

Act No. 198
Public Acts of 1991
Approved by the Governor
January 2, 1992
Filed with the Secretary of State
January 2, 1992

**STATE OF MICHIGAN
86TH LEGISLATURE
REGULAR SESSION OF 1991**

Introduced by Rep. Gubow

ENROLLED HOUSE BILL No. 4487

AN ACT to amend sections 43 and 82 of chapter 2 of Act No. 284 of the Public Acts of 1964, entitled "An act to permit the imposition and collection by cities of an excise tax levied on or measured by income; to provide the procedure including referendums for, and to require the adoption of a prescribed uniform city income tax ordinance by cities desiring to impose and collect such a tax; to limit the imposition and collection by cities and villages of excise taxes levied on or measured by income; to prescribe the powers and duties of the state commissioner of revenue; and to provide for appeals of income tax matters," being sections 141.643 and 141.682 of the Michigan Compiled Laws.

The People of the State of Michigan enact:

Section 1. Sections 43 and 82 of chapter 2 of Act No. 284 of the Public Acts of 1964, being sections 141.643 and 141.682 of the Michigan Compiled Laws, are amended to read as follows:

CHAPTER 2

Sec. 43. (1) A balance of the tax that is due the city at the time of filing an annual return shall be paid with the return unless the balance is less than \$1.00, in which case payment is not required.

(2) If the annual return reflects an overpayment of the tax, the declaration of the overpayment on the return constitutes a claim for refund. If the city agrees that a claim is valid, the city may apply the overpayment first to a delinquent tax liability under this ordinance of the taxpayer to the city. The city shall apply any remaining overpayment against a subsequent liability under this ordinance or, at the election of the taxpayer and if indicated on the return, shall refund the overpayment. However, the city shall not pay a refund of less than \$1.00.

(3) If a valid claim for a refund of taxes, except a refund under section 61, due for the taxable year 1992 or a taxable year after 1992 is filed, interest at the rate established in section 30(3) of Act No. 122 of the Public Acts of 1941, being section 205.30 of the Michigan Compiled Laws, shall be added to the refund beginning 45 days after the claim is filed or 45 days after the date established under this ordinance for the filing of the return, whichever is later.

Sec. 82. (1) All taxes imposed in a taxable year before the 1992 taxable year on a taxpayer and money withheld by an employer under this ordinance and remaining unpaid after the taxes or money withheld are due bear interest from the due date at the rate of 1/2 of 1% per month until paid. For the 1992 taxable year and each taxable year after 1992, all taxes imposed on a taxpayer and money withheld by an employer under this ordinance and remaining unpaid after the taxes or money withheld are due bear interest from the due date at the current monthly rate of 1 percentage point above the adjusted prime rate per annum per month until the tax or money is paid. The term "adjusted prime rate" means the average predominant prime rate quoted by not less than 3 commercial banks to large businesses, as determined by the department of treasury. The adjusted prime rate is to be based on the average prime rate charged by not less than 3 commercial banks during the 12-month period ending on September 30. One percentage point shall be added to the adjusted prime rate, and the resulting sum shall be divided by 12 to establish the current monthly interest rate. The resulting current monthly interest rate based on the 12-month period ending September 30 will become effective on January 1 of the following year.

(2) A person failing to file a return, pay the tax, or remit withholding, when due, is liable, in addition to the interest, to a penalty of 1% of the amount of the unpaid tax for each month or fraction of a month, not to exceed a total penalty of 25% of the unpaid tax. If a return is filed or remittance is paid after the time specified and it is shown to the satisfaction of the city that the failure was due to reasonable cause and not to willful neglect, the penalty shall be waived by the administrator. If the total interest or interest and penalty to be assessed is less than \$2.00, the administrator shall instead assess \$2.00.

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Clerk of the House of Representatives.

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Secretary of the Senate.

Approved

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Governor.