

SENATE BILL No. 528

November 3, 1987, Introduced by Senators FAXON, MILLER, DE GROW, GEAKE, SCHWARZ, BINSFELD, SEDERBURG, POLLACK, KELLY, BARCIA, GEO. HART, HOLMES, EHLERS, ARTHURHULTZ and O'BRIEN and referred to the Committee on Finance.

A bill to amend section 30 of Act No. 281 of the Public Acts of 1967, entitled

"Income tax act of 1967,"

as amended by Act No. 315 of the Public Acts of 1986, being section 206.30 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 30 of Act No. 281 of the Public Acts of
2 1967, as amended by Act No. 315 of the Public Acts of 1986, being
3 section 206.30 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 30. (1) "Taxable income" in the case of a person other
6 than a corporation, ~~an~~ estate, or trust means adjusted gross
7 income as defined in the internal revenue code subject to the
8 following adjustments:

1 (a) Add gross interest income and dividends derived from
2 obligations or securities of states other than Michigan, in the
3 same amount which has been excluded from federal adjusted gross
4 income less related expenses not deducted in computing federal
5 adjusted gross income because of section 265(1) of the internal
6 revenue code.

7 (b) Add taxes on or measured by income to the extent the
8 taxes have been deducted in arriving at federal adjusted gross
9 income.

10 (c) Add losses on the sale or exchange of obligations of the
11 United States government, the income of which this state is pro-
12 hibited from subjecting to a net income tax, to the extent that
13 the loss has been deducted in arriving at federal adjusted gross
14 income.

15 (d) Add, to the extent deducted in determining federal
16 adjusted gross income, the amount of a deduction under section
17 221 of the internal revenue code.

18 (e) Deduct, to the extent included in federal adjusted gross
19 income, income derived from obligations, or the sale or exchange
20 of obligations, of the United States government which this state
21 is prohibited by law from subjecting to a net income tax, reduced
22 by any interest on indebtedness incurred in carrying the obliga-
23 tions — and by any expenses incurred in the production of that
24 income to the extent that the expenses, including amortizable
25 bond premiums, were deducted in arriving at federal adjusted
26 gross income.

1 (f) Deduct in the case of a husband or wife, alimony,
2 separate maintenance payments, and principal sums payable in
3 installments, to the extent included in the husband's or wife's
4 adjusted gross income, pursuant to the internal revenue code, but
5 only to the extent otherwise deductible pursuant to the internal
6 revenue code.

7 (g) Deduct, to the extent included in federal adjusted gross
8 income, compensation, including retirement benefits, received for
9 services in the armed forces of the United States.

10 (h) Deduct to the extent included in adjusted gross income:

11 (i) Retirement or pension benefits received from a public
12 retirement system of or created by an act of this state or a
13 political subdivision of this state.

14 (ii) Any retirement or pension benefits received from a
15 public retirement system of or created by another state or any of
16 its political subdivisions if the income tax laws of the other
17 state permit a similar deduction or exemption or a reciprocal
18 deduction or exemption of a retirement or pension benefit
19 received from a public retirement system of or created by this
20 state or any of the political subdivisions of this state.

21 (iii) Social security benefits as defined in section 86 of
22 the internal revenue code.

23 (iv) Retirement or pension benefits from any other retire-
24 ment or pension system as follows:

25 (A) For a single return, the sum of not more than
26 \$7,500.00.

1 (B) For a joint return, the sum of not more than
2 \$10,000.00.

3 (v) The amount determined to be the section 22 amount eligi-
4 ble for the elderly and permanently and totally disabled credit
5 provided in section 22 of the internal revenue code. ~~in effect~~
6 ~~on November 15, 1984.~~

7 (i) Adjustments resulting from the application of section
8 271.

9 (j) Adjustments with respect to estate and trust income as
10 provided in section 36.

11 (k) Adjustments resulting from the allocation and apportion-
12 ment provisions of chapter 3.

13 (l) Deduct political contributions as defined in section 4
14 of Act No. 388 of the Public Acts of 1976, being section 169.204
15 of the Michigan Compiled Laws, or section 301 of title III of
16 ~~Public Law 92-225,~~ the federal election campaign act of 1971,
17 PUBLIC LAW 92-225, 2 U.S.C. 431, not in excess of \$50.00 per
18 annum, or \$100.00 per annum in the case of a joint return.

19 (m) Deduct, to the extent included in adjusted gross income,
20 wages not deductible under section 280C of the internal revenue
21 code.

22 (n) Deduct, to the extent included in adjusted gross income,
23 unemployment compensation benefits received from an employer
24 which were in addition to unemployment compensation benefits
25 received pursuant to the Michigan employment security act, Act
26 No. 1 of the Public Acts of the Extra Session of 1936, as
27 amended, being sections 421.1 to 421.73 of the Michigan Compiled

1 Laws, and which have been repaid to the employer during the 1980
2 tax year due to the receipt of a trade readjustment allowance
3 pursuant to the trade act of 1974, 19 U.S.C. 2101 to 2487. This
4 subdivision shall be effective for the 1980 tax year only.

