

# HOUSE BILL No. 4377

March 7, 1989, Introduced by Reps. Martin, Watkins, Camp. Hunter and Gilmer and referred to the Committee on Taxation.

A bill to amend Act No. 228 of the Public Acts of 1975, entitled as amended

"Single business tax act,"

as amended, being sections 208.1 to 208.145 of the Michigan Compiled Laws, by adding section 37c.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Act No. 228 of the Public Acts of 1975, as  
2 amended, being sections 208.1 to 208.145 of the Michigan Compiled  
3 Laws, is amended by adding section 37c to read as follows:

4       SEC. 37C. (1) A TAXPAYER THAT IS AN EMPLOYER MAY CLAIM AS A  
5 CREDIT AGAINST THE TAX IMPOSED BY THIS ACT 1 OR MORE OF THE  
6 FOLLOWING:

7       (A) SUBJECT TO THE LIMITS PRESCRIBED IN SUBSECTIONS (2) AND  
8 (3), THE AMOUNT OF GROSS WAGES THAT THE TAXPAYER PAYS TO A  
9 QUALIFIED EMPLOYEE.

1 (B) SUBJECT TO THE LIMITS PRESCRIBED IN SUBSECTION (2), THE  
2 VALUE OF CHILD CARE SERVICES THAT THE TAXPAYER PROVIDES TO A  
3 QUALIFIED EMPLOYEE.

4 (C) SUBJECT TO THE LIMITS PRESCRIBED IN SUBSECTION (2), THE  
5 COST TO THE EMPLOYER OF HEALTH INSURANCE OR HEALTH COVERAGE THAT  
6 THE TAXPAYER PROVIDES TO A QUALIFIED EMPLOYEE.

7 (2) A TAXPAYER SHALL NOT CLAIM A CREDIT UNDER THIS SECTION  
8 FOR WAGES, CHILD CARE, OR HEALTH INSURANCE OR HEALTH COVERAGE  
9 PAID TO OR PROVIDED FOR A QUALIFIED EMPLOYEE AFTER 5 YEARS AFTER  
10 THE DATE ON WHICH THE QUALIFIED EMPLOYEE BECOMES INELIGIBLE FOR  
11 PUBLIC ASSISTANCE BECAUSE HE OR SHE IS EMPLOYED BY THE TAXPAYER.

12 (3) A TAXPAYER SHALL NOT CLAIM A CREDIT UNDER THIS SECTION  
13 FOR GROSS WAGES PAID TO A QUALIFIED EMPLOYEE THAT EXCEEDS EITHER  
14 THE AMOUNT THAT THE QUALIFIED EMPLOYEE WOULD HAVE BEEN ELIGIBLE  
15 TO RECEIVE DURING THE TAX YEAR AS A PUBLIC ASSISTANCE GRANT IF HE  
16 OR SHE WERE NOT EMPLOYED OR THE FOLLOWING AMOUNT, WHICHEVER IS  
17 LESS:

18 (A) FOR THE FIRST YEAR OF EMPLOYMENT, 100% OF THE GROSS  
19 WAGES PAID.

20 (B) FOR THE SECOND YEAR OF EMPLOYMENT, 90% OF THE GROSS  
21 WAGES PAID.

22 (C) FOR THE THIRD YEAR OF EMPLOYMENT, 80% OF THE GROSS WAGES  
23 PAID.

24 (D) FOR THE FOURTH YEAR OF EMPLOYMENT, 70% OF THE GROSS  
25 WAGES PAID.

26 (E) FOR THE FIFTH YEAR OF EMPLOYMENT, 50% OF THE GROSS WAGES  
27 PAID.

1 (4) TO THE EXTENT NECESSARY TO COMPUTE THE CREDIT ALLOWED  
2 UNDER THIS SECTION, THE DEPARTMENT OF SOCIAL SERVICES SHALL PRO-  
3 VIDE TO THE TAXPAYER INFORMATION ABOUT THE AMOUNT OF PUBLIC  
4 ASSISTANCE GRANT FOR WHICH A QUALIFIED EMPLOYEE WOULD HAVE BEEN  
5 QUALIFIED IF HE OR SHE WERE NOT EMPLOYED.

6 (5) THE CREDIT PERMITTED UNDER THIS SECTION MAY BE CLAIMED  
7 IN ADDITION TO ANY OTHER CREDITS FOR WHICH THE TAXPAYER IS ELIGI-  
8 BLE UNDER THIS ACT. THE TAXPAYER SHALL CLAIM THE CREDIT FOR THE  
9 TAX YEAR IN WHICH THE TAXPAYER PAYS THE WAGES OR PROVIDES THE  
10 CHILD CARE OR HEALTH INSURANCE OR COVERAGE. AN AMOUNT OF THE  
11 CREDIT PERMITTED BY THIS SECTION IN EXCESS OF THE TAX LIABILITY  
12 OF THE TAXPAYER FOR THE TAX YEAR MAY BE CARRIED OVER AND APPLIED  
13 AGAINST SUBSEQUENT YEARS' TAX LIABILITIES OF THE TAXPAYER.

14 (6) AS USED IN THIS SECTION:

15 (A) "PUBLIC ASSISTANCE GRANT" MEANS A GRANT OF GENERAL  
16 ASSISTANCE OR AID TO FAMILIES WITH DEPENDENT CHILDREN ADMINIS-  
17 TERED UNDER THE SOCIAL WELFARE ACT, ACT NO. 280 OF THE PUBLIC  
18 ACTS OF 1939, BEING SECTIONS 400.1 TO 400.121 OF THE MICHIGAN  
19 COMPILED LAWS, BUT DOES NOT INCLUDE THE VALUE OF MEDICAL SERVICES  
20 OR A CHILD CARE ALLOWANCE FOR WHICH A PERSON MAY BE ELIGIBLE  
21 UNDER ACT NO. 280 OF THE PUBLIC ACTS OF 1939.

22 (B) "QUALIFIED EMPLOYEE" MEANS AN INDIVIDUAL WHO, IMMEDI-  
23 ATELY BEFORE BECOMING AN EMPLOYEE OF A TAXPAYER, RECEIVED A  
24 PUBLIC ASSISTANCE GRANT FOR A PERIOD OF NOT LESS THAN 30 DAYS AND  
25 WHO, AFTER THE EFFECTIVE DATE OF THIS SECTION, BECOMES INELIGIBLE  
26 FOR PUBLIC ASSISTANCE GRANTS BECAUSE HE OR SHE IS AN EMPLOYEE OF  
27 THE TAXPAYER.

1       Section 2. This amendatory act shall not take effect unless  
2 Senate Bill No. \_\_\_\_\_ or House Bill No. 4376 (request  
3 no. 01051'89 \*) of the 85th Legislature is enacted into law.