



# HOUSE BILL No. 5106

October 12, 1993, Introduced by Rep. Munsell and referred to the Committee on Taxation.

A bill to amend sections 30, 51, 255, 257, 261, 301, 411, 481, and 504 of Act No. 281 of the Public Acts of 1967, entitled "Income tax act of 1967," section 30 as amended by Act No. 516 of the Public Acts of 1988, section 51 as amended by Act No. 283 of the Public Acts of 1990, sections 255, 257, and 411 as amended by Act No. 254 of the Public Acts of 1987, section 261 as amended by Act No. 171 of the Public Acts of 1991, section 301 as amended by Act No. 70 of the Public Acts of 1988, and section 481 as amended by Act No. 167 of the Public Acts of 1993, being sections 206.30, 206.51, 206.255, 206.257, 206.261, 206.301, 206.411, 206.481, and 206.504 of the Michigan Compiled Laws; and to repeal certain parts of the act.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Sections 30, 51, 255, 257, 261, 301, 411, 481,  
2 and 504 of Act No. 281 of the Public Acts of 1967, section 30 as  
3 amended by Act No. 516 of the Public Acts of 1988, section 51 as  
4 amended by Act No. 283 of the Public Acts of 1990, sections 255,  
5 257, and 411 as amended by Act No. 254 of the Public Acts of  
6 1987, section 261 as amended by Act No. 171 of the Public Acts of  
7 1991, section 301 as amended by Act No. 70 of the Public Acts of  
8 1988, and section 481 as amended by Act No. 167 of the Public  
9 Acts of 1993, being sections 206.30, 206.51, 206.255, 206.257,  
10 206.261, 206.301, 206.411, 206.481, and 206.504 of the Michigan  
11 Compiled Laws, are amended to read as follows:

12       Sec. 30. (1) "Taxable income" MEANS, for a person other  
13 than a corporation, estate, or trust, ~~means~~ adjusted gross  
14 income as defined in the internal revenue code subject to the  
15 following adjustments:

16       (a) Add gross interest income and dividends derived from  
17 obligations or securities of states other than Michigan, in the  
18 same amount that has been excluded from ~~federal~~ adjusted gross  
19 income less related expenses not deducted in computing ~~federal~~  
20 adjusted gross income because of section 265(a)(1) of the inter-  
21 nal revenue code.

22       (b) Add taxes on or measured by income to the extent the  
23 taxes have been deducted in arriving at ~~federal~~ adjusted gross  
24 income.

25       (c) Add losses on the sale or exchange of obligations of the  
26 United States government, the income of which this state is

1 prohibited from subjecting to a net income tax, to the extent  
2 that the loss has been deducted in arriving at ~~federal~~ adjusted  
3 gross income.

4 (d) Deduct, to the extent included in ~~federal~~ adjusted  
5 gross income, income derived from obligations, or the sale or  
6 exchange of obligations, of the United States government that  
7 this state is prohibited by law from subjecting to a net income  
8 tax, reduced by any interest on indebtedness incurred in carrying  
9 the obligations and by any expenses incurred in the production of  
10 that income to the extent that the expenses, including amorti-  
11 zable bond premiums, were deducted in arriving at ~~federal~~  
12 adjusted gross income.

13 (e) Deduct, to the extent included in ~~federal~~ adjusted  
14 gross income, compensation, including retirement benefits,  
15 received for services in the armed forces of the United States.

16 (f) Deduct THE FOLLOWING to the extent included in adjusted  
17 gross income:

18 (i) Retirement or pension benefits received from a public  
19 retirement system of or created by this state or a political sub-  
20 division of this state.

21 (ii) ~~Any retirement~~ RETIREMENT or pension benefits  
22 received from a public retirement system of or created by another  
23 state or any of its political subdivisions if the income tax laws  
24 of the other state permit a similar deduction or exemption or a  
25 reciprocal deduction or exemption of a retirement or pension ben-  
26 efit received from a public retirement system of or created by  
27 this state or any of the political subdivisions of this state.

1 (iii) Social security benefits as defined in section 86 of  
2 the internal revenue code.

3 (iv) Retirement or pension benefits from any other retire-  
4 ment or pension system as follows:

5 (A) For a single return, the sum of not more than  
6 \$7,500.00.

7 (B) For a joint return, the sum of not more than  
8 \$10,000.00.

9 (v) The amount determined to be the section 22 amount eligi-  
10 ble for the elderly and permanently and totally disabled credit  
11 provided in section 22 of the internal revenue code.

12 (g) Adjustments resulting from the application of section  
13 271.

14 (h) Adjustments with respect to estate and trust income as  
15 provided in section 36.

