

SENATE BILL No. 340

March 25, 2003, 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
3 eligible taxpayer may elect to pay the tax imposed by this act
4 calculated by multiplying taxable compensation, less an amount
5 equal to the personal and dependency exemptions allowed as a
6 subtraction under section 30(2), (3), and (4), by the rate
7 established 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 ~~(b) —(c)—~~ The home heating credit under section 527a.

6 **(c) The fire safety credit under section 269.**

7 (3) An eligible taxpayer who elects to pay the tax imposed by
8 this act calculated under this section is not required to file an
9 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
12 calculated under this section may file an annual return and pay
13 the 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 the
23 internal revenue code.

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

1 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 2002, 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, and 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
11 section 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 guidelines published annually in the federal register by the
15 United States department of health and human services under its
16 authority to revise the poverty line under section 673(2) of
17 subtitle B of title VI of the omnibus budget reconciliation act
18 of 1981, Public Law 97-35, 42 U.S.C. 9902. Credits shall be
19 allowed on a first claimed basis up to the maximum under
20 subsection (2). All credits under this subsection shall be
21 allowed before credits under subsection (4) are allowed.

22 (4) Credits claimed by taxpayers other than taxpayers
23 described in subsection (3) shall be allowed after the credits
24 under subsection (3) are allowed up to the maximum under
25 subsection (2).

26 (5) If the maximum amount under subsection (2) is less than
27 the full amount needed to allow all credits under subsection (3),

1 each individual credit claimed under subsection (3) shall be
2 reduced by multiplying the credit amount claimed by each taxpayer
3 by a fraction, the numerator of which is \$10,000,000.00 and the
4 denominator of which is the total amount claimed by all taxpayers
5 under subsection (3). If the maximum amount under subsection (2)
6 less the amount allowed under subsection (3) is less than the
7 full amount needed to allow all credits under subsection (4),
8 each individual credit claimed under subsection (4) shall be
9 reduced by multiplying the credit amount claimed by each taxpayer
10 by a fraction, the numerator of which is \$10,000,000.00 less the
11 amount allowed under subsection (3) and the denominator of which
12 is the total amount claimed by all taxpayers under
13 subsection (4).

14 (6) If the credit allowed under this section exceeds the tax
15 liability of the taxpayer for the tax year, that portion of the
16 credit that exceeds the tax liability shall be refunded.

17 (7) As used in this section:

18 (a) "Fire alarm system" means a system designed to detect and
19 annunciate the presence of fire, or by-products of fire. Fire
20 alarm system includes smoke detectors.

21 (b) "Fire suppression equipment" means equipment that, as a
22 result of a predetermined temperature, rate of temperature rise,
23 or product of combustion, flame, or human intervention, will
24 discharge a fire extinguishing substance over a fire area. Fire
25 suppression equipment includes automatic fire sprinkler systems.