



# SENATE BILL No. 955

December 10, 1993, Introduced by Senators Gast and Emmons  
and referred to the Committee on School Finance Reform

A bill to permit the imposition and collection by local governmental units of an excise tax levied on personal income to provide for the increase extension reduction, and repeal of the tax to provide for procedures for the imposition collection, increase extension, reduction and repeal of the tax to limit the imposition collection, increase extension, reduction, and repeal 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 government income tax act"

3       Sec 2    As used in this act

4       (a) Department means the revenue division of the  
5 department of treasury

1 (b) Domicile and tax year' mean those terms as defined in  
2 the income tax act of 1967 Act No 281 of the Public Acts of  
3 1967 being sections 206 1 to 206 532 of the Michigan Compiled  
4 Laws

5 (c) Local governmental unit means a county city, village  
6 or township within this state

7 (d) Resident means an individual domiciled or an estate or  
8 trust located within the boundaries of the local governmental  
9 unit

10 (e) Taxable income means that term as defined in Act  
11 No 281 of the Public Acts of 1967 after additions subtractions,  
12 and adjustments pursuant to section 30 of Act No 281 of the  
13 Public Acts of 1967 being section 206 30 of the Michigan  
14 Compiled Laws

15 Sec 3 (1) The governing body of a local governmental unit  
16 may after December 31 1993 resolve to impose extend, increase  
17 or decrease a local government income tax on the taxable income  
18 of residents of the local governmental unit

19 (2) The imposition or extension of or an increase in the  
20 local government income tax pursuant to subsection (1) shall not  
21 take effect unless approved by a majority of the electors of the  
22 local governmental unit voting on the question To impose,  
23 extend or increase the rate of a local government income tax  
24 the questions submitted to the electors for approval shall  
25 include at least all of the following

26 (a) The maximum rate of the proposed local government income  
27 tax

1 (b) The effective date of the imposition or extension of or  
2 increase in the maximum rate of the local government income tax  
3 if approved which shall be no sooner than the January 1 or  
4 July 1 following the election at which the electors approve the  
5 initial maximum rate of the local government income tax or an  
6 extension of or increase in the maximum rate of the local govern-  
7 ment income tax

8 (c) The period of years for which the local government  
9 income tax will be levied at a rate not to exceed the rate autho-  
10 rized under subdivision (a) which shall not exceed 10 years

11 (3) Before January 1 1996 the governing body of a local  
12 governmental unit may place the question of the imposition or  
13 extension of or increase in the maximum rate of a local govern-  
14 ment income tax before the voters for approval Beginning  
15 January 1 1996 the governing body of a local governmental unit  
16 shall not place the question of the imposition or extension of or  
17 increase in the maximum rate of a local government income tax  
18 before the voters for approval more than once in any 12-month  
19 period

20 (4) The governing body of a local governmental unit imposing  
21 a tax under this act may adjust the tax rate imposed under this  
22 act as long as the adjusted tax rate does not exceed the autho-  
23 rized maximum tax rate

24 Sec 4 (1) A local government income tax shall be col-  
25 lected at the same time and in the same manner as, and is subject  
26 to the procedures established for, the state income tax under the

1 income tax act of 1967 Act No 281 of the Public Acts of 1967  
2 being sections 206 1 to 206 532 of the Michigan Compiled Laws

3 (2) The department shall administer and collect a local gov-  
4 ernment income tax pursuant to Act No 122 of the Public Acts of  
5 1941 being sections 205 1 to 205 31 of the Michigan Compiled  
6 Laws and applicable provisions of Act No 281 of the Public Acts  
7 of 1967 The department shall prepare the forms necessary for  
8 the administration and collection of a local government income  
9 tax and make those forms available to taxpayers

10 (3) If a conflict exists between this act and the income tax  
11 act of 1967 Act No 281 of the Public Acts of 1967 or Act  
12 No 122 of the Public Acts of 1941 this act controls

13 Sec 5 Every employer in this state required under the  
14 provisions of the internal revenue code to withhold a tax on the  
15 compensation of an individual shall deduct and withhold an amount  
16 computed by applying an applicable local government income tax  
17 rate imposed pursuant to this act to the remainder of the compen-  
18 sation of the individual after deducting therefrom the same pro-  
19 portion of personal and dependency exemptions allowed under the  
20 income tax act of 1967 Act No 281 of the Public Acts of 1967  
21 being sections 206 1 to 206 532 of the Michigan Compiled Laws  
22 for the tax year

23 Sec 6 A taxpayer shall not claim as a credit against a  
24 local government income tax any of the credits allowed against  
25 the state income tax under the income tax act of 1967 Act  
26 No 281 of the Public Acts of 1967 being sections 206 1 to  
27 206 532 of the Michigan Compiled Laws

1       Sec 7    If a taxpayer is a resident for less than the  
2 entire tax year of a local governmental unit that levies a local  
3 government income tax the local government income tax shall be  
4 prorated based on the number of days during which the taxpayer is  
5 a resident of that local governmental unit

6       Sec 8    The state treasurer shall promptly forward collec-  
7 tions of a local government income tax minus the reasonable and  
8 actual expenses of collections to the local governmental unit  
9 that imposes the local government income tax

10       Sec 9    The collections of a local government income tax  
11 are the property of the local governmental unit and are not state  
12 funds

13       Sec 10   The department may promulgate rules as necessary to  
14 implement this act pursuant to the administrative procedures act  
15 of 1969 Act No 306 of the Public Acts of 1969 being sections  
16 24 201 to 24 328 of the Michigan Compiled Laws

17       Sec 11   This act shall not take effect unless Senate Bill  
18 No 956 or House Bill No \_\_\_\_\_ (request no 05004 93 a) of the  
19 87th Legislature is enacted into law