



SENATE BILL No. 971

April 18, 1996, Introduced by Senator BERRYMAN and referred to the Committee on Finance.

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

"Single business tax act,"

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

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 37e to read as follows:

4 SEC. 37E. (1) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31,
5 1996, A TAXPAYER WITH 10 OR MORE EMPLOYEES MAY CLAIM A CREDIT
6 AGAINST THE TAX IMPOSED UNDER THIS ACT EQUAL TO \$250.00 MULTI-
7 PLIED BY THE AVERAGE NUMBER OF EMPLOYEES OF THE TAXPAYER FOR THE
8 TAX YEAR OR 50% OF QUALIFIED WAGES MULTIPLIED BY THE AVERAGE

1 NUMBER OF EMPLOYEES OF THE TAXPAYER FOR THE TAX YEAR, WHICHEVER
2 IS LESS.

3 (2) THE CREDIT ALLOWED UNDER THIS SECTION SHALL NOT EXCEED
4 \$25,000.00 FOR ANY 1 TAX YEAR.

5 (3) IF THE CREDIT ALLOWED UNDER THIS SECTION FOR THE TAX
6 YEAR AND ANY UNUSED CARRYFORWARD OF THE CREDIT ALLOWED BY THIS
7 SECTION EXCEED THE TAXPAYER'S TAX LIABILITY FOR THE TAX YEAR,
8 THAT PORTION THAT EXCEEDS THE TAX LIABILITY FOR THE TAX YEAR
9 SHALL NOT BE REFUNDED BUT MAY BE CARRIED FORWARD TO OFFSET TAX
10 LIABILITY IN SUBSEQUENT TAX YEARS FOR 2 YEARS OR UNTIL USED UP,
11 WHICHEVER OCCURS FIRST.

12 (4) AN AFFILIATED GROUP AS DEFINED IN THIS ACT, A CONTROLLED
13 GROUP OF CORPORATIONS AS DEFINED BY SECTION 1563 OF THE INTERNAL
14 REVENUE CODE AND FURTHER DESCRIBED IN 26 C.F.R. 1.414(b)-1 AND
15 1.414(c)-1 TO 1.414.(c)-5, OR AN ENTITY UNDER COMMON CONTROL AS
16 DEFINED BY THE INTERNAL REVENUE CODE SHALL NOT CLAIM THE CREDIT
17 ALLOWED UNDER THIS SECTION UNLESS THE BUSINESS ACTIVITIES OF THE
18 ENTITIES ARE CONSOLIDATED.

19 (5) AS USED IN THIS SECTION:

20 (A) "DETROIT CONSUMER PRICE INDEX" MEANS THE MOST COMPREHEN-
21 SIVE INDEX OF CONSUMER PRICES AVAILABLE FOR THE DETROIT AREA FROM
22 THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR
23 STATISTICS.

24 (B) "EMPLOYEES" MEANS ALL EMPLOYEES OF THE TAXPAYER WHO WORK
25 2,080 HOURS OR MORE PER YEAR EXCEPT FOR THE PERSONS WHO ARE
26 EMPLOYED IN THE FOLLOWING CAPACITIES OR THE EQUIVALENT OF THOSE
27 POSITIONS OR WHO MEET THE FOLLOWING CRITERIA:

(i) CHIEF EXECUTIVE OFFICER.

(ii) COMPANY PRESIDENT.

(iii) CHIEF FINANCIAL OFFICER.

(iv) COMPANY VICE-PRESIDENT.

(v) ANY PERSON WITH A 5% OR GREATER OWNERSHIP INTEREST IN

THE COMPANY CLAIMING THE CREDIT UNDER THIS SECTION.

(C) "QUALIFIED WAGES" MEANS AN AMOUNT GREATER THAN ZERO CALCULATED AS FOLLOWS:

(i) DIVIDE TOTAL PAYROLL OF ALL EMPLOYEES OF THE TAXPAYER FOR THE TAX YEAR IMMEDIATELY PRECEDING THE TAX YEAR IN WHICH THE CREDIT IS CLAIMED BY THE AVERAGE NUMBER OF EMPLOYEES OF THE TAXPAYER DURING THAT TAX YEAR AND THEN ADJUST THAT AMOUNT BY THE PERCENTAGE INCREASE IN THE DETROIT CONSUMER PRICE INDEX FOR THAT TAX YEAR.

(ii) DIVIDE TOTAL PAYROLL OF ALL EMPLOYEES OF THE TAXPAYER FOR THE TAX YEAR FOR WHICH THE CREDIT IS CLAIMED BY THE AVERAGE NUMBER OF EMPLOYEES OF THE TAXPAYER DURING THAT TAX YEAR.

(iii) SUBTRACT THE AMOUNT CALCULATED UNDER SUBPARAGRAPH (i) FROM THE AMOUNT CALCULATED UNDER SUBPARAGRAPH (ii).