



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

**BILL ANALYSIS**

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

Senate Bill 387 (Substitute S-4 as reported by the Committee of the Whole)  
Sponsor: Senator Bruce Patterson  
Committee: Commerce and Labor

**CONTENT**

The bill would amend the Single Business Tax (SBT) Act to allow an "eligible taxpayer", for tax years beginning after December 31, 2005, to claim a credit against the SBT equal to 10% of the first \$10,000 of "eligible expenses" paid in the tax year for each "qualified employee", for courses taken at an "eligible educational institution" that would lead to a postsecondary degree or that were taken to acquire or improve the employee's job skills. If the amount of the credit exceeded the eligible taxpayer's tax liability, the excess portion would have to be refunded. Money from any other source used to pay for eligible expenses could not be used to calculate the credit. Amounts deducted under any other section of the SBT Act or the Income Tax Act could not be used to calculate the credit.

"Eligible taxpayer" would mean a taxpayer with an average of 250 or fewer full-time equivalent employees. "Qualified employee" would mean an employee of the eligible taxpayer who has modified adjusted gross income of less than \$51,000, if the employee files a single return, or less than \$103,00, if the employee files a joint return; is at least 24 years old; is employed for at least 25 hours per week; and is not a full-time student. After December 31, 2006, the income amounts would have to be adjusted annually according to the U.S. consumer price index.

"Eligible expenses" would mean tuition or related expenses paid for courses that the qualified employee took during the tax year and for which he or she received academic credit. Eligible expenses would not include any expenses related to courses taken to meet a continuing education requirement for a license or certificate required for the qualified employee's job; sports, games, or hobbies; or noncredit courses. "Eligible educational institution" would mean any college, university, vocational school, or other postsecondary educational institution that is eligible to participate in a student aid program administered by the U.S. Department of Education.

Proposed MCL 208.35d

Legislative Analyst: Patrick Affholter

**FISCAL IMPACT**

The bill would reduce single business tax revenue by an estimated \$2 million beginning in FY 2006-07. All of this loss in revenue would affect the General Fund. The bill would have no direct impact on local government.

Date Completed: 6-14-05

Fiscal Analyst: Jay Wortley