16 (i) Adjustments resulting from the allocation and apportion-  
17 ment provisions of chapter 3.

18 (j) Deduct political contributions as ~~defined~~ DESCRIBED in  
19 section 4 of THE MICHIGAN CAMPAIGN FINANCE ACT, Act No. 388 of  
20 the Public Acts of 1976, being section 169.204 of the Michigan  
21 Compiled Laws, or section 301 of title III of the federal elec-  
22 tion campaign act of 1971, Public Law 92-225, 2 U.S.C. 431, not  
23 in excess of \$50.00 per annum, or \$100.00 per annum for a joint  
24 return.

25 (k) Deduct, to the extent included in adjusted gross income,  
26 wages not deductible under section 280C of the internal revenue  
27 code.

1 (l) Deduct the following payments made by the taxpayer in  
2 the tax year:

3 (i) The amount of payment made under an advance tuition pay-  
4 ment contract as provided in the Michigan education trust act,  
5 Act No. 316 of the Public Acts of 1986, being sections 390.1421  
6 to 390.1444 of the Michigan Compiled Laws.

7 (ii) The amount of payment made under a contract with a pri-  
8 vate sector investment manager that meets all of the following  
9 criteria:

10 (A) The contract is certified and approved by the board of  
11 directors of the Michigan education trust to provide equivalent  
12 benefits and rights to purchasers and beneficiaries as an advance  
13 tuition payment contract as described in subparagraph (i).

14 (B) The contract applies only for a state institution of  
15 higher education as defined in the Michigan education trust act,  
16 Act No. 316 of the Public Acts of 1986, or a community or junior  
17 college in Michigan.

18 (C) The contract provides for enrollment by the contract's  
19 qualified beneficiary in not less than 4 years after the date on  
20 which the contract is entered into.

21 (D) The contract is entered into AFTER either OF THE  
22 FOLLOWING:

23 (I) ~~After the~~ THE purchaser has had his or her offer to  
24 enter into an advance tuition payment contract rejected by the  
25 board OF DIRECTORS OF THE MICHIGAN EDUCATION TRUST, if the board  
26 determines that the trust cannot accept an unlimited number of  
27 enrollees upon an actuarially sound basis.

1 (II) ~~After the~~ THE board OF DIRECTORS OF THE MICHIGAN  
2 EDUCATION TRUST determines that the trust can accept an unlimited  
3 number of enrollees upon an actuarially sound basis.

4 (m) If an advance tuition payment contract under the  
5 Michigan education trust act, Act No. 316 of the Public Acts of  
6 1986, or another contract for which the payment was deductible  
7 under subdivision (l) is terminated and the qualified beneficiary  
8 under that contract does not attend a university, college, junior  
9 or community college, or other institution of higher education,  
10 add the amount of a refund received by the taxpayer as a result  
11 of that termination ~~which amount shall be the lesser of the~~  
12 ~~amount of the refund~~ or the amount of the deduction taken under  
13 subdivision (l) for payment made under that contract, WHICHEVER  
14 IS LESS.

15 (n) Deduct from the taxable income of a purchaser the amount  
16 included as income to the purchaser under the internal revenue  
17 code after the advance tuition payment contract entered into  
18 under the Michigan education trust act, Act No. 316 of the Public  
19 Acts of 1986, is terminated because the qualified beneficiary  
20 attends an institution of postsecondary education other than  
21 either a state institution of higher education or an institution  
22 of postsecondary education located outside this state with which  
23 a state institution of higher education has reciprocity.

24 (o) Add, to the extent deducted in determining ~~federal~~  
25 adjusted gross income, the net operating loss deduction under  
26 section 172 of the internal revenue code.

1 (p) Deduct a net operating loss deduction for the taxable  
2 year as defined in section 172 of the internal revenue code  
3 subject to the modifications under section 172(b)(2) of the  
4 internal revenue code and subject to the allocation and appor-  
5 tionment provisions of chapter 3 of this act for the taxable year  
6 in which the loss was incurred.

7 (q) For a tax year beginning after 1986, deduct, to the  
8 extent included in adjusted gross income, benefits from a dis-  
9 criminatory self-insurance medical expense reimbursement plan.

10 (R) DEDUCT, TO THE EXTENT INCLUDED IN ADJUSTED GROSS INCOME,  
11 STATE AND CITY INCOME TAX REFUNDS FROM THIS STATE AND HOMESTEAD  
12 PROPERTY TAX CREDITS RECEIVED PURSUANT TO SECTIONS 520 AND 522.  
13 HOWEVER, IF THE PROPERTY TAXES USED TO CALCULATE THE CREDIT UNDER  
14 SECTIONS 520 AND 522 WERE DEDUCTED BY THE TAXPAYER IN CALCULATING  
15 ADJUSTED GROSS INCOME IN A PRIOR YEAR, THE TAXPAYER SHALL NOT  
16 TAKE A DEDUCTION FOR THE CREDIT UNDER THIS SUBSECTION.

