



**Senate Fiscal Agency**  
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BILL ANALYSIS



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House Bill 6233 (Substitute H-2 as passed by the House)  
Sponsor: Representative Donald Gilmer  
House Committee: Tax Policy

### **CONTENT**

The bill would amend the revenue Act to provide that for cities entering into an agreement with the Department of Treasury pursuant to Section 9 of the City Income Tax Act (which House Bill 6235 would add), the Department would be vested with all the powers, duties, functions, responsibilities, and jurisdiction to administer, collect under, and enforce the City Income Tax Act and the agreement. The Department could not assess any surcharge to a taxpayer for collecting the city income tax.

For tax years after the 1995 tax year for which city income taxes were collected under an agreement, if a taxpayer paid less than the sum of the declared tax liability under the City Income Tax Act and the declared tax liability under the Income Tax Act, and there were no designation as to the tax liability against which the payment should be applied, the amount paid would have to be applied proportionately against the amounts declared under each Act.

MCL 205.23 & 205.19

Legislative Analyst: S. Margules

### **FISCAL IMPACT**

This bill would lower the collection costs to the cities that entered into a collection agreement with the Department of Treasury to the extent the costs incurred by the cities outweighed the payments to the Department of Treasury specified in the agreement. The bill also could redistribute State and city income tax collections between the State and the city if taxpayers paid less than their total State and local income taxes owed.

Date Completed: 12-11-96

Fiscal Analyst: R. Ross

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