

Act No. 265
Public Acts of 1996
Approved by the Governor
June 12, 1996
Filed with the Secretary of State
June 12, 1996

**STATE OF MICHIGAN
88TH LEGISLATURE
REGULAR SESSION OF 1996**

Introduced by Reps. Bodem, Goschka, Profit, Horton, Kukuk, Ryan, Hill, McManus, Green, Anthony, Hammerstrom, Kaza, Walberg, McBryde, Pitoniak, Randall, Llewellyn and McNutt

ENROLLED HOUSE BILL No. 5695

AN ACT to amend Act No. 281 of the Public Acts of 1967, entitled "An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, and enforcement by lien and otherwise of taxes on or measured by net income; to prescribe the manner and time of making reports and paying the taxes, and the functions of public officers and others as to the taxes; to permit the inspection of the records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits and refunds of the taxes; to prescribe penalties for the violation of this act; to provide an appropriation; and to repeal certain acts and parts of acts," as amended, being sections 206.1 to 206.532 of the Michigan Compiled Laws, by adding section 51a.

The People of the State of Michigan enact:

Section 1. Act No. 281 of the Public Acts of 1967, as amended, being sections 206.1 to 206.532 of the Michigan Compiled Laws, is amended by adding section 51a to read as follows:

Sec. 51a. (1) Notwithstanding any other provision of this act and for tax years beginning after December 31, 1996, an eligible taxpayer may elect to pay the tax imposed by this act calculated by multiplying taxable compensation, less an amount equal to the personal and dependency exemptions allowed as a subtraction under section 30(2), (3), and (4), by 4.4%.

(2) Except as provided in subsection (1), an eligible taxpayer who elects to pay the tax imposed by this act calculated under this section shall not claim any exemption, deduction, or credit allowed under this act other than the credits allowed under all of the following sections:

- (a) The credit for taxes withheld under section 251.
- (b) The prescription drug credit under section 273.
- (c) The home heating credit under section 527a.

(3) An eligible taxpayer who elects to pay the tax imposed by this act calculated under this section is not required to file an annual return under this act.

(4) An eligible taxpayer who files a withholding exemption certificate to elect to pay the tax imposed by this act calculated under this section may file an annual return and pay the tax calculated under section 51.

(5) The running of the statute of limitations provided in Act No. 122 of the Public Acts of 1941, being sections 205.1 to 205.31 of the Michigan Compiled Laws, begins on the date that the annual return is due for the tax year in which the taxpayer has filed an election to pay the tax imposed by this act calculated under this section.

(6) The department may enforce the collection of the tax imposed under this act and calculated under this section to the extent the tax withheld under section 351 is less than the tax imposed by this act and calculated under this section.

(7) For the 1998 tax year and each year after 1998 that the no-form option allowed under this section is in effect, the department shall file a report not later than July 1 with the house tax policy committee and the senate finance committee that contains all of the following information about the taxpayers who elect to pay the tax imposed by this act pursuant to this section:

- (a) The total number of taxpayers.
- (b) The number of taxpayers by county and city.
- (c) The average income of the taxpayers.
- (8) As used in this section:

(a) "Eligible taxpayer" means a resident who meets both of the following criteria:

(i) Has taxable income for the tax year, other than taxable compensation, in total or from any 1 source, of less than \$100.00 for a single return or \$200.00 for a joint return.

(ii) Has filed a withholding exemption certificate to elect to pay the tax imposed by this act calculated under this section for the tax year.

(b) "Taxable compensation" means compensation from which tax has been withheld pursuant to section 351(1) or (7), except the following:

(i) Compensation described in section 30(1)(e) or 30(1)(f)(i).

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

(iii) Retirement benefits, pension benefits, or benefits from a retirement annuity policy in which payments are made for life to a senior citizen, other than benefits described in section 30(1)(e) or 30(1)(f)(i), or described in section 86 of the internal revenue code, not to exceed the amounts allowed as a deduction under section 30(1)(f)(v).

Section 2. This amendatory act shall not take effect unless House Bill No. 5694 of the 88th Legislature is enacted into law.

This act is ordered to take immediate effect.

Clerk of the House of Representatives.

Secretary of the Senate.

Approved -----

Governor.