

HOUSE BILL No. 4615

March 21, 1991, Introduced by Reps. Profit, Munsell, Brown, DeMars and Palamara and referred to the Committee on Taxation.

A bill to amend sections 6 and 52 of chapter 2 of Act No. 284 of the Public Acts of 1964, entitled "City income tax act," being sections 141.606 and 141.652 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 6 and 52 of chapter 2 of Act No. 284 of
2 the Public Acts of 1964, being sections 141.606 and 141.652 of
3 the Michigan Compiled Laws, are amended to read as follows:

4 CHAPTER 2

5 Sec. 6. (1) "Employee" means a person from whom an employer
6 is required to withhold for either federal income or federal
7 social security taxes OR AN INDEPENDENT CONTRACTOR TO WHOM AN
8 EMPLOYER PROVIDES A FORM 1099 FOR FEDERAL TAX PURPOSES.

1 (2) "Employer" means an individual, partnership,
2 association, corporation, nonprofit organization, governmental
3 body or unit, or agency including the state, or any other entity
4 whether ~~or not~~ taxable OR NOT under this ordinance, that
5 employs OR CONTRACTS WITH 1 or more persons on a salary, bonus,
6 wage, commission, or other basis, whether or not the employer is
7 in a business.

8 (3) "Federal internal revenue code" means the internal reve-
9 nue code of the United States in effect on the last day of the
10 taxpayer's tax year.

11 (4) "Financial institution" means a bank, industrial bank,
12 trust company, building and loan or savings and loan association,
13 credit union, safety and collateral deposit company, regulated
14 investment company as defined in section 851 and the following
15 sections of the federal internal revenue code, under whatever
16 authority organized, ~~and any~~ OR other association, joint stock
17 company, or corporation at least 90% of whose assets consist of
18 intangible personal property and at least 90% of whose gross
19 income consists of dividends or interest or other charges result-
20 ing from the use of money or credit.

21 Sec. 52. ~~Employers~~ AN EMPLOYER shall not withhold ~~any~~ A
22 tax from the following payments:

23 (a) Compensation paid to domestic help.

24 (b) Compensation paid to a person who is not an employee,
25 ~~including~~ EXCEPT COMPENSATION PAID TO an independent
26 contractor.

1 (c) An amount allowed and paid to an employee as
2 reimbursement for expenses necessarily and actually incurred by
3 him OR HER in the actual performance of his OR HER services ~~—~~
4 and deductible by the employer.

5 Section 2. This amendatory act shall not take effect unless
6 Senate Bill No. _____ or House Bill No. 4614 (request
7 no. 01895'91 *) of the 86th Legislature is enacted into law.