17 ~~(2) For a tax year beginning during 1987, a personal exemp-~~  
18 ~~tion of \$1,600.00; for a tax year beginning during 1988, a per-~~  
19 ~~sonal exemption of \$1,800.00; for a tax year beginning during~~  
20 ~~1989, a personal exemption of \$2,000.00; and for a tax year~~  
21 ~~beginning after 1989, a personal exemption of \$2,100.00 times~~  
22 THE FOLLOWING PERSONAL EXEMPTIONS MULTIPLIED BY the number of  
23 personal or dependency exemptions allowable on the taxpayer's  
24 federal income tax return pursuant to the internal revenue code  
25 shall be subtracted from taxable income:

- 1 (A) FOR A TAX YEAR BEGINNING DURING 1987..... \$1,600.00.  
 2 (B) FOR A TAX YEAR BEGINNING DURING 1988..... \$1,800.00.  
 3 (C) FOR A TAX YEAR BEGINNING DURING 1989..... \$2,000.00.  
 4 (D) FOR A TAX YEAR BEGINNING AFTER 1989..... \$2,100.00.

5 (3) A single additional exemption of \$1,400.00 for a tax  
 6 year beginning during 1987, \$1,200.00 for a tax year beginning  
 7 during 1988, \$1,000.00 for a tax year beginning during 1989, and  
 8 \$900.00 for a tax year beginning after 1989 is allowed ~~for~~ IN  
 9 each of the following CIRCUMSTANCES:

10 (a) The taxpayer is a paraplegic, a quadriplegic, a hemiple-  
 11 gic, a person who is blind as defined in section 504, or a  
 12 totally and permanently disabled person as defined in section  
 13 522.

14 (b) The taxpayer is a deaf person as defined in section 2 of  
 15 the deaf persons' interpreters act, Act No. 204 of the Public  
 16 Acts of 1982, being section 393.502 of the Michigan Compiled  
 17 Laws.

18 (c) The taxpayer is ~~a person who is~~ 65 years of age or  
 19 older.

20 (d) The return includes unemployment compensation that  
 21 amounts to 50% or more of adjusted gross income.

22 (4) For a tax year beginning after 1987, an individual with  
 23 respect to whom a deduction under section 151 of the internal  
 24 revenue code is allowable to another federal taxpayer during the  
 25 tax year is not considered to have an allowable federal exemption  
 26 for purposes of subsection (2), but may deduct \$500.00 from



1 taxable income for a tax year beginning in 1988 and \$1,000.00 for  
2 a tax year beginning after 1988.

3 (5) A nonresident or a part-year resident is allowed that  
4 proportion of an exemption or deduction allowed under subsection  
5 (2), (3), or (4) that the taxpayer's PORTION OF ADJUSTED GROSS  
6 income from Michigan sources bears to the TAXPAYER'S total  
7 ADJUSTED GROSS income. ~~from all sources.~~

8 (6) For a tax year beginning after 1987, in calculating tax-  
9 able income, a taxpayer shall not subtract from adjusted gross  
10 income the amount of prizes won by the taxpayer under the  
11 McCauley-Traxler-Law-Bowman-McNeely lottery act, Act No. 239 of  
12 the Public Acts of 1972, being sections 432.1 to 432.47 of the  
13 Michigan Compiled Laws.

14 Sec. 51. (1) For receiving, earning, or otherwise acquiring  
15 income from any source whatsoever, there is levied and imposed a  
16 tax at the rate of 4.6% upon the taxable income of every person,  
17 other than a corporation. FOR THE 1994-95 STATE FISCAL YEAR AND  
18 FOR EACH STATE FISCAL YEAR AFTER THE 1994-95 STATE FISCAL YEAR,  
19 AN AMOUNT EQUAL TO 38.5% OF THE NET REVENUES COLLECTED UNDER THIS  
20 SECTION SHALL BE DEPOSITED IN THE STATE SCHOOL AID FUND CREATED  
21 IN SECTION 11 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963.

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

25 ~~(3) As used in this section, a person other than a corpora-~~  
26 ~~tion means the following in addition to a resident or nonresident~~  
27 ~~individual.~~

1 ~~(a) A partner in a partnership as defined in the internal~~  
2 ~~revenue code.~~

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

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

7 (2) ~~(4) As used in this section, the~~ THE taxable income of  
8 a nonresident shall be computed in the same manner ~~as in the~~  
9 ~~case~~ THAT THE TAXABLE INCOME of a resident IS COMPUTED, subject  
10 to the allocation and apportionment provisions of this act.

