

# HOUSE BILL NO. 5200

November 06, 2019, Introduced by Reps. Clemente, Hammoud, Ellison, Lasinski, Hood, Sowerby, Shannon, Tate, Manoogian, Sabo, Cherry, Brixie, Pagan, Haadsma, Wittenberg, Guerra and Bolden and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
(MCL 206.1 to 206.713) 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 2020, a qualified taxpayer may claim a credit against the tax  
3 imposed by this part equal to the sum of 50% of the qualified  
4 expenses defined in subsection (5) (c) (i) and (ii) and 100% of the  
5 qualified expenses defined in subsection (5) (c) (iii) paid by the  
6 qualified taxpayer in the tax year or \$2,000.00 for each apprentice



1 trained by the qualified taxpayer in the tax year, whichever is  
2 less.

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

7 (3) The credit allowed under this section shall be claimed on  
8 the annual return required under section 311. For a taxpayer that  
9 is not required to file an annual return, the department shall  
10 provide that the credit under this section may be claimed on a form  
11 prescribed by the department.

12 (4) For each year that this credit is in effect, the  
13 department of labor and economic opportunity shall prepare a report  
14 containing information including, but not limited to, the number of  
15 qualified taxpayers taking advantage of the apprenticeship credit,  
16 the number of apprentices participating in the program, the number  
17 of apprentices who complete a program the costs of which were the  
18 basis of a credit under this section, the number of apprentices  
19 that were hired by the taxpayer after the apprenticeship training  
20 was completed for which the taxpayer claimed a credit under this  
21 section for the costs of training that apprentice, information on  
22 the employment status of individuals who have completed an  
23 apprenticeship to the extent the information is available, and the  
24 fiscal impact of the apprenticeship credit. This report shall then  
25 be transmitted to the house tax policy and senate finance  
26 committees and to the house and senate appropriations committees.  
27 This report shall be due no later than the first day of March each  
28 year.

29 (5) As used in this section:



1 (a) "Apprentice" means a person who is a resident of this  
2 state, is 16 years of age or older, and is trained by a taxpayer  
3 through a program that meets all of the following criteria:

4 (i) The program is registered with the employment and training  
5 administration of the United States Department of Labor.

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

8 (iii) The program is filed with a local workforce development  
9 board.

10 (b) "Local workforce development board" means a board  
11 authorized under the workforce innovation and opportunity act in 29  
12 USC 3101 to 3361 that has the responsibility to ensure that the  
13 workforce needs of the employers in the geographic area governed by  
14 the local unit of government are met.

15 (c) "Qualified expenses" means all of the following expenses  
16 paid by the taxpayer in a tax year that begins after December 31,  
17 2019 that were not paid for with funds the taxpayer received or  
18 retained, that the taxpayer would not otherwise have received or  
19 retained, and that are used for training an apprentice:

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

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

23 (iii) Costs of classroom instruction and related expenses  
24 identified as costs for which the taxpayer is responsible under an  
25 apprenticeship agreement, including, but not limited to, tuition,  
26 fees, and books for college-level courses.

27 (d) "Qualified taxpayer" means a taxpayer that has 20 full-  
28 time employees or less.

29 Sec. 679. (1) For tax years beginning on and after January 1,



1 2020, a qualified taxpayer may claim a credit against the tax  
2 imposed by this part equal to the sum of 50% of the qualified  
3 expenses defined in subsection (5) (c) (i) and (ii) and 100% of the  
4 qualified expenses defined in subsection (5) (c) (iii) paid by the  
5 qualified taxpayer in the tax year or \$2,000.00 for each apprentice  
6 trained by the qualified taxpayer in the tax year, whichever is  
7 less.

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

12 (3) The credit allowed under this section shall be claimed on  
13 the annual return required under section 685. For a taxpayer that  
14 is not required to file an annual return, the department shall  
15 provide that the credit under this section may be claimed on a form  
16 prescribed by the department.

17 (4) For each year that this credit is in effect, the  
18 department of labor and economic opportunity shall prepare a report  
19 containing information including, but not limited to, the number of  
20 qualified taxpayers taking advantage of the apprenticeship credit,  
21 the number of apprentices participating in the program, the number  
22 of apprentices who complete a program the costs of which were the  
23 basis of a credit under this section, the number of apprentices  
24 that were hired by the taxpayer after the apprenticeship training  
25 was completed for which the taxpayer claimed a credit under this  
26 section for the costs of training that apprentice, information on  
27 the employment status of individuals who have completed an  
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29 fiscal impact of the apprenticeship credit. This report shall then



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