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BILL ANALYSIS

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Senate Bill 76 (as introduced 1-28-03)
Sponsor: Senator Michael Switalski
Committee: Finance

Date Completed: 3-24-04

CONTENT

The bill would amend the Income Tax Act to require the Department of the Treasury to develop a 1040 PC annual return form that would be the size of a postcard, and implement a 1040 PC filing option for tax years beginning after December 31, 2002. The new form could include only the following items:

- The name, address, Social Security number, and school district designation of the taxpayer or taxpayers filing the return.
- The total number and the amount of personal and dependency exemptions claimed by the taxpayer or taxpayers for the tax year. The formula and a worksheet for determining the personal and dependency exemptions for taxpayers filing the 1040 PC annual return would have to be printed on the instruction booklet for the annual return and not on the return.
- The total adjusted gross income from the taxpayer's or taxpayers' Federal annual return.
- Taxable income.
- The income tax rate and multiplier.
- The tax owed.
- The amount of tax withheld.
- The amount of tax due to the State or to be refunded to the taxpayer or taxpayers, which would have to be on only one line of the form.
- The signature, date, and declaration that the information provided was true and complete, which could not be on more than two lines.

Only those taxpayers who were residents of the State for the entire tax year and claimed no credits under the Act would be eligible to file using the 1040 PC annual return form for that tax year.

MCL 206.311

Legislative Analyst: J.P. Finet

FISCAL IMPACT

Based on 2002 tax returns, approximately 1,875,000 taxpayers would be able to file PC tax returns under the bill. The Department of Treasury has not provided information on potential costs, if any, regarding development of the form.

Fiscal Analyst: Bill Bowerman

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