

SUBSTITUTE FOR
HOUSE BILL NO. 4563

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 365 (MCL 206.365), as amended by 1996
PA 448.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 365. (1) Every employer, flow-through entity, casino
2 licensee, and race meeting licensee and track licensee required
3 by this act to deduct and withhold taxes for a tax year on
4 compensation, share of income available for distribution,
5 winnings, or payoff on a winning ticket shall furnish to each
6 employee, nonresident member, or person with winnings or a payoff
7 on a winning ticket subject to withholding under this act on or
8 before January 31 of the succeeding year a statement in duplicate
9 of the total compensation, share of income available for
10 distribution, winnings, or payoff on a winning ticket paid during

1 the tax year and the amount deducted or withheld. ~~—, or, if~~
2 ~~employment is terminated before the close of a calendar year by~~
3 ~~an employer who goes out of business or permanently ceases to be~~
4 ~~an employer in this state, within 30 days after the last payment~~
5 ~~of compensation.~~ However, if employment is terminated before the
6 close of a calendar year by an employer who goes out of business
7 or permanently ceases to be an employer in this state, or a
8 flow-through entity, casino licensee, race meeting licensee, or
9 track licensee goes out of business or permanently ceases to be a
10 flow-through entity, casino licensee, race meeting licensee, or
11 track licensee before the close of a calendar year, then the
12 statement required by this subsection shall be issued within 30
13 days after the last compensation, share of income available for
14 distribution, winnings, or payoff of a winning ticket is paid. A
15 duplicate of a statement made pursuant to this section and an
16 annual reconciliation return, MI-W3, shall be filed with the
17 department by February 28 of the succeeding year except that an
18 employer, **flow-through entity, casino licensee, and race meeting**
19 **licensee and track licensee** who goes out of business or
20 permanently ceases to be an employer, **flow-through entity, casino**
21 **licensee, and race meeting licensee and track licensee** shall file
22 the statement and the annual reconciliation return within 30 days
23 after going out of business or permanently ceasing to be an
24 employer, **flow-through entity, casino licensee, and race meeting**
25 **licensee and track licensee.**

26 (2) Every employer, **flow-through entity, casino licensee, and**
27 **race meeting licensee and track licensee** required by this act to

1 deduct or withhold taxes from compensation, **share of income**
2 **available for distribution, winnings, or payoff on a winning**
3 **ticket** shall make a return or report in form and content and at
4 times as prescribed by the department.

5 (3) Every employee, **nonresident member, or person with**
6 **winnings or a payoff on a winning ticket subject to withholding**
7 **under this act** shall furnish to his or her employer, **flow-through**
8 **entity, casino licensee, and race meeting licensee and track**
9 **licensee** information required for the employer, **flow-through**
10 **entity, casino licensee, and race meeting licensee and track**
11 **licensee** to make an accurate withholding. An employee,
12 **nonresident member, or person with winnings or a payoff on a**
13 **winning ticket subject to withholding under this act** shall file
14 with his or her employer, **flow-through entity, casino licensee,**
15 **and race meeting licensee and track licensee** revised information
16 within 10 days after a decrease in the number of exemptions or a
17 change in status from a nonresident to a resident. An employee
18 shall file revised information with his or her employer within 10
19 days after the employee completes the residency requirements
20 under section 31(11)(d), and when a change of status occurs from
21 resident of a renaissance zone to nonresident of a renaissance
22 zone. Within 10 days after an employer receives revised
23 information from an employee who completes the residency
24 requirements under section 31(11)(d), the employer shall forward
25 a copy of that revised information to the department. The
26 employee, **nonresident member, or person with winnings or a payoff**
27 **on a winning ticket subject to withholding under this act** may

1 file revised information when the number of exemptions increases
 2 or when a change in status occurs from that of a resident of this
 3 state to a nonresident of this state. Revised information shall
 4 not be given retroactive effect for withholding purposes. An
 5 employer, **flow-through entity, casino licensee, and race meeting**
 6 **licensee and track licensee** shall rely on this information for
 7 withholding purposes unless directed by the department to
 8 withhold on some other basis. If an employee, **nonresident**
 9 **member, or person with winnings or a payoff on a winning ticket**
 10 **subject to withholding under this act** fails or refuses to furnish
 11 information, the employer, **flow-through entity, casino licensee,**
 12 **and race meeting licensee and track licensee** shall withhold the
 13 full rate of tax from the employee's total compensation, **the**
 14 **nonresident member's share of income available for distribution,**
 15 **or the winnings of a person with winnings or a payoff on a**
 16 **winning ticket subject to withholding under this act.** As used in
 17 this subsection, "renaissance zone" means a renaissance zone
 18 designated pursuant to the Michigan renaissance zone act, ~~Act~~
 19 ~~No. 376 of the Public Acts of 1996, being sections 125.2681 to~~
 20 ~~125.2696 of the Michigan Compiled Laws 1996 PA 376, MCL 125.2681~~
 21 ~~to 125.2696.~~

22 (4) As used in this section:

23 (a) "Casino" means that term as defined in section 110.

24 (b) "Casino licensee" means a person licensed to operate a
 25 casino under the Michigan gaming control and revenue act, the
 26 Initiated Law of 1996, MCL 432.201 to 432.226.

27 (c) "Race meeting licensee" and "track licensee" mean a

1 person to whom a race meeting license or track license is issued
2 pursuant to section 8 of the horse racing law of 1995, 1995 PA
3 279, MCL 431.308.

4 Enacting section 1. This amendatory act takes effect
5 October 1, 2003.

6 Enacting section 2. This amendatory act does not take
7 effect unless Senate Bill No. _____ or House Bill No. _____
8 (request no. 03228'03) of the 92nd Legislature is enacted into
9 law.