



Telephone: (517) 373-5383 Fax: (517) 373-1986 TDD: (517) 373-0543

S.B. 223: FLOOR ANALYSIS

Senate Bill 223 (as reported with amendment)

Sponsor: Senator Ron Jelinek

Committee: Agriculture, Forestry and Tourism

CONTENT

The bill would amend the Single Business Tax Act to allow companies with particular North American Industry Classification System (NAICS) classifications (pertaining to food processing) to claim a credit of up to \$4,000 per apprentice trained by a company in a tax year. The bill would apply to tax years beginning after December 31, 2004.

The Act allows a taxpayer to claim a refundable credit of up to \$2,000 against the tax for qualified expenses related to the training of an apprentice. The credit equals 50% of the salary and wages paid to the apprentice, 50% of fringe benefits and other payroll expenses paid for his or her benefit, and 100% of the costs of classroom instruction and related expenses for which the taxpayer is responsible under an apprenticeship agreement. Under the bill, the \$4,000 credit could be claimed for the same expenses, and the \$2,000 credit would continue to be available if the \$4,000 credit did not apply.

The Act defines "apprentice" as a State resident at least 16 but under 20 years old who has not obtained a high school diploma, is enrolled in high school or a general education development (G.E.D.) test preparation program (or is expecting to enroll within three months), and is trained by the taxpayer in a program that meets the following criteria:

- -- Is registered with the Bureau of Apprenticeship and Training of the U.S. Department of Labor.
- -- Includes a minimum of at least 4,000 hours.
- -- Is provided pursuant to an agreement signed by the taxpayer and the apprentice.
- -- Is filed with the local workforce development board.

MCL 208.38e Legislative Analyst: Claire Layman

FISCAL IMPACT

Given that food manufacturers are currently eligible for the apprenticeship tax credit up to \$2,000 per qualified apprentice, and that the latest data available reveal that all businesses are claiming only about \$100,000 in apprenticeship tax credits, it is estimated that this bill would reduce single business tax revenue by less than \$100,000. This loss in revenue would affect the General Fund/General Purpose budget. The bill would have no direct impact on local governments.

Date Completed: 3-3-05 Fiscal Analyst: Jay Wortley

floor\sb223 Analysis available @ http://www.michiganlegislature.org
This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.