

SENATE BILL No. 851

April 2, 1992, Introduced by Senators DI NELLO, CARL,
WELBORN and N. SMITH 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 sec-
tion 206.51 of the Michigan Compiled Laws; and to add
section 442.

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 and sec-
4 tion 442 is added to read 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% FOR A TAX YEAR BEGINNING BEFORE
8 JANUARY 1, 1992 AND 4.0% FOR A TAX YEAR BEGINNING AFTER

1 DECEMBER 31, 1991, upon the taxable income of every person, other
2 than a corporation.

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

6 ~~(3) As used in this section, a person other than a corpora-~~
7 ~~tion means the following in addition to a resident or nonresident~~
8 ~~individual:~~

9 ~~(a) A partner in a partnership as defined in the internal~~
10 ~~revenue code.~~

11 ~~(b) A beneficiary of an estate or a trust as defined in the~~
12 ~~internal revenue code.~~

13 ~~(c) An estate or trust as defined in the internal revenue~~
14 ~~code.~~

15 (2) ~~(4) As used in this section, the~~ THE taxable income of
16 a nonresident shall be computed in the same manner as in the case
17 of a resident, subject to the allocation and apportionment provi-
18 sions of this act.

19 (3) ~~(5)~~ A resident beneficiary of a trust whose taxable
20 income includes all or part of an accumulation distribution by a
21 trust, as defined in section 665 of the internal revenue code,
22 shall be allowed a credit against the tax otherwise due under
23 this act. The credit shall be all or a proportionate part of any
24 tax paid by the trust under this act for any preceding taxable
25 year that would not have been payable if the trust had in fact
26 made distribution to its beneficiaries at the times and in the
27 amounts specified in section 666 of the internal revenue code.

1 The credit shall not reduce the tax otherwise due from the
2 beneficiary to an amount less than would have been due if the
3 accumulation distribution were excluded FROM taxable income.

4 (4) ~~—(6)—~~ The taxable income of a resident who is required
5 to include income from a trust in his or her federal income tax
6 return under the provisions of subpart E of part I of subchapter
7 J of chapter 1 of the internal revenue code, ~~—sections 671~~
8 ~~through 679—~~ 26 U.S.C. 671 TO 679, shall include items of income
9 and deductions from the trust in taxable income to the extent
10 required by this act with respect to property owned outright.

11 (5) ~~—(7)—~~ It is the intention of this section that the
12 income subject to tax of every person other than corporations
13 shall be computed in like manner and be the same as provided in
14 the internal revenue code ~~—~~ subject to adjustments specifically
15 provided for in this act.

16 (6) AS USED IN THIS SECTION:

17 (A) "PERSON OTHER THAN A CORPORATION" MEANS A RESIDENT OR
18 NONRESIDENT INDIVIDUAL OR ANY OF THE FOLLOWING:

19 (i) A PARTNER IN A PARTNERSHIP AS DEFINED IN THE INTERNAL
20 REVENUE CODE.

21 (ii) A BENEFICIARY OF AN ESTATE OR A TRUST AS DEFINED IN THE
22 INTERNAL REVENUE CODE.

23 (iii) AN ESTATE OR TRUST AS DEFINED IN THE INTERNAL REVENUE
24 CODE.

25 (B) "TAXABLE INCOME" MEANS TAXABLE INCOME AS DEFINED IN THIS
26 ACT SUBJECT TO THE APPLICABLE SOURCE AND ATTRIBUTION RULES
27 CONTAINED IN THIS ACT.

1 SEC. 442. (1) EFFECTIVE FOR TAX YEARS BEGINNING AFTER
2 DECEMBER 31, 1991, A TAXPAYER WHO IS ENTITLED TO A TAX REFUND
3 UNDER THIS ACT SUFFICIENT TO MAKE A DESIGNATION UNDER THIS SEC-
4 TION MAY DESIGNATE THAT \$2.00 OR MORE OF HIS OR HER REFUND BE
5 CREDITED TO THE FUND TO AID INDIGENT RELIEF.

6 (2) THE TAX DESIGNATION AUTHORIZED IN THIS SECTION SHALL BE
7 CLEARLY AND UNAMBIGUOUSLY PRINTED ON THE FIRST PAGE OF THE STATE
8 INDIVIDUAL INCOME TAX RETURN FORMS.

9 (3) NOTWITHSTANDING THE OTHER ALLOCATIONS AND DISBURSEMENTS
10 REQUIRED BY THIS ACT, AN AMOUNT EQUAL TO THE CUMULATIVE DESIGNA-
11 TIONS MADE UNDER THIS SECTION, LESS THE AMOUNT APPROPRIATED TO
12 THE DEPARTMENT TO IMPLEMENT THIS SECTION, SHALL BE DEPOSITED IN
13 THE FUND TO AID INDIGENT RELIEF AND SHALL BE APPROPRIATED SOLELY
14 FOR THE PURPOSES OF THAT FUND.

15 Section 2. This amendatory act shall not take effect unless
16 Senate Bill No. 850
17 of the 86th Legislature is enacted into law.