5 (o) Deduct the following payments made by the taxpayer in
6 the tax year:

7 (i) The amount of payment made under an advance tuition pay-
8 ment contract as provided in the Michigan education trust act,
9 ACT NO. 316 OF THE PUBLIC ACTS OF 1986, BEING SECTIONS 390.1421
10 TO 390.1444 OF THE MICHIGAN COMPILED LAWS.

11 (ii) The amount of payment made under a contract with a pri-
12 vate sector investment manager that meets all of the following
13 criteria:

14 (A) The contract is certified and approved by the board of
15 directors of the Michigan education trust to provide equivalent
16 benefits and rights to purchasers and beneficiaries as an advance
17 tuition payment contract as described in subparagraph (i).

18 (B) The contract applies only for a state institution of
19 higher education as defined in the Michigan education trust act,
20 ACT NO. 316 OF THE PUBLIC ACTS OF 1986, or a community or junior
21 college in Michigan.

22 (C) The contract provides for enrollment by the contract's
23 qualified beneficiary in not less than 4 years after the date on
24 which the contract is entered into.

25 (D) The contract is entered into either:

26 (I) After the purchaser has had his or her offer to enter
27 into an advance tuition payment contract rejected by the board,

1 if the board determines that the trust cannot accept an unlimited
2 number of enrollees upon an actuarially sound basis.

3 (II) After the board determines that the trust can accept an
4 unlimited number of enrollees upon an actuarially sound basis.

5 (p) If an advance tuition payment contract under the
6 Michigan education trust act, ACT NO. 316 OF THE PUBLIC ACTS OF
7 1986, or another contract for which the payment was deductible
8 under ~~subsection (q)~~ SUBDIVISION (O) is terminated and the
9 qualified beneficiary under that contract does not attend a uni-
10 versity, college, junior or community college, or other institu-
11 tion of higher education, add the amount of a refund received by
12 the taxpayer as a result of that termination which amount shall
13 be the lesser of the amount of the refund or the amount of the
14 deduction taken under subdivision (o) for payment made under that
15 contract.

16 (q) Deduct from the taxable income of a purchaser the amount
17 included as income to the purchaser under the internal revenue
18 code ~~of 1986~~ after the advance tuition payment contract entered
19 into under the Michigan education trust act, ACT NO. 316 OF THE
20 PUBLIC ACTS OF 1986, is terminated because the qualified benefi-
21 ciary attends an institution of ~~post-secondary~~ POSTSECONDARY
22 education other than either a state institution of higher educa-
23 tion or an institution of ~~post-secondary~~ POSTSECONDARY educa-
24 tion located outside this state with which a state institution of
25 higher education has reciprocity.

26 (2) A personal exemption of the sum of \$1,500.00 times the
27 number of personal or dependency exemptions allowable on the

1 taxpayer's federal income tax return pursuant to the internal
2 revenue code shall be subtracted from taxable income. A person
3 who is a paraplegic, quadriplegic, or hemiplegic, or for a tax
4 year beginning after December 31, 1984, who is a deaf person as
5 defined in section 2 of THE DEAF PERSONS' INTERPRETERS ACT, Act
6 No. 204 of the Public Acts of 1982, being section 393.502 of the
7 Michigan Compiled Laws, shall be allowed a single additional
8 exemption of \$1,500.00. A nonresident or a part-year resident is
9 allowed that proportion of ~~the~~ A personal exemption ALLOWED
10 UNDER THIS SUBSECTION OR SUBSECTION (3) that the taxpayer's
11 income from Michigan sources bears to the total income from all
12 sources.

13 (3) A TAXPAYER WHO SUPPORTS IN THE TAXPAYER'S HOME A SENIOR
14 CITIZEN, AS DEFINED IN SECTION 514, DIAGNOSED OR IDENTIFIED AS
15 HAVING ALZHEIMER'S DISEASE OR A RELATED DISORDER IS ALLOWED 1
16 ADDITIONAL EXEMPTION OF \$1,500.00 IF THE SENIOR CITIZEN'S TAXABLE
17 INCOME IS LESS THAN \$5,000.00 OR THE TAXPAYER PAYS AT LEAST 50%
18 OF THE SENIOR CITIZEN'S SUPPORT, OR IS ALLOWED 2 ADDITIONAL
19 EXEMPTIONS OF \$1,500.00 EACH IF THE SENIOR CITIZEN'S TAXABLE
20 INCOME IS LESS THAN \$5,000.00 AND THE TAXPAYER PAYS AT LEAST 50%
21 OF THE SENIOR CITIZEN'S SUPPORT. AS USED IN THIS SUBSECTION,
22 "RELATED DISORDER" MEANS AN IRREVERSIBLE BRAIN DISORDER THAT
23 RESULTS IN THE MANIFESTATIONS OF SYMPTOMS AND SIGNS INCLUDING,
24 BUT NOT LIMITED TO, MEMORY LOSS, APHASIA, BECOMING LOST OR DIS-
25 ORIENTED, CONFUSION, AND AGITATION WITH THE POTENTIAL FOR COMBAT-
26 IVENESS AND INCONTINENCE. RELATED DISORDER INCLUDES, BUT IS NOT

1 LIMITED TO, MULTI-INFARCT DEMENTIA, HUNTINGTON'S DISEASE, AND
2 PARKINSON'S DISEASE.