

HOUSE BILL No. 4971

June 17, 1991, Introduced by Reps. Nye, Oxender, Keith, Emerson, Hoekman, Fitzgerald, Griffin, London, Martin, Jondahl, Bender, Dalman, Munsell, DeLange, Walberg, Scott, Middleton, Van Singel, Hoffman, Profit, Gilmer, Harder and Perry Bullard and referred to the Committee on Taxation.

A bill to permit the imposition and collection by counties, cities, townships, villages, local school districts, intermediate school districts, community colleges, libraries, transportation authorities, or other local governmental units of an excise tax levied on personal income and an excise tax levied on certain commercial, business, and financial activities; to provide for procedures for the imposition and collection of the tax; to limit the imposition and collection of the tax; and to prescribe the powers and duties of certain state departments and certain boards and officials.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "local tax act".

3 Sec. 2. As used in this act:

1 (a) "Business activity" means that term as defined in the
2 single business tax act, Act No. 228 of the Public Acts of 1975,
3 being sections 208.1 to 208.145 of the Michigan Compiled Laws.

4 (b) "Department" means the revenue division of the depart-
5 ment of treasury.

6 (c) "Domicile", "taxable income", and "tax year" mean those
7 terms as defined in the income tax act of 1967, Act No. 281 of
8 the Public Acts of 1967, being sections 206.1 to 206.532 of the
9 Michigan Compiled Laws.

10 (d) "Local governmental unit" means a county, city, village,
11 township, library, or transportation authority.

12 (e) "Resident" means an individual domiciled within the
13 boundaries of the local governmental unit or school district.

14 (f) "School district" means a local school district or
15 intermediate school district as those terms are defined in the
16 school code of 1976, Act No. 451 of the Public Acts of 1976,
17 being sections 380.1 to 380.1852 of the Michigan Compiled Laws or
18 a community college established pursuant to the community college
19 act of 1966, Act No. 331 of the Public Acts of 1966, being sec-
20 tions 389.1 to 389.195 of the Michigan Compiled Laws.

21 Sec. 3. (1) The governing body of a local governmental unit
22 or board of a school district may resolve to impose or increase
23 the rate of a local income tax on the taxable income of residents
24 and a local single business tax on business activity. A local
25 income tax or an increase in a local income tax and a local
26 single business tax or increase in a local single business tax
27 shall not take effect unless approved by a majority of the

1 residents of the local governmental unit or school district
2 voting on the question. To impose or increase the rate of a
3 local income tax and local single business tax, the questions
4 submitted to the electors for approval shall state at least both
5 of the following:

6 (a) The proposed local income tax rate and local single
7 business tax rate.

8 (b) The effective date of the local income tax and local
9 single business tax or an increase, if approved, shall be no
10 sooner than the January 1 or July 1 following the election at
11 which the electors approve the imposition of or increase in the
12 local income tax and local single business tax.

13 (2) The governing body of the local governmental unit or
14 board of the school district may resolve to decrease the rate of
15 or rescind a local income tax and local single business tax at
16 any time. A decrease in rate or rescission is effective on the
17 January 1 following the passage of the resolution.

18 (3) The question of the imposition or increase in the rate
19 of a local income tax and local single business tax shall be
20 placed before the voters for approval at the same time as a gen-
21 eral or primary election and not more than twice in any 12-month
22 period.

23 (4) If a local governmental unit or school district imposes
24 a local tax, it shall impose both a local income tax and a local
25 single business tax.

26 Sec. 4. A school district may impose a local income tax and
27 local single business tax at a rate not to exceed an amount equal

1 to the amount of state and local revenue received by the school
2 district for school operating purposes in the 1991 tax year less
3 any amount allocated to the school district by state statute or
4 the state constitution of 1963.

5 Sec. 5. The amount determined under section 3 or 4 shall be
6 levied by a local governmental unit and school district in a
7 ratio of 40% from the local single business tax and 60% from the
8 local income tax.

9 Sec. 6. A local governmental unit or school district may
10 levy a local income tax and local single business tax in addition
11 to the amounts allowed under section 4 and subject to section 5
12 for periods of time long enough to pay a bond if the bond is eli-
13 gible for payment in this manner or was eligible for payment from
14 property taxes.