11 (3) ~~(5)~~ A resident beneficiary of a trust whose taxable  
12 income includes all or part of an accumulation distribution by a  
13 trust, as defined in section 665 of the internal revenue code,  
14 shall be allowed a credit against the tax otherwise due under  
15 this act. The credit shall be all or a proportionate part of any  
16 tax paid by the trust under this act for any preceding taxable  
17 year that would not have been payable if the trust had in fact  
18 made distribution to its beneficiaries at the times and in the  
19 amounts specified in section 666 of the internal revenue code.  
20 The credit shall not reduce the tax otherwise due from the bene-  
21 ficiary to an amount less than would have been due if the accumu-  
22 lation distribution were excluded FROM taxable income.

23 (4) ~~(6)~~ The taxable income of a resident who is required  
24 to include income from a trust in his or her federal income tax  
25 return under the provisions of subpart E of part I of subchapter  
26 J of chapter 1 of the internal revenue code, ~~sections 671~~  
27 ~~through 679~~ 26 U.S.C. 671 TO 679, shall include items of income

1 and deductions from the trust in taxable income to the extent  
2 required by this act with respect to property owned outright.

3 (5) ~~-(7)-~~ It is the intention of this section that the  
4 income subject to tax of every person other than corporations  
5 shall be computed in like manner and be the same as provided in  
6 the internal revenue code ~~—~~ subject to adjustments specifically  
7 provided for in this act.

8 (6) AS USED IN THIS SECTION:

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

11 (i) A PARTNER IN A PARTNERSHIP AS DEFINED IN THE INTERNAL  
12 REVENUE CODE.

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

15 (iii) AN ESTATE OR TRUST AS DEFINED IN THE INTERNAL REVENUE  
16 CODE.

17 (B) "TAXABLE INCOME" MEANS TAXABLE INCOME AS DEFINED IN THIS  
18 ACT SUBJECT TO THE APPLICABLE SOURCE AND ATTRIBUTION RULES CON-  
19 TAINED IN THIS ACT.

20 Sec. 255. (1) A resident individual or resident estate or  
21 trust shall be allowed a credit against the tax otherwise due  
22 under this act for the amount of an income tax imposed on a resi-  
23 dent individual or resident estate or trust for the taxable year  
24 by another state of the United States, or a political subdivision  
25 of another state of the United States, the District of Columbia,  
26 or a Canadian province, on income derived from sources without  
27 this state ~~which~~ THAT is also subject to tax under this act.

1 For purposes of the Canadian provincial credit, the credit shall  
 2 be allowed for only that portion of the provincial tax not  
 3 claimed as a credit for federal income tax purposes when  
 4 ~~claiming~~ THE TAXPAYER CLAIMS a credit for United States federal  
 5 income tax purposes. It is presumed that the Canadian federal  
 6 income tax is claimed first. The provincial tax claimed as a  
 7 carryover deduction as provided in the internal revenue code is  
 8 not allowed as a credit under this section.

9 (2) The Canadian provincial credit shall be allowed for the  
 10 1978 tax year and for each tax year after 1978.

11 (3) The credit provided under this section shall not exceed  
 12 the proportion of the tax otherwise due under this act THAT IS  
 13 THE SAME AS THE PROPORTION that the amount of the taxpayer's  
 14 ~~adjusted gross~~ income derived from sources without this state  
 15 bears to the taxpayer's ~~entire adjusted gross income as modified~~  
 16 ~~by this part~~ MICHIGAN INCOME SUBJECT TO TAX. AS USED IN THIS  
 17 SUBSECTION, "MICHIGAN INCOME SUBJECT TO TAX" MEANS ADJUSTED GROSS  
 18 INCOME AFTER THE ADJUSTMENTS UNDER SECTION 30(1).

19 (4) THE CREDIT ALLOWED UNDER THIS SECTION FOR AN INCOME TAX  
 20 IMPOSED BY A CITY OF A STATE OF THE UNITED STATES OTHER THAN THIS  
 21 STATE DOES NOT APPLY FOR TAX YEARS BEGINNING AFTER DECEMBER 31,  
 22 1993.

