

# SENATE BILL No. 387

April 14, 2005, Introduced by Senators PATTERSON, GILBERT, HARDIMAN, SANBORN, GARCIA, OLSHOVE, GOSCHKA and BIRKHOLZ and referred to the Committee on Commerce and Labor.

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 TAXPAYER'S JOB SKILLS AT AN ELIGIBLE EDUCATIONAL  
8           INSTITUTION.

9           (2) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2006, THE

1 MAXIMUM AMOUNTS OF ADJUSTED GROSS INCOME UNDER SUBSECTION (1) SHALL  
2 BE ADJUSTED BY THE PERCENTAGE INCREASE IN THE UNITED STATES  
3 CONSUMER PRICE INDEX FOR THE IMMEDIATELY PRECEDING CALENDAR YEAR.

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

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

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

14 (6) AS USED IN THIS SECTION:

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

19 (B) "ELIGIBLE EXPENSES" MEANS EXPENSES LISTED IN SUBPARAGRAPHS  
20 (i) AND (ii) PAID FOR COURSES FOR WHICH THE QUALIFIED EMPLOYEE, THE  
21 QUALIFIED EMPLOYEE'S SPOUSE, AND ANY DEPENDENT OF THE QUALIFIED  
22 EMPLOYEE FOR WHOM THE QUALIFIED EMPLOYEE CLAIMS AN EXEMPTION UNDER  
23 SECTION 30(2) FOR THE TAX YEAR IN WHICH THE CREDIT IS CLAIMED TOOK  
24 DURING THE TAX YEAR AND FOR WHICH HE OR SHE RECEIVED ACADEMIC  
25 CREDIT AND DOES NOT INCLUDE EXPENSES LISTED IN SUBPARAGRAPH (iii), AS  
26 FOLLOWS:

27 (i) TUITION.

1           (ii) RELATED EXPENSES SUCH AS STUDENT-ACTIVITY FEES AND  
2 EXPENSES FOR COURSE-RELATED BOOKS, SUPPLIES, AND EQUIPMENT IF THE  
3 RELATED EXPENSES ARE PAID DIRECTLY TO THE ELIGIBLE EDUCATIONAL  
4 INSTITUTION AS A CONDITION FOR ENROLLMENT OR ATTENDANCE AT THE  
5 INSTITUTION OR IN THE COURSE.

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

7           (A) COURSES TAKEN TO MEET A CONTINUING EDUCATION REQUIREMENT  
8 FOR A LICENSE OR CERTIFICATE REQUIRED FOR THE TAXPAYER'S JOB.

9           (B) SPORTS, GAMES, OR HOBBIES.

10          (C) NONCREDIT COURSES.

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

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

17          (E) "QUALIFIED EMPLOYEE" MEANS AN INDIVIDUAL WHO IS AN  
18 EMPLOYEE OF THE ELIGIBLE TAXPAYER DURING THE TAX YEAR AND WHO HAS  
19 MODIFIED ADJUSTED GROSS INCOME OF LESS THAN \$51,000.00 IF THE  
20 EMPLOYEE FILES A SINGLE RETURN OR LESS THAN \$103,000.00 IF THE  
21 EMPLOYEE FILES A JOINT RETURN.

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.