

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 593 (Substitute S-1 as reported by the Committee of the Whole)
Senate Bill 594 (Substitute S-1 as reported by the Committee of the Whole)
Senate Bill 595 (Substitute S-1 as reported by the Committee of the Whole)
Sponsor: Senator Bill Bullard, Jr.
Committee: Finance

CONTENT

The bills would amend three statutes to delete provisions that prevent the dissolution of a corporation until it does not owe any sales, use, or income tax, and instead require a corporation to request the Department of Treasury to certify that the corporation did not owe taxes. Senate Bill 593 (S-1) would amend the General Sales Tax Act; Senate Bill 594 (S-1) would amend the Use Tax Act; and Senate Bill 595 (S-1) would amend the Income Tax Act. Senate Bill 593 (S-1) is tie-barred to Senate Bill 595.

Currently, each of those Acts requires the State to withhold the issuance of a certificate of dissolution or withdrawal for a corporation organized under Michigan laws, or those of another state and admitted to do business in Michigan, until all taxes levied (under the respective Act) against the corporation have been paid, or until it is determined that the corporation is not indebted for any taxes levied under the Act. The bills would delete these provisions, and instead would require a domestic or foreign corporation authorized to transact business in Michigan, that submitted a certificate of dissolution or withdrawal from the State, to request from the Department a certificate stating that taxes were not due, as provided in Section 27a of the revenue Act. (Section 27a requires a person who sells or quits a business to file a final tax return within 15 days after selling or quitting, and further requires the purchaser of a going or closed business to escrow sufficient money to cover taxes, interest, and penalties that may be due until the former owner produces a receipt from the Department showing that taxes are paid, or a certificate stating that taxes are not due.) The corporation would have to request the certificate from the Department within 60 days after submitting a certificate of dissolution or withdrawal. A corporation that did not request a certificate from the Department would be subject to the same penalties that a taxpayer would be subject to for failure to file a return, as provided in the revenue Act.

MCL 205.65 (S.B. 593)
205.95 (S.B. 594)
206.451 (S.B. 595)

Legislative Analyst: George Towne

FISCAL IMPACT

The bills would tend to simplify the procedures for dissolving a corporation, with some reduction in workload for the Department of Consumer and Industry Services. Department of Treasury staff indicate that the bills would have no impact on Treasury workload or revenue collections.

The bills would have no fiscal impact on local government.

Date Completed: 4-30-02

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