

HOUSE BILL NO. 5771

May 30, 2024, Introduced by Reps. Hoskins, Bierlein, Hood and Martus and referred to the Committee on Economic Development and Small Business.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.847) by adding sections 279 and 679.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 279. (1) For tax years beginning on and after January 1,
2 2024, a taxpayer other than an organization exempt under section
3 501(c) of the internal revenue code that is an employer may claim a
4 work opportunity tax credit against the tax imposed by this part
5 for qualified wages paid to qualified employees equal to 50% of the

1 amount of the credit the taxpayer is allowed to claim as a credit
2 under section 51 of the internal revenue code for a tax year on a
3 return filed under this part for the same tax year. In calculating
4 the amount of the credit allowed under this section, the taxpayer
5 shall exclude from the amount of the credit allowed under section
6 51 of the internal revenue code for that same tax year both of the
7 following:

8 (a) Any amount attributable to employees who were not
9 qualified employees.

10 (b) Any amount of unused credits under section 51 of the
11 internal revenue code that is carried back or forward from another
12 tax year in accordance with section 39 of the internal revenue
13 code.

14 (2) For a taxpayer who is a member of a flow-through entity
15 that qualifies for the credit under this section, that taxpayer may
16 claim a credit against the member's tax liability under this part
17 based on the member's distributive share of business income
18 reported from that flow-through entity or an alternative method
19 approved by the department.

20 (3) If the credit allowed under this section for the tax year
21 exceeds the taxpayer's tax liability for the tax year, that portion
22 that exceeds the tax liability for the tax year must not be
23 refunded.

24 (4) As used in this section:

25 (a) "Qualified employee" means an employee who has been
26 certified by the Michigan unemployment insurance agency as a member
27 of a targeted group and is employed in this state.

28 (b) "Qualified wages" means the wages paid or incurred by the
29 employer during the tax year to qualified employees.

1 Sec. 679. (1) For tax years beginning on and after January 1,
2 2024, a taxpayer other than an organization exempt under section
3 501(c) of the internal revenue code that is an employer may claim a
4 work opportunity tax credit against the tax imposed by this part
5 for qualified wages paid to qualified employees equal to 50% of the
6 amount of the credit the taxpayer is allowed to claim as a credit
7 under section 51 of the internal revenue code for a tax year on a
8 return filed under this part for the same tax year. In calculating
9 the amount of the credit allowed under this section, the taxpayer
10 shall exclude from the amount of the credit allowed under section
11 51 of the internal revenue code for that same tax year, both of the
12 following:

13 (a) Any amount attributable to employees who were not
14 qualified employees.

15 (b) Any amount of unused credits under section 51 of the
16 internal revenue code that is carried back or forward from another
17 tax year in accordance with section 39 of the internal revenue
18 code.

19 (2) If the credit allowed under this section for the tax year
20 exceeds the taxpayer's tax liability for the tax year, that portion
21 that exceeds the tax liability for the tax year must not be
22 refunded.

23 (3) As used in this section:

24 (a) "Qualified employee" means an employee who has been
25 certified by the Michigan unemployment insurance agency as a member
26 of a targeted group and is employed in this state.

27 (b) "Qualified wages" means the wages paid or incurred by the
28 employer during the tax year to qualified employees.

29 Enacting section 1. This amendatory act does not take effect

- 1 unless Senate Bill No.____ or House Bill No. 5772 (request no.
- 2 04854'23) of the 102nd Legislature is enacted into law.