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A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.847) by adding section 284.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 284. (1) For tax years beginning on and after January 1,
2 2023 and subject to the limitations under this section, a taxpayer
3 may claim a work opportunity tax credit against the tax imposed by
4 this part equal to the following percentages of the qualified
5 first-year wages paid by the taxpayer during the tax year to each
6 qualified employee as follows:

7 (a) Twenty-five percent of the qualified first-year wages for



1 a qualified employee who worked at least 120 hours but less than
2 400 hours.

3 (b) Forty percent of the qualified first-year wages for a
4 qualified employee who worked 400 or more hours.

5 (2) The maximum amount of qualified first-year wages that a
6 taxpayer may claim for any 1 qualified employee is \$6,000.00. A
7 taxpayer shall not claim a credit under this section for a
8 qualified employee who meets any of the following conditions:

9 (a) Is a related individual as described in section 51 of the
10 internal revenue code.

11 (b) Worked less than 120 hours for the taxpayer.

12 (c) Prior to the hiring date of that qualified employee, that
13 same individual had been employed by the taxpayer at any prior
14 time.

15 (3) For a taxpayer who is a member of a flow-through entity,
16 the amount of the credit allowed under this section shall be based
17 on the member's proportionate share of ownership or based on an
18 alternative method approved by the department.

19 (4) If the credit allowed under this section for the tax year
20 and any unused carryforward of the credit allowed by this section
21 exceed the taxpayer's tax liability for the tax year, that portion
22 that exceeds the tax liability for the tax year shall be refunded.

23 (5) In order to claim the credit under this section for a new
24 employee, the taxpayer shall submit an Internal Revenue Service
25 form 8850 to the Michigan unemployment insurance agency and obtain
26 certification from the Michigan unemployment insurance agency that
27 the newly hired employee is a member of a targeted group. The
28 taxpayer shall attach a copy of the certification with the annual
29 return for which a credit under this section is claimed.

1 (6) As used in this section and section 674:

2 (a) "Member of a targeted group" means an individual who is a
3 qualified IV-A recipient, qualified veteran, qualified ex-felon,
4 designated community resident, vocational rehabilitation referral,
5 qualified summer youth employee, qualified supplemental nutrition
6 assistance program benefits recipient, qualified SSI recipient,
7 long-term family assistance recipient, or qualified long-term
8 unemployment recipient, as those terms are defined under section 51
9 of the internal revenue code.

10 (b) "Qualified employee" means a newly hired employee who is
11 certified by the Michigan unemployment insurance agency as a member
12 of a targeted group.

13 (c) "Qualified first-year wages" means, with respect to any
14 qualified employee, wages attributable to service rendered during
15 the 1-year period beginning with the day the qualified employee
16 begins work for the taxpayer.

17 (d) "Qualified wages" means wages paid or incurred by the
18 taxpayer during the tax year to individuals who are qualified
19 employees.

20 (e) "Wages" means that term as defined under section 3306(b)
21 of the internal revenue code and determined without regard to any
22 dollar limitation within section 3306(b) of the internal revenue
23 code.

24 Enacting section 1. This amendatory act does not take effect
25 unless Senate Bill No.____ or House Bill No.____ (request no.
26 05489'22) of the 101st Legislature is enacted into law.

