

# SENATE BILL No. 205

March 20, 1991, Introduced by Senators DI NELLO, CARL, GEAKE, WELBORN, CRUCE, EMMONS, MILLER and CISKY and referred to the Committee on Finance.

A bill to amend section 51 of Act No. 281 of the Public Acts of 1967, entitled

"Income tax act of 1967,"

as amended by Act No. 283 of the Public Acts of 1990, being section 206.51 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Section 51 of Act No. 281 of the Public Acts of  
2 1967, as amended by Act No. 283 of the Public Acts of 1990, being  
3 section 206.51 of the Michigan Compiled Laws, is amended to read  
4 as follows:

5       Sec. 51. (1) For receiving, earning, or otherwise acquiring  
6 income from any source whatsoever, there is levied and imposed a  
7 tax at the rate of ~~4.6%~~ 4.0% upon the taxable income of every  
8 person, other than a corporation.

1 (2) As used in this section, "taxable income" means taxable  
2 income as defined in this act subject to the applicable source  
3 and attribution rules contained in this act.

4 (3) As used in this section, ~~a~~ "person other than a  
5 corporation" means the following in addition to a resident or  
6 nonresident individual:

7 (a) A partner in a partnership as defined in the internal  
8 revenue code.

9 (b) A beneficiary of an estate or a trust as defined in the  
10 internal revenue code.

11 (c) An estate or trust as defined in the internal revenue  
12 code.

13 (4) As used in this section, the taxable income of a nonres-  
14 ident shall be computed in the same manner as ~~in the case of~~  
15 FOR a resident, subject to the allocation and apportionment pro-  
16 visions of this act.

17 (5) A resident beneficiary of a trust whose taxable income  
18 includes all or part of an accumulation distribution by a trust,  
19 as defined in section 665 of the internal revenue code, ~~shall~~  
20 ~~be~~ IS allowed a credit against the tax otherwise due under this  
21 act. The credit shall be all or a proportionate part of any tax  
22 paid by the trust under this act for any preceding taxable year  
23 that would not have been payable if the trust had in fact made  
24 distribution to its beneficiaries at the times and in the amounts  
25 specified in section 666 of the internal revenue code. The  
26 credit shall not reduce the tax otherwise due from the

1 beneficiary to an amount less than would have been due if the  
2 accumulation distribution were excluded taxable income.

3       (6) The taxable income of a resident who is required to  
4 include income from a trust in his or her federal income tax  
5 return under the provisions of subpart E of part I of subchapter  
6 J of chapter 1 of the internal revenue code, sections 671 through  
7 679, shall include items of income and deductions from the trust  
8 in taxable income to the extent required by this act with respect  
9 to property owned outright.

10       (7) It is the intention of this section that the income  
11 subject to tax of every person other than corporations shall be  
12 computed in like manner and be the same as provided in the inter-  
13 nal revenue code, subject to adjustments specifically provided  
14 for in this act.