SECTION IS CLAIMED.

7 (D) "MODIFIED ADJUSTED GROSS INCOME" MEANS MODIFIED ADJUSTED
8 GROSS INCOME FOR PURPOSES OF THE LIFETIME LEARNING CREDIT UNDER
9 SECTION 25A OF THE INTERNAL REVENUE CODE.

10 (E) "QUALIFIED EMPLOYEE" MEANS AN INDIVIDUAL WHO MEETS ALL OF
11 THE FOLLOWING CRITERIA:

12 (i) IS AN EMPLOYEE OF THE ELIGIBLE TAXPAYER DURING THE TAX
13 YEAR.

14 (ii) HAS MODIFIED ADJUSTED GROSS INCOME OF LESS THAN \$51,000.00
15 IF THE EMPLOYEE FILES A SINGLE RETURN OR LESS THAN \$103,000.00 IF
16 THE EMPLOYEE FILES A JOINT RETURN.

17 (iii) IS AT LEAST 24 YEARS OLD.

18 (iv) IS EMPLOYED BY THE ELIGIBLE TAXPAYER FOR 25 HOURS PER WEEK
19 OR MORE.

20 (v) IS NOT A FULL-TIME STUDENT AS THAT STATUS IS DETERMINED BY
21 THE ELIGIBLE EDUCATIONAL INSTITUTION THAT THE EMPLOYEE ATTENDS.

22 (F) "UNITED STATES CONSUMER PRICE INDEX" MEANS THE UNITED
23 STATES CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS AS DEFINED AND
24 REPORTED BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR
25 STATISTICS, AND AS CERTIFIED BY THE STATE TREASURER.