

# HOUSE BILL No. 4922

June 14, 2005, Introduced by Rep. Sheen and referred to the Committee on Tax Policy.

A bill to amend 1975 PA 228, entitled  
"Single business tax act,"  
by amending sections 38e and 68 (MCL 208.38e and 208.68), section  
38e as amended by 2003 PA 273.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 38e. (1) A taxpayer may claim a credit against the tax  
2 imposed by this act equal to the sum of 50% of the qualified  
3 expenses defined in subsection (5)(d)(i) and (ii) and 100% of the  
4 qualified expenses defined in subsection (5)(d)(iii) paid by the  
5 taxpayer in the tax year in each of the following circumstances:

6           (a) Except for apprentices trained under subdivision (b) or  
7 (c), an amount not to exceed \$2,000.00 **FOR TAX YEARS THAT BEGIN**

1 **BEFORE JANUARY 1, 2006 OR \$3,000.00 FOR TAX YEARS THAT BEGIN AFTER**  
2 **DECEMBER 31, 2005** for each apprentice trained by the taxpayer in  
3 the tax year.

4 (b) For companies that have a classification under the North  
5 American industrial classification system (NAICS) of 333511,  
6 333512, 333513, 333514, or 333515 and for tax years that begin  
7 after December 31, 2003, an amount not to exceed \$4,000.00 for each  
8 apprentice trained by the taxpayer in the tax year.

9 (c) For companies that have a classification under the North  
10 American industrial classification system (NAICS) of 333511,  
11 333512, 333513, 333514, or 333515 and for tax years that begin  
12 after December 31, 2003, an amount not to exceed \$1,000.00 for each  
13 special apprentice trained by the taxpayer in the tax year.

14 (2) If the credit allowed under this section exceeds the tax  
15 liability of the taxpayer under this act for the tax year, that  
16 portion of the credit that exceeds the tax liability shall be  
17 refunded.

18 (3) The credit allowed under this section shall be claimed on  
19 the annual return required under section 73, or for a taxpayer that  
20 is not required to file an annual return, the department shall  
21 provide that the credit under this subsection may be claimed on the  
22 C-8044 form, a successor form for persons not required to file an  
23 annual return, or other simplified form prescribed by the  
24 department.

25 (4) For each year that this credit is in effect, the  
26 department of labor and economic growth shall prepare a report  
27 containing information including, but not limited to, the number of

1 companies taking advantage of the apprenticeship credit, the number  
2 of apprentices participating in the program, the number of  
3 apprentices who complete a program the costs of which were the  
4 basis of a credit under this section, the number of apprentices  
5 that were hired by the taxpayer after the apprenticeship training  
6 was completed for which the taxpayer claimed a credit under this  
7 section for the costs of training that apprentice, information on  
8 the employment status of individuals who have completed an  
9 apprenticeship to the extent the information is available, and the  
10 fiscal impact of the apprenticeship credit. This report shall then  
11 be transmitted to the house tax policy and senate finance  
12 committees and to the house and senate appropriations committees.  
13 This report shall be due no later than the first day of March each  
14 year.

15 (5) As used in this section:

16 (a) "Apprentice" means a person who is a resident of this  
17 state, is 16 years of age or older but younger than 20 years of  
18 age, has not obtained a high school diploma, is enrolled in high  
19 school or a general education development (G.E.D.) test preparation  
20 program, and is trained by a taxpayer through a program that meets  
21 all of the following criteria:

22 (i) The program is registered with the bureau of apprenticeship  
23 and training of the United States department of labor.

24 (ii) The program is provided pursuant to an apprenticeship  
25 agreement signed by the taxpayer and the apprentice.

26 (iii) The program is filed with a local workforce development  
27 board.

1           (iv) The minimum term in hours for the program shall be not  
2 less than 4,000 hours.

3           (b) "Enrolled" means currently enrolled or expecting to enroll  
4 after a period of less than 3 months during which the program is  
5 not in operation and the apprentice is not enrolled.

6           (c) "Local workforce development board" means a board  
7 established by the chief elected official of a local unit of  
8 government pursuant to the job training partnership act, Public Law  
9 97-300, 96 Stat. 1322, that has the responsibility to ensure that  
10 the workforce needs of the employers in the geographic area  
11 governed by the local unit of government are met.

12           (d) "Qualified expenses" means all of the following expenses  
13 paid by the taxpayer in a tax year that begins after December 31,  
14 1996 for expenses used to calculate a credit under subsection  
15 (1)(a) and after December 31, 2003 for expenses used to calculate a  
16 credit under subsection (1)(b) that were not paid for with funds  
17 the taxpayer received or retained that the taxpayer would not  
18 otherwise have received or retained and that are used for training  
19 an apprentice:

20           (i) Salary and wages paid to an apprentice.

21           (ii) Fringe benefits and other payroll expenses paid for the  
22 benefit of an apprentice.

23           (iii) Costs of classroom instruction and related expenses  
24 identified as costs for which the taxpayer is responsible under an  
25 apprenticeship agreement, including but not limited to tuition,  
26 fees, and books for college level courses taken while the  
27 apprentice is enrolled in high school.

1 (e) "Special apprentice" means a person who is not an  
2 apprentice as defined by ~~section (5)(a)~~ **SUBDIVISION (A)**, is a  
3 resident of this state, is 16 years of age or older but younger  
4 than 25 years of age, and is trained by a taxpayer through a  
5 program that meets all of the criteria under subdivision (a)(i) to  
6 (iv).

7 Sec. 68. (1) If the taxpayer's business activities ~~within~~ **IN**  
8 this state do not include owning or renting real estate ~~estate~~ **PROPERTY**  
9 or tangible personal property, and ~~whose dollar volume of~~ **IF THE**  
10 **TAXPAYER'S** gross sales made during the tax year ~~within~~ **IN** this  
11 state ~~is not in excess of \$100,000.00~~ **DO NOT EXCEED \$100,000.00**  
12 **FOR TAX YEARS THAT BEGIN BEFORE JANUARY 1, 2006 OR \$110,000.00 FOR**  
13 **TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2005**, the taxpayer may  
14 elect ~~for that year~~ to report and pay a ~~THE~~ **THE** tax **IMPOSED UNDER**  
15 **THIS ACT FOR THE TAX YEAR** on the tax base arrived at by multiplying  
16 total sales in this state for the ~~taxable~~ **TAX** year by the ratio of  
17 the tax base, for the tax imposed by this act, to total sales as  
18 reported on the taxpayer's federal income tax return for the same  
19 ~~taxable~~ **TAX** year.

20 (2) The election **UNDER SUBSECTION (1)** is not available for any  
21 ~~taxable~~ **TAX** year for which **THE TAXPAYER FILES** a consolidated or  
22 combined return. ~~is filed.~~