

SENATE BILL No. 1311

May 9, 2002, Introduced by Senator JOHNSON and referred to the Committee on Finance.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 51a (MCL 206.51a), as amended by 1996 PA 484,
and by adding section 269.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 51a. (1) Notwithstanding any other provision of this
2 act and for tax years beginning after December 31, 1996, an eli-
3 gible taxpayer may elect to pay the tax imposed by this act cal-
4 culated by multiplying taxable compensation, less an amount equal
5 to the personal and dependency exemptions allowed as a subtrac-
6 tion under section 30(2), (3), and (4), by the rate established
7 in section 51.

8 (2) Except as provided in subsection (1), an eligible
9 taxpayer who elects to pay the tax imposed by this act calculated
10 under this section shall not claim any exemption, deduction, or

1 credit allowed under this act other than the credits allowed
2 under all of the following sections:

3 (a) The credit for taxes withheld under section 251.

4 (b) The prescription drug credit under section 273.

5 (c) The home heating credit under section 527a.

6 (D) THE FIRE SAFETY CREDIT UNDER SECTION 269.

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

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

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

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

24 (7) For the 1998 tax year and each year after 1998 that the
25 no-form option allowed under this section is in effect, the
26 department shall file a report not later than July 1 with the
27 house tax policy committee and the senate finance committee that

1 contains all of the following information about the taxpayers who
2 elect to pay the tax imposed by this act pursuant to this
3 section:

4 (a) The total number of taxpayers.

5 (b) The number of taxpayers by county and city.

6 (c) The average income of the taxpayers.

7 (8) As used in this section:

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

10 (i) Has income for the tax year in total or from any 1
11 source, other than taxable compensation or income described in
12 subdivision (b), ~~-(i), (ii), or (iii),~~ of less than \$100.00 for
13 a single return or \$200.00 for a joint return.

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

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

20 (i) Compensation described in section 30(1)(e) or
21 30(1)(f)(i).

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

24 (iii) Retirement benefits, pension benefits, or benefits
25 from a retirement annuity policy in which payments are made for
26 life to a senior citizen, other than benefits described in
27 section 30(1)(e) or 30(1)(f)(i), or described in section 86 of

1 the internal revenue code, not to exceed the amounts allowed as a
2 deduction under section 30(1)(f)(v).

3 SEC. 269. (1) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31,
4 2001, A TAXPAYER MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY
5 THIS ACT EQUAL TO THE COST PAID BY THE TAXPAYER IN THE TAX YEAR
6 FOR FIRE EXTINGUISHERS, FIRE ALARM SYSTEMS, OR FIRE SUPPRESSION
7 EQUIPMENT. SUBJECT TO SUBSECTION (3), THE CREDIT ALLOWED FOR A
8 TAXPAYER UNDER THIS SECTION SHALL NOT EXCEED \$100.00 OR \$200.00
9 FOR A JOINT RETURN.

10 (2) THE TOTAL AMOUNT OF ALL CREDITS ALLOWED UNDER THIS SEC-
11 TION FOR EACH TAX YEAR SHALL NOT EXCEED \$10,000,000.00.

12 (3) THE DEPARTMENT SHALL ALLOW CREDITS CLAIMED BY TAXPAYERS
13 WHOSE HOUSEHOLD INCOME IS 150% OR LESS OF THE FEDERAL POVERTY
14 INCOME STANDARDS AS DEFINED AND DETERMINED ANNUALLY BY THE UNITED
15 STATES OFFICE OF MANAGEMENT AND BUDGET AND APPROVED BY THE STATE
16 TREASURER. CREDITS SHALL BE ALLOWED ON A FIRST CLAIMED BASIS UP
17 TO THE MAXIMUM UNDER SUBSECTION (2). ALL CREDITS UNDER THIS SUB-
18 SECTION SHALL BE ALLOWED BEFORE CREDITS UNDER SUBSECTION (4) ARE
19 ALLOWED.

20 (4) CREDITS CLAIMED BY TAXPAYERS OTHER THAN TAXPAYERS
21 DESCRIBED IN SUBSECTION (3) SHALL BE ALLOWED AFTER THE CREDITS
22 UNDER SUBSECTION (2) ARE ALLOWED UP TO THE MAXIMUM UNDER
23 SUBSECTION (2).

24 (5) IF THE MAXIMUM AMOUNT UNDER SUBSECTION (2) IS LESS THAN
25 THE FULL AMOUNT NEEDED TO ALLOW ALL CREDITS UNDER SUBSECTION (3),
26 EACH INDIVIDUAL CREDIT CLAIMED UNDER SUBSECTION (3) SHALL BE
27 REDUCED BY MULTIPLYING THE CREDIT AMOUNT CLAIMED BY EACH TAXPAYER

1 BY A FRACTION, THE NUMERATOR OF WHICH IS \$10,000,000.00 AND THE
2 DENOMINATOR OF WHICH IS THE TOTAL AMOUNT CLAIMED BY ALL TAXPAYERS
3 UNDER SUBSECTION (3). IF THE MAXIMUM AMOUNT UNDER SUBSECTION (2)
4 LESS THE AMOUNT ALLOWED UNDER SUBSECTION (3) IS LESS THAN THE
5 FULL AMOUNT NEEDED TO ALLOW ALL CREDITS UNDER SUBSECTION (4),
6 EACH INDIVIDUAL CREDIT CLAIMED UNDER SUBSECTION (4) SHALL BE
7 REDUCED BY MULTIPLYING THE CREDIT AMOUNT CLAIMED BY EACH TAXPAYER
8 BY A FRACTION, THE NUMERATOR OF WHICH IS \$10,000,000.00 LESS THE
9 AMOUNT ALLOWED UNDER SUBSECTION (3) AND THE DEMONINATOR OF WHICH
10 IS THE TOTAL AMOUNT CLAIMED BY ALL TAXPAYERS UNDER
11 SUBSECTION (4).

12 (6) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE TAX
13 LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT PORTION OF THE
14 CREDIT THAT EXCEEDS THE TAX LIABILITY SHALL BE REFUNDED.

15 (7) AS USED IN THIS SECTION:

16 (A) "FIRE ALARM SYSTEM" MEANS A SYSTEM DESIGNED TO DETECT
17 AND ANNUNCIATE THE PRESENCE OF FIRE, OR BY-PRODUCTS OF FIRE.
18 FIRE ALARM SYSTEM INCLUDES SMOKE DETECTORS.

19 (B) "FIRE SUPPRESSION EQUIPMENT" MEANS EQUIPMENT THAT, AS A
20 RESULT OF A PREDETERMINED TEMPERATURE, RATE OF TEMPERATURE RISE,
21 OR PRODUCT OF COMBUSTION, FLAME, OR HUMAN INTERVENTION, WILL DIS-
22 CHARGE A FIRE EXTINGUISHING SUBSTANCE OVER A FIRE AREA. FIRE
23 SUPPRESSION EQUIPMENT INCLUDES AUTOMATIC FIRE SPRINKLER SYSTEMS.