

SENATE BILL NO. 425

June 17, 2025, Introduced by Senator BELLINO and referred to Committee on Appropriations.

A bill to amend 1966 PA 331, entitled
"Community college act of 1966,"
by amending sections 161 and 163 (MCL 389.161 and 389.163), section
161 as amended by 2023 PA 186 and section 163 as amended by 2015 PA
130.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 161. As used in this chapter:
- 2 (a) "Agreement" means a written agreement between an employer
- 3 and a community college district concerning a project and any

1 amendments to that agreement.

2 (b) "Bond" or "bonds" means bonds, notes, or other debt issued
3 by a community college district under this chapter.

4 (c) "Employer" means a person that is engaged in business and
5 has employees in this state.

6 (d) "New job" means a full-time job in this state that meets
7 all of the following:

8 (i) Except as provided in subparagraph (ii) or (iii), is a new,
9 existing, or expanding business of an employer **and includes a full-**
10 **time job held by an employee whose income taxes are withheld by a**
11 **professional employer organization on behalf of the employer.**

12 (ii) Is not a job of a recalled worker, a replacement job, or
13 any other job that existed in the employer's business within the 1-
14 year period preceding the date of an agreement.

15 (iii) Is not a job that is part of an employer's business
16 operation located in a municipality in this state, if that job
17 existed in a business operation or a substantially similar business
18 operation of the employer formerly located in another municipality
19 in this state, the employer moved that business operation or
20 substantially similar business operation to its current location,
21 and the employer closed or substantially reduced that former
22 business operation or substantially similar business operation.

23 (iv) Results in a net increase in employment in this state for
24 that employer.

25 (v) The wage paid for the job at the time of the contract is
26 at least the county ALICE rate. As used in this subdivision,
27 "county ALICE rate" means an amount equal to the minimum hourly
28 wage rate necessary to pay the minimal estimate of the total
29 household essentials for a household of 1 adult and 1 child in the

1 county in which a job is primarily performed, based on the most
 2 recent household survival budget data provided by United for ALICE
 3 at unitedforalice.org.

4 (e) "New jobs credit from withholding" means the credit
 5 described in section 163.

6 (f) "New jobs training program" or "program" means the project
 7 or projects established by a community college district for the
 8 creation of jobs by providing education and training or retraining
 9 of workers for new jobs.

10 (g) **"Professional employer organization" means that term as**
 11 **defined in section 3 of the Michigan professional employer**
 12 **organization regulatory act, 2010 PA 370, MCL 338.3723.**

13 (h) ~~(g)~~ "Program costs" means all necessary and incidental
 14 costs of providing program services.

15 (i) ~~(h)~~ "Program services" includes, but is not limited to,
 16 any of the following:

17 (i) Training or retraining for new jobs.

18 (ii) Adult basic education and job-related instruction.

19 (iii) Developmental, readiness, and remedial education.

20 (iv) Vocational and skill-assessment services and testing.

21 (v) Training facilities, equipment, materials, and supplies.

22 (vi) Administrative expenses for the new jobs training program.

23 (vii) Subcontracted services with public universities and
 24 colleges in this state, private colleges or universities, or any
 25 federal, state, or local departments or agencies.

26 (viii) Contracted or professional services.

27 (j) ~~(i)~~ "Project" means a training arrangement that is the
 28 subject of an agreement entered into between the community college
 29 district and an employer to provide program services.

1 (k) ~~(j)~~ "State minimum wage" means the minimum hourly wage
2 rate in effect as of the date the employer and the community
3 college district enter into the agreement to establish the project
4 under former 1964 PA 154 or under the workforce opportunity wage
5 act, 2014 PA 138, MCL 408.411 to 408.424, as applicable.

6 Sec. 163. (1) If any part of the program costs of a new jobs
7 training program are to be paid from receipt of money from a new
8 jobs credit from withholding, the agreement ~~shall~~**must** contain all
9 of the following provisions:

10 (a) That program costs are to be paid from money received from
11 a new jobs credit from withholding.

