

# SENATE BILL No. 814

(As amended December 10, 2003)

October 30, 2003, Introduced by Senators TOY, KUIPERS, BIRKHOLZ, GOSCHKA, BISHOP, SIKKEMA, HAMMERSTROM, CROPSEY, GEORGE, GILBERT, PATTERSON, BROWN, VAN WOERKOM, SANBORN, JELINEK, McMANUS, HARDIMAN, STAMAS, JOHNSON and GARCIA and referred to the Committee on Commerce and Labor.

A bill to amend 1975 PA 228, entitled "Single business tax act," by amending section 38e (MCL 208.38e), as amended by 1999 PA 184.

**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**  
6 **circumstances:**

7       (a) **Except for apprentices trained under subdivision (b) [or (c)],**  
8 **an**  
9 **amount** not to exceed \$2,000.00 for each apprentice trained by the  
10 taxpayer in the tax year.

10       (b) **For companies that have a classification under the North**

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1 American industrial classification system (NAICS) of 333511,  
2 333512, 333513, 333514, or 333515 and for tax years that begin  
3 after December 31, 2003, an amount not to exceed \$4,000.00 for  
4 each apprentice trained by the taxpayer in the tax year.

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

5 (2) If the credit allowed under this section exceeds the tax  
6 liability of the taxpayer under this act for the tax year, that  
7 portion of the credit that exceeds the tax liability shall be  
8 refunded.

9 (3) The credit allowed under this section shall be claimed on  
10 the annual return required under section 73, or for a taxpayer  
11 that is not required to file an annual return, the department  
12 shall provide that the credit under this subsection may be  
13 claimed on the C-8044 form, a successor form for persons not  
14 required to file an annual return, or other simplified form  
15 prescribed by the department.

16 (4) For each year that this credit is in effect, the [Michigan  
17 ~~department of career development~~ department of labor and economic  
growth]

18 shall prepare a report containing information including, but not  
19 limited to, the number of companies taking advantage of the  
20 apprenticeship credit, the number of apprentices participating in  
21 the program, the number of apprentices who complete a program the  
22 costs of which were the basis of a credit under this section, the  
23 number of apprentices that were hired by the taxpayer after the  
24 apprenticeship training was completed for which the taxpayer  
25 claimed a credit under this section for the costs of training  
26 that apprentice, information on the employment status of  
27 individuals who have completed an apprenticeship to the extent

1 the information is available, and the fiscal impact of the  
2 apprenticeship credit. This report shall then be transmitted to  
3 the house tax policy and senate finance committees and to the  
4 house and senate appropriations committees. This report shall be  
5 due no later than the first day of March each year.

6 (5) As used in this section:

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

13 (i) The program is registered with the bureau of  
14 apprenticeship and training of the United States department of  
15 labor.

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

18 (iii) The program is filed with a local workforce development  
19 board.

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

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

25 (c) "Local workforce development board" means a board  
26 established by the chief elected official of a local unit of  
27 government pursuant to the job training partnership act, Public

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1 Law 97-300, 96 Stat. 1322, that has the responsibility to ensure  
2 that the workforce needs of the employers in the geographic area  
3 governed by the local unit of government are met.

4 (d) "Qualified expenses" means all of the following expenses  
5 paid by the taxpayer in a tax year that begins after December 31,  
6 1996 **for expenses used to calculate a credit under subsection**  
7 **(1)(a) and after December 31, 2003 for expenses used to calculate**  
8 **a credit under subsection (1)(b)** that were not paid for with  
9 funds the taxpayer received or retained that the taxpayer would  
10 not otherwise have received or retained and that are used for  
11 training an apprentice:

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

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

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

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