23 Sec. 257. (1) For city income taxes becoming due and pay-  
 24 able for periods ending after December 31, 1967, each person  
 25 subject to the tax levied by section 51 shall be allowed a credit  
 26 computed by the table set out in this section for city income  
 27 taxes deductible in the person's tax year for federal income tax

1 purposes pursuant to section 164 of the internal revenue code, or  
 2 which would have been deductible in his or her tax year if he or  
 3 she had not elected the standard deduction. If the amount of  
 4 city income taxes used as a basis for the credit computation dif-  
 5 fers from the city income tax liability incurred and paid by the  
 6 taxpayer for the tax year, the credit for the ensuing year shall  
 7 be adjusted by the amount of the difference between the city  
 8 income taxes used as a basis for the credit computation and the  
 9 city income taxes incurred and paid by the taxpayer for the tax  
 10 year. ~~City~~ AS USED IN THIS SECTION, "CITY income taxes" means  
 11 the taxes levied under the city income tax act, Act No. 284 of  
 12 the Public Acts of 1964, as amended, being sections 141.501 to  
 13 141.787 of the Michigan Compiled Laws, and ~~for purposes of~~  
 14 ~~this section,~~ does not include penalties or interest. A credit  
 15 ~~shall~~ IS not ~~be~~ allowed for city income taxes, other than  
 16 estimated payments, ~~which~~ THAT are delinquent on January 1,  
 17 1968. For a return of less than 12 months, the credit shall be  
 18 reduced proportionately. The credit allowed by section 260 and  
 19 this section shall not be in excess of the tax liability of the  
 20 taxpayer.

21 (2) The credit shall be computed as follows:

22 If the total city income tax is:	The credit shall be:
23 \$100.00 or less	20% of the city income taxes
24 Over \$100.00 but not over \$150.00	\$20.00 plus 10% of the
25	excess over \$100.00

1 Over \$150.00 \$25.00 plus 5% of the excess  
2 over \$150.00, but the  
3 total credit shall not  
4 exceed \$10,000.00.

5 (3) THE CREDIT ALLOWED UNDER THIS SECTION DOES NOT APPLY FOR  
6 TAX YEARS BEGINNING AFTER DECEMBER 31, 1993.

7 Sec. 261. (1) For the 1989 through 1994 tax years and  
8 subject to the limitations in subsections (2) to (6), a taxpayer  
9 may credit against the tax imposed by this act 50% of the amount  
10 the taxpayer contributes during the taxable year to an endowment  
11 fund of a community foundation or FOR TAX YEARS BEGINNING IN 1992  
12 OR 1993 AND SUBJECT TO THE LIMITATIONS IN SUBSECTIONS (2), (3),  
13 AND (5), A TAXPAYER MAY CREDIT AGAINST THE TAX IMPOSED BY THIS  
14 ACT 50% of the cash amount the taxpayer contributes during the  
15 taxable year to a shelter for homeless persons, food kitchen,  
16 food bank, or other entity, the primary purpose of which is to  
17 provide overnight accommodation, food, or meals to persons who  
18 are indigent if a contribution to that entity is tax deductible  
19 for the donor under the internal revenue code.

20 (2) For a taxpayer other than a resident estate or trust,  
21 the credit allowed by this section for a contribution to a commu-  
22 nity foundation shall not exceed \$100.00, or \$200.00 for a hus-  
23 band and wife filing a joint return. For the 1992 tax year and  
24 each tax year after 1992, a taxpayer may claim an additional  
25 credit under this section not to exceed \$100.00, or \$200.00 for a  
26 husband and wife filing a joint return, for total cash  
27 contributions made in the tax year to shelters for homeless

1 persons, food kitchens, food banks, and, except for community  
2 foundations, other entities allowed under subsection (1). For a  
3 resident estate or trust, the credit allowed by this section for  
4 a contribution to a community foundation shall not exceed 10% of  
5 the taxpayer's tax liability for the tax year before claiming any  
6 credits allowed by this act or \$5,000.00, whichever is less. For  
7 the 1992 tax year and each tax year after 1992, a resident estate  
8 or trust may claim an additional credit under this section not to  
9 exceed 10% of the taxpayer's tax liability for the tax year  
10 before claiming any credits allowed by this act or \$5,000.00,  
11 whichever is less, for total cash contributions made in the tax  
12 year to shelters for homeless persons, food kitchens, food banks,  
13 and, except for community foundations, other entities allowed  
14 under subsection (1).

15 (3) The credits allowed by this section are nonrefundable so  
16 that a taxpayer shall not claim under this section a total credit  
17 amount that reduces the taxpayer's tax liability to less than  
18 zero.

19 (4) As used in this section, "community foundation" means an  
20 organization that applies for certification on or before April 1  
21 of the tax year for which the taxpayer is claiming the credit and  
22 that the department certifies for that tax year as meeting all of  
23 the following requirements:

24 (a) Qualifies for exemption from federal income taxation  
25 under section 501(c)(3) of the internal revenue code.

