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BILL



ANALYSIS

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House Bill 5760 (Substitute H-2 as reported without amendment)

Sponsor: Representative Beverly Bodem

House Committee: Tax Policy

Senate Committee: Finance

### **CONTENT**

The bill would amend the Income Tax Act to provide that for the 1997 tax year and thereafter, a taxpayer who was due a refund of State income tax could request a direct deposit of the refund to a financial institution located in the United States. The taxpayer would have to complete a direct deposit form prescribed by the Department of Treasury, and attach the form to the taxpayer's annual return.

The Department would have to comply with a request unless the request was incomplete or defective in a manner that precluded the Department from honoring the request. If the Department did not honor the request, it would have to issue a warrant, as provided under the revenue Act, and at the same time provide the taxpayer with a written explanation including the specific reason for not honoring the taxpayer's request for direct deposit.

The Department would have to develop and make available a direct deposit form to provide for the direct deposit of a refund.

Proposed MCL 206.352

Legislative Analyst: G. Towne

### **FISCAL IMPACT**

The fiscal impact of House Bills 5760 (H-2) and 5761 (H-1) is indeterminate. The Department of Treasury would have to develop a new system in order to honor the requests of taxpayers who chose direct deposit of tax refunds. According to the Department, this could result in increased costs because such a system would have to be updated and cross-checked every year due to the variability of taxpayers. To date, approximately 3.5 million taxpayers have received income tax refunds in 1996 and 39,275 have received single business tax refunds.

Date Completed: 12-10-96

Fiscal Analyst: M. Ortiz