12 (b) That the new jobs credit from withholding ~~shall~~**must** be
13 based on salary and wages paid to employees of the employer in the
14 new jobs.

15 (c) That for each employee in a new job, the employer shall
16 each month pay the amount required to be deducted and withheld by
17 the employer under section 703 of the income tax act of 1967, 1967
18 PA 281, MCL 206.703, to the community college district in the same
19 manner as the employer returns and pays withholding payments to the
20 revenue division of the department of treasury, and the community
21 college district shall pay the amounts received into a special fund
22 to pay program costs and the principal of and interest on any bonds
23 issued by the community college district to finance or refinance
24 the project in whole or in part.

25 (d) That the community college district may irrevocably pledge
26 the new jobs credit from withholding, and the special fund into
27 which the withholdings are paid, for the payment of the principal
28 of and interest on bonds issued by a community college district to
29 finance or refinance the project in whole or in part.

1 (e) That for each new jobs credit from withholding paid to a
2 community college district under subdivision (c), the employer
3 shall certify to the department of treasury that the payment was
4 made pursuant to an agreement and shall provide any other
5 information reasonably requested by the department of treasury.

6 (f) Any other provisions required by the community college
7 district.

8 (2) At the end of each calendar quarter, a community college
9 district receiving money from a new jobs credit from withholding
10 shall certify to the department of treasury the amount of new jobs
11 credit from withholding each employer **and each professional**
12 **employer organization, respectively, if applicable,** with which the
13 community college district has an agreement has remitted to the
14 community college district in that calendar quarter. **This**
15 **certification must be made in the form and manner required by the**
16 **department of treasury.**

17 (3) By April 1 of each year, **in the form and manner required**
18 **by the department of treasury,** each community college district that
19 received money from a new jobs credit from withholding in the
20 preceding calendar year shall provide all of the following
21 information to the department of treasury for the preceding
22 calendar year:

23 (a) The name of the community college district.

24 (b) The name of each employer with which the community college
25 district has an agreement, organized by major industry group under
26 the North American industry classification system published by the
27 office of management and budget.

28 (c) The amount of money from a new jobs credit from
29 withholding each employer described in subdivision (b) has remitted

1 to the community college district **and each professional employer**
2 **organization, respectively, if applicable.**

3 (d) The amount of new jobs training revenue bonds the
4 community college district has authorized, issued, or sold.

5 (e) The total amount of the community college district's debt
6 related to agreements at the end of the calendar year.

7 (f) The number of degrees or certificates awarded to program
8 participants in the calendar year.

9 (g) The number of individuals who entered a program at the
10 community college district in the calendar year; who completed the
11 program in the calendar year; and who were enrolled in a program at
12 the end of the calendar year.

13 (h) The number of individuals who completed a program an
14 employer described in subdivision (b) hired to fill new jobs.

15 (i) Any other information reasonably requested by the
16 department of treasury.

17 **(4) For purposes of an agreement entered under this section**
18 **and determining the new jobs credit from withholding under that**
19 **agreement, if an employer with which the community college district**
20 **has an agreement enters into an agreement with a professional**
21 **employer organization for employees in new jobs, that agreement**
22 **does not sever the employer-employee relation of the employer and**
23 **the salary and wages paid by a professional employer organization**
24 **to employees in new jobs on behalf of that employer are salary and**
25 **wages paid by the employer under that agreement. And, accordingly,**
26 **the professional employer organization, on behalf of that employer,**
27 **shall pay the amount required to be deducted and withheld under**
28 **section 703 of the income tax act of 1967, 1967 PA 281, MCL**
29 **206.703, from those employees in new jobs to the community college**

1 district in the same manner as required of the employer under the
2 agreement. These payments must be reported to the department of
3 treasury in the form and manner required by the department of
4 treasury.

5 Enacting section 1. This amendatory act does not take effect
6 unless Senate Bill No. 426 of the 103rd Legislature is enacted into
7 law.