1 (b) Supports a broad range of charitable activities within  
2 the specific geographic area of this state that it serves, such  
3 as a municipality or county.

4 (c) Maintains an ongoing program to attract new endowment  
5 funds by seeking gifts and bequests from a wide range of poten-  
6 tial donors in the community or area served.

7 (d) Is publicly supported as defined by the regulations of  
8 the United States department of treasury, 26  
9 C.F.R. 1.170A-9(e)(10).

10 (e) Is not a supporting organization as defined under sec-  
11 tion 509(a)(3) of the internal revenue code and the regulations  
12 of the United States department of treasury 26 C.F.R. 1.509(a)-4  
13 and 1.509(a)-5.

14 (f) Meets the requirements for treatment as a single entity  
15 contained in the regulations of the United States department of  
16 treasury, 26 C.F.R. 1.170A-9(e)(11).

17 (g) Is incorporated or established as a trust before  
18 September 1 of the year immediately preceding the tax year for  
19 which the credit is claimed.

20 (5) An entity other than a community foundation may request  
21 that the department determine if a contribution to that entity  
22 qualifies for the credit under this section. The department  
23 shall make a determination and respond to a request no later than  
24 30 days after the department receives the request.

25 (6) The credit for a contribution to a community foundation  
26 under this section does not apply in a tax year for which the  
27 aggregate amount of the credits claimed by all taxpayers for all



1 prior tax years for contributions to community foundations under  
2 this section and section 38c of the single business tax act, Act  
3 No. 228 of the Public Acts of 1975, being section 208.38c of the  
4 Michigan Compiled Laws, exceeds \$6,000,000.00. ~~The credit under~~  
5 ~~this section for a contribution to an entity other than a commu-~~  
6 ~~nity foundation does not apply in a tax year for which the aggre-~~  
7 ~~gate amount of the credits claimed by all taxpayers for all prior~~  
8 ~~tax years for those contributions under this section and section~~  
9 ~~38c of the single business tax act, Act No. 228 of the Public~~  
10 ~~Acts of 1975, exceeds \$1,500,000.00.~~

11 (7) On or before July 1 of each year, the department shall  
12 report to the house committee on taxation and the senate commit-  
13 tee on finance the total amount of tax credits claimed under this  
14 section and under section 38c of the single business tax act, Act  
15 No. 228 of the Public Acts of 1975, for the preceding tax year.

16 Sec. 301. (1) Every person on a calendar year basis, if the  
17 person's annual tax can reasonably be expected to exceed the  
18 amount withheld under section 351 and the credits allowed under  
19 this act by more than \$500.00, shall pay to the department  
20 installments of estimated tax under this act on or before  
21 April 15, June 15, and September 15 of the person's tax year and  
22 January 15 in the following year. Subject to subsection (3),  
23 each installment shall be equal to 1/4 the taxpayer's estimated  
24 tax under this act after first deducting the amount estimated to  
25 be withheld under section 351.

26 (2) For a taxpayer on other than a calendar year basis,  
27 there shall be substituted for the due dates provided in

1 subsection (1) the appropriate due dates that in the taxpayer's  
2 fiscal year THAT correspond to THOSE IN the calendar year.

3 (3) For a taxpayer ~~paying~~ THAT PAYS estimated tax for the  
4 taxpayer's first tax year of less than 12 months, the amount paid  
5 shall be that fraction of the estimated tax that is obtained by  
6 dividing the total amount of estimated tax by the number of pay-  
7 ments to be made with respect to the tax year.

8 (4) There shall be allowed as a credit against the tax  
9 imposed by this act the amounts paid the department pursuant to  
10 this section.

11 (5) Instead of the quarterly payments, a person subject to  
12 this section may pay an estimated annual tax for the succeeding  
13 tax year. The payment shall be made at the same time the person  
14 files the annual return for the previous full tax year.

15 (6) A farmer or fisherman who elects to file and pay his or  
16 her federal income tax under an alternative schedule provided in  
17 section 6654 of the internal revenue code may file and pay the  
18 tax imposed by this act in the same manner. A seafarer may file  
19 and pay the tax imposed by this act in the same manner as a  
20 farmer or fisherman under this subsection. As used in this sub-  
21 section, "seafarer" means an individual whose wages may not be  
22 withheld for taxes by the state or a political subdivision of the  
23 state as provided in section 11108 of ~~shipping~~ TITLE 46 OF THE  
24 UNITED STATES CODE, 46 U.S.C. 11108.

