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## SBT CREDIT FOR EMPLOYERS SUPPLEMENTING MILITARY PAY

House Bill 4711  
Sponsor: Rep. Philip LaJoy  
Committee: Tax Policy

Complete to 5-20-03

### A SUMMARY OF HOUSE BILL 4711 AS INTRODUCED 5-20-03

The bill would amend the Single Business Tax Act to provide a tax credit to an employer equal to 25 percent of the total of the following amounts paid in tax years after December 31, 2002 and before January 1, 2006 (that is, for the years 2003, 2004, and 2005):

- The salary, wages, or other compensation added to the military pay and the value of military allowances of eligible employees on active military duty up to an amount equal to the amount the firm would have paid if the eligible employees had not been on active military duty (including any increases in compensation the employees would have received); and
- The cost of health, dental, and vision insurance, monetary contributions to retirement programs or plans, or other benefits paid on behalf of eligible employees while they were on active military duty to maintain the benefit levels for the employees as if they had not been called to active military duty.

The term “eligible employee” would refer to an individual who was a member of the Michigan National Guard or the U.S. military reserve and who was ordered to (or was on) active duty status on or after January 1, 2003, if the individual was eligible to receive any service or campaign medal authorized by the U.S. Congress in Public Law 107-243 on October 16, 2002 in the “Authorization for the Use of Military Force Against Iraq Resolution of 2002.”

The credit created by the bill would be a refundable credit only for firms that had no tax liability or that were not required to file a return for the tax year for which they claimed the credit. Otherwise, the credit would not be refundable but could be carried forward as an offset to tax liability in subsequent tax years until used up. (A credit is a direct reduction in tax liability, and a refundable credit is a credit that is paid in full even if it exceeds the tax liability of the taxpayer.)

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