

# HOUSE BILL No. 5577

January 24, 2006, Introduced by Reps. Angerer, Gleason, Mayes, Clemente, Wojno, Espinoza, Leland, Farrah, Donigan, Tobocman, Plakas, Kathleen Law and Lemmons, III and referred to the Committee on Tax Policy.

A bill to amend 1975 PA 228, entitled  
"Single business tax act,"  
(MCL 208.1 to 208.145) by adding section 35e.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           SEC. 35E. (1) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31,  
2   2005, A TAXPAYER MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED UNDER  
3   THIS ACT EQUAL TO THE SALARY, WAGES, OR OTHER COMPENSATION THAT  
4   WHEN ADDED TO ALL MILITARY PAY AND THE VALUE OF MILITARY ALLOWANCES  
5   RECEIVED BY THE ELIGIBLE EMPLOYEES WOULD BE EQUAL TO OR LESS THAN  
6   THE AMOUNT THE TAXPAYER WOULD HAVE PAID ELIGIBLE EMPLOYEES HAD THE  
7   ELIGIBLE EMPLOYEES NOT BEEN ON ACTIVE MILITARY DUTY FOR THE PERIOD  
8   OF TIME DURING WHICH THOSE ELIGIBLE EMPLOYEES WERE ON ACTIVE  
9   MILITARY DUTY PAID IN TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2005

1 TO ELIGIBLE EMPLOYEES.

2 (2) EXCEPT AS PROVIDED IN SUBSECTION (3), IF THE CREDIT  
3 ALLOWED UNDER THIS SECTION FOR THE TAX YEAR AND ANY UNUSED  
4 CARRYFORWARD OF THE CREDIT ALLOWED UNDER THIS SECTION EXCEED THE  
5 TAX LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THE EXCESS SHALL  
6 NOT BE REFUNDED, BUT MAY BE CARRIED FORWARD AS AN OFFSET TO THE TAX  
7 LIABILITY IN SUBSEQUENT TAX YEARS UNTIL THE EXCESS CREDIT IS USED  
8 UP.

9 (3) THE CREDIT ALLOWED UNDER THIS SECTION SHALL BE CONSIDERED  
10 A REFUNDABLE CREDIT ONLY FOR TAXPAYERS SUBJECT TO THIS ACT THAT  
11 HAVE NO TAX LIABILITY OR THAT ARE NOT REQUIRED TO FILE A RETURN FOR  
12 THE TAX YEAR FOR WHICH THEY ARE CLAIMING THE CREDIT ALLOWED UNDER  
13 THIS SECTION.

14 (4) AS USED IN THIS SECTION:

15 (A) "ACTIVE DUTY STATUS" MEANS FULL-TIME DUTY IN THE ARMED  
16 FORCES OTHER THAN ACTIVE DUTY THAT IS EXCLUSIVELY FOR TRAINING  
17 PURPOSES.

18 (B) "ARMED FORCES OF THE UNITED STATES" MEANS THE UNITED  
19 STATES ARMY, NAVY, MARINE CORPS, AIR FORCE, COAST GUARD, AND OTHER  
20 MILITARY FORCE DESIGNATED BY CONGRESS AS PART OF THE ARMED FORCES  
21 OF THE UNITED STATES INCLUDING THE RESERVE COMPONENTS.

22 (C) "ELIGIBLE EMPLOYEE" MEANS AN INDIVIDUAL WHO IS IN THE  
23 ARMED FORCES OF THE UNITED STATES OR A MEMBER OF THE MICHIGAN  
24 NATIONAL GUARD ON ACTIVE DUTY STATUS.