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SFA**BILL ANALYSIS**

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Senate Bill 121 (Substitute S-1 as reported)
Sponsor: Senator Nancy Cassis
Committee: Finance

CONTENT

The bill would amend the revenue Act to require the Department of Treasury to publish and make available to the public, in printed and electronic format, a bulletin or letter ruling issued by the Department on or after August 18, 2000. The new requirement would begin 90 days after the bill's effective date.

(Under the Act, the Department may periodically issue bulletins that index and explain its interpretations of current State tax laws. According to the Department's website, a revenue administrative bulletin (RAB) is a directive issued to promote uniform application of tax laws throughout the State, and to provide information and guidance to taxpayers. An RAB states the Department's official position, has the status of precedent unless revoked or modified, and may be relied on by taxpayers when facts, circumstances, and issues are substantially similar to those described in the bulletin.

According to RAB 2000-6, issued August 18, 2000, a letter ruling is published to give the public an example of how the Department would apply tax law to a particular set of facts, and provides a fast and informal way of increasing public understanding of the Department's interpretation of tax law. It is not binding on either the Department or taxpayers; if it is used in a written response to a specific taxpayer's request, however, it is binding on the Department and that taxpayer. Letter rulings are withdrawn when they become obsolete or when they are likely to confuse rather than assist the public. RAB 2000-6 also withdrew numerous letter rulings from previous years.)

MCL 205.3

Legislative Analyst: George Towne

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 5-15-03

Fiscal Analyst: Bill Bowerman