15 Sec. 7. (1) A local income tax shall be collected at the
16 same time and in the same manner as, and is subject to the proce-
17 dures established for, the state income tax under the income tax
18 act of 1967, Act No. 281 of the Public Acts of 1967, being sec-
19 tions 206.1 to 206.532 of the Michigan Compiled Laws.

20 (2) The revenue division of the department shall administer
21 and collect a local income tax in accordance with Act No. 122 of
22 the Public Acts of 1941, being sections 205.1 to 205.31 of the
23 Michigan Compiled Laws. The revenue division of the department
24 shall prepare the forms necessary for the administration and col-
25 lection of a local income tax and make those forms available to
26 taxpayers. The forms may include a separate statement for the
27 taxpayer to sign to permit the state treasurer to send certain

1 information to the local governmental unit or school district
2 that imposes the local income tax as provided in this act.

3 (3) If a conflict exists between this act and the income tax
4 act of 1967, Act No. 281 of the Public Acts of 1967, or Act
5 No. 122 of the Public Acts of 1941, this act controls.

6 Sec. 8. (1) A local single business tax shall be collected
7 at the same time and in the same manner as, and is subject to the
8 procedures established for, the single business tax under the
9 single business tax act, Act No. 228 of the Public Acts of 1975,
10 being sections 208.1 to 208.145 of the Michigan Compiled Laws.

11 (2) The revenue division of the department shall administer
12 and collect a local single business tax in accordance with Act
13 No. 122 of the Public Acts of 1941, being sections 205.1 to
14 205.31 of the Michigan Compiled Laws. The revenue division of
15 the department shall prepare the forms necessary for the adminis-
16 tration and collection of a local single business tax and make
17 those forms available to taxpayers. The forms may include a sep-
18 arate statement for the taxpayer to sign to permit the state
19 treasurer to send certain information to the local governmental
20 unit or school district that imposes the local single business
21 tax as provided in this act.

22 (3) If a conflict exists between this act and the single
23 business tax act, Act No. 228 of the Public Acts of 1975, or Act
24 No. 122 of the Public Acts of 1941, this act controls.

25 Sec. 9. (1) A taxpayer shall not claim as a credit against
26 a local income tax any of the credits allowed against the state
27 income tax under the income tax act of 1967, Act No. 281 of the

1 Public Acts of 1967, being sections 206.1 to 206.532 of the
2 Michigan Compiled Laws.

3 (2) A taxpayer shall not claim as a credit against a local
4 single business tax any of the credits allowed against the single
5 business tax under the single business tax act, Act No. 228 of
6 the Public Acts of 1975, being sections 208.1 to 208.145 of the
7 Michigan Compiled Laws.

8 (3) If a taxpayer is not a resident for the entire tax year,
9 the local income tax shall be prorated based on the number of
10 days during which the taxpayer is a resident.

11 Sec. 10. The state treasurer shall promptly forward collec-
12 tions of a local income tax and local single business tax to the
13 local governmental unit or school district that imposes the local
14 income tax and local single business tax.

15 Sec. 11. The department may promulgate rules as necessary to
16 implement this act pursuant to the administrative procedures act
17 of 1969, Act No. 306 of the Public Acts of 1969, being sections
18 24.201 to 24.328 of the Michigan Compiled Laws.

19 Sec. 12. This act shall not take effect unless all of the
20 following bills of the 86th Legislature are enacted into law:

21 (a) Senate Bill No. _____ or House Bill No. 4969
22 (request no. 01587'91 a).

23 (b) Senate Bill No. _____ or House Bill No. 4966
24 (request no. 01148'91*).

25 (c) Senate Bill No. _____ or House Bill No. 4970
26 (request no. 01149'91*).

1 (d) Senate Bill No. _____ or House Bill No. 4964
2 (request no. 01150'91).

3 (e) Senate Bill No. _____ or House Bill No. 4967
4 (request no. 01152'91*).

5 Sec. 13. This act shall not take effect unless Senate Joint
6 Resolution _____ or House Joint Resolution _____ (request
7 no. 01151'91) of the 86th Legislature becomes a part of the state
8 constitution of 1963 as provided in section 1 of article XII of
9 the state constitution of 1963.