



Senate Fiscal Agency
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BILL ANALYSIS

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House Bill 5363 (as passed by the House)
Sponsor: Representative John Stakoe
House Committee: Tax Policy
Senate Committee: Finance

Date Completed: 1-18-06

CONTENT

The bill would amend the revenue Act to authorize the State Treasurer, in the settlement of a disputed civil tax matter, to reduce the tax and/or penalties by up to \$50,000 and, if the Attorney General determined that the settlement was reasonable, by \$50,000 or more.

Specifically, the State Treasurer or his or her designee could settle a civil tax matter in dispute by reducing the tax or penalties, or both, if the settlement involved a reduction of tax or penalties totaling not more than \$50,000. If the settlement involved a reduction of tax or penalties of \$50,000 or more, the Treasurer would have to submit the recommended settlement to the Attorney General for review. Within 30 days of receiving the recommended settlement, the Attorney General would have to review it and give a written opinion of whether the settlement was reasonable from an overall perspective and the reasons for that opinion.

If the Treasurer made a settlement involving a reduction of \$50,000 or more, a copy of the settlement would have to be filed and maintained as a public record in the Office of the State Treasurer. The record would have to include all of the following:

- The names of the taxpayers who were parties to the settlement.
- The total amount in dispute.
- The amount of payment agreed to in the settlement.
- A summary of the reasons why the settlement was in the State's best interests.
- The Attorney General's opinion.

This public record could not include information relating to a trade secret, patent, process, style of work, apparatus, business secret, or organization structure, that, if disclosed, would adversely affect the taxpayer or national defense.

All settlements entered into under the bill would be final and nonappealable, except upon a showing of fraud or misrepresentation with respect to a material fact.

MCL 205.30c

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

This bill would streamline the process by which disputed tax liabilities are settled. As a result, tax liability disputes currently in the pipeline to be tried or eventually settled, could

be settled by the State Treasurer immediately, which would generate a one-time speed-up in revenue collected from tax dispute settlements. Not enough information is available at this time to make a reasonable estimate of the dollar amount of this positive one-time increase in tax revenue.

Fiscal Analyst: Jay Wortley

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.