25 (7) A BANK OR FINANCIAL INSTITUTION THAT SUBMITS QUARTERLY  
26 ESTIMATED INCOME TAX PAYMENT INFORMATION THROUGH THE FEDERAL TAX  
27 DEPOSIT SYSTEM ON MAGNETIC TAPE AND ACTS AS FIDUCIARY FOR 200 OR

1 MORE TAXABLE TRUSTS SHALL SUBMIT MICHIGAN QUARTERLY TAX PAYMENT  
2 INFORMATION ON MAGNETIC TAPE.

3 (8) A BANK OR FINANCIAL INSTITUTION THAT ACTS AS FIDUCIARY  
4 FOR MORE THAN 49 AND FEWER THAN 200 TAXABLE TRUSTS MAY ENTER INTO  
5 AN IRREVOCABLE AGREEMENT WITH THE DEPARTMENT TO SUBMIT ESTIMATED  
6 INCOME TAX PAYMENT INFORMATION ON MAGNETIC TAPE.

7 (9) THE PAYMENT OF TAX REQUIRED UNDER SUBSECTIONS (7) AND  
8 (8) SHALL BE MADE THROUGH A WIRE TRANSFER TO THE STATE OF  
9 MICHIGAN CONTRACTUAL DEPOSIT ACCOUNT.

10 (10) ~~(7)~~ A payment of estimated tax shall be computed on  
11 the basis of the annualized rate established pursuant to section  
12 51(9) for the appropriate tax year to which the estimated tax  
13 payment is applicable.

14 (11) ~~(8)~~ Except as provided in subsection (1), the amount  
15 of an estimated tax installment shall be computed, payment of  
16 estimated tax shall be credited, and a period of underpayment  
17 shall be determined in the same manner as provided in the inter-  
18 nal revenue code.

19 (12) AS USED IN THIS SECTION, "TAXABLE TRUST" MEANS A TRUST  
20 REQUIRED TO MAKE PAYMENTS OF ESTIMATED TAX PURSUANT TO SUBSECTION  
21 (1).

22 Sec. 411. ~~(+)~~ The running of the statute of limitations  
23 provided in Act No. 122 of the Public Acts of 1941, being sec-  
24 tions 205.1 to 205.31 of the Michigan Compiled Laws, is suspended  
25 for the period pending final determination of litigation of or  
26 hearing on a taxpayer's federal income tax return or a return  
27 required by this act, and for 1 year after that period.

1       ~~(2) The running of a statute of limitations provided in Act~~  
 2 ~~No. 122 of the Public Acts of 1941, being sections 205.1 to~~  
 3 ~~205.31 of the Michigan Compiled Laws, is suspended for any tax~~  
 4 ~~able year for which a return is not filed.~~

5       Sec. 481. (1) Beginning January 1, 1974, the state disburs-  
 6 ing authority shall remit to cities, villages, townships, and  
 7 counties in accordance with the state revenue sharing act of  
 8 1971, Act No. 140 of the Public Acts of 1971, as amended, being  
 9 sections 141.901 to 141.921 of the Michigan Compiled Laws, a por-  
 10 tion of an amount measured by 6.91% of the gross collections  
 11 before refunds. An appropriation for each distribution is hereby  
 12 made from like taxes collected during the quarter in which the  
 13 distribution is required to be made. However, for the 1991-1992  
 14 state fiscal year, the amount of collections available for dis-  
 15 tribution to cities, villages, and townships under section  
 16 13(1)(a) of Act No. 140 of the Public Acts of 1971, being section  
 17 141.913 of the Michigan Compiled Laws, in August 1992, after the  
 18 application of subsection (7), shall not be distributed but shall  
 19 lapse to the general fund at the close of the fiscal year ending  
 20 September 30, 1992. DISTRIBUTIONS SHALL NOT BE MADE UNDER THIS  
 21 SUBSECTION AFTER SEPTEMBER 30, 1994.

22       (2) Beginning July 1, 1987:

23       (a) Thirty-four point sixty-five percent of the amount  
 24 determined by subsection (1) shall be distributed to counties in  
 25 accordance with Act No. 140 of the Public Acts of 1971. For the  
 26 1992-1993 state fiscal year, the amount available for  
 27 distribution under this subdivision shall be reduced by

1 \$6,725,000.00 before a distribution under this subdivision is  
2 made. For the 1993-1994 state fiscal year, the amount available  
3 for distribution under this subdivision shall be reduced by  
4 \$9,857,000.00 before a distribution under this subdivision is  
5 made.

