HOUSE BILL NO. 5119

October 23, 2025, Introduced by Reps. Hoskins, Bierlein, Mentzer, Breen, Schmaltz and Beson and referred to Committee on Economic Competitiveness.

A bill to amend 1967 PA 281, entitled

"Income tax act of 1967,"

(MCL 206.1 to 206.847) by adding section 714.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

Sec. 714. (1) For tax years beginning on and after January 1, 2026, an employer that is an organization exempt from federal taxation under section 501(c) of the internal revenue code may claim a work opportunity tax credit against the taxes required to be withheld and remitted to this state under this chapter for

qualified wages paid to qualified employees in an amount equal to 50% of the amount of the credit the employer is allowed to claim as a credit under section 51 of the internal revenue code for a tax year on a return or report filed under this chapter for the same tax year or would have been allowed to claim if the credit under section 51 of the internal revenue code was still in effect. In calculating the amount of the credit allowed under this section, the employer shall exclude from the amount of the credit allowed or that would have been allowed under section 51 of the internal revenue code for that same tax year, both of the following:

(a) Any amount attributable to employees who were not qualified employees.

(b) Any amount of unused credits that is carried back or forward from another tax year in accordance with section 39 of the internal revenue code.

(2) An employer claiming a credit under this section against the withholdings tax payments made under this chapter shall, in a form and content as prescribed by the department, claim the credit on the annual return or report required under section 711 for that same tax year.

(3) If the credit allowed under this section for the tax year exceeds the employer's withholdings tax liability under this chapter, that portion that exceeds the withholdings tax liability for the tax year must not be refunded.

(4) As used in this section:

(a) "Member of a targeted group" means an individual identified and defined under section 51(d) of the internal revenue code.

(b) "Qualified employee" means an employee who is a resident

of this state and has been certified by the Michigan unemployment insurance agency as a member of a targeted group.

(c) "Qualified wages" means that term as defined under section 51 of the internal revenue code.

Enacting section 1. This amendatory act does not take effect unless House Bill No. 5118 (request no. H04423'25) of the 103rd Legislature is enacted into law.