6 (b) Sixty-five point thirty-five percent of the amount  
7 determined by subsection (1) shall be distributed to cities, vil-  
8 lages, and townships in accordance with Act No. 140 of the Public  
9 Acts of 1971. For the 1992-1993 state fiscal year, the amount  
10 available for distribution under this subdivision shall be  
11 reduced by \$17,500,000.00 before a distribution under this subdi-  
12 vision is made. For the 1993-1994 state fiscal year, the amount  
13 available for distribution under this subdivision shall be  
14 reduced by \$38,280,000.00 before a distribution under this subdi-  
15 vision is made.

16 (3) If it is determined that the federal government shall  
17 pay any of the costs for public welfare grants in respect to gen-  
18 eral relief that are appropriated by the legislature under sec-  
19 tion 18 of the social welfare act, Act No. 280 of the Public Acts  
20 of 1939, as amended, being section 400.18 of the Michigan  
21 Compiled Laws, the percentage of the amount determined by subsec-  
22 tion (1) to be distributed to counties in any year pursuant to  
23 subsection (2)(a) shall be computed as follows commencing with  
24 July 1 after the date federal assumption of costs takes place:  
25 (a) Subtract the percentage designated for counties in that  
26 year from 50%.

1 (b) Multiply the difference obtained in subdivision (a) by  
2 the percentage obtained by dividing the amount of federal  
3 payments by the state appropriation for that year for general  
4 relief.

5 (c) Add the product obtained in subdivision (b) to the per-  
6 centage designated for distribution to counties in that year.

7 (d) The difference between the amount that would be distrib-  
8 uted using the percentage obtained in subdivision (c) and the  
9 amount to be distributed to counties from the income tax in any  
10 year shall be appropriated from the general fund and paid to  
11 counties with the August payment of the following year as pro-  
12 vided under section 11 of Act No. 140 of the Public Acts of 1971,  
13 being section 141.911 of the Michigan Compiled Laws.

14 (4) Any overpayments, underpayments, or errors may be  
15 adjusted on the subsequent payment date.

16 (5) The balance in the general fund shall be disbursed only  
17 on appropriation of the legislature.

18 (6) As used in this section, "average income tax collection  
19 rate" means a rate that shall be certified by the state treasurer  
20 for each quarter immediately preceding the quarter in which col-  
21 lections under this act are to be remitted under Act No. 140 of  
22 the Public Acts of 1971, as the average rate upon which the gross  
23 collections before refunds for the respective quarter are based.  
24 This certification shall account for any differences between  
25 gross collections before refunds based upon the income tax rate  
26 levied in section 51 in effect during a quarter and gross  
27 collections before refunds based upon both the rate upon which

1 withholdings and estimated tax payments are made during that  
2 quarter under sections 301 and 351 and the rate upon which annual  
3 returns are submitted during that quarter.

4 (7) From the amount determined by subsection (1) to be dis-  
5 tributed to cities, villages, and townships, \$27,400,000.00 from  
6 the amount that would have been the payment based on the quarter  
7 of collections ending June 30, 1992 shall be distributed in  
8 June 1992 in accordance with the tax effort formula as defined in  
9 Act No. 140 of the Public Acts of 1971.

10 (8) A city, village, township, or county is not eligible for  
11 a payment under subsection (1) unless that local unit of govern-  
12 ment requires sealed competitive bidding for any contract of  
13 \$20,000.00 or more except a contract for professional services or  
14 emergency repairs or services exempted pursuant to a written  
15 policy adopted or approved by the governing body of the local  
16 unit of government. This section shall not apply to transactions  
17 between governmental units.

18 Sec. 504. (1) "Blind" means a person with a permanent  
19 impairment of both eyes of the following status: central visual  
20 acuity of 20/200 or less in the better eye, with corrective  
21 glasses, or central visual acuity of more than 20/200 if there is  
22 a field defect in which the peripheral field has contracted to  
23 such an extent that the widest diameter of visual field subtends  
24 an angular distance of not greater than 20 degrees in the better  
25 eye.

26 (2) "Claimant" means an individual natural person who filed  
27 a claim under this chapter and who was domiciled in this state

1 during at least 6 months of the calendar year IMMEDIATELY  
2 preceding the year in which the claim is filed under this chapter  
3 and includes a husband and wife if they are required to file a  
4 joint state income tax return. THE 6-MONTH RESIDENCY REQUIREMENT  
5 DOES NOT APPLY TO A CLAIMANT WHO FILES FOR THE HOME HEATING  
6 CREDIT UNDER SECTION 527A.

7       Section 2. Sections 263 and 269 of Act No. 281 of the  
8 Public Acts of 1967, being sections 206.263 and 206.269 of the  
9 Michigan Compiled Laws, are repealed.