

# Legislative Analysis



## INCOME TAX CHECKOFFS FOR CITIES

Mitchell Bean, Director  
Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**House Bill 4120**

**Sponsor: Rep. Joan Bauer**

**Committee: Tax Policy**

**Complete to 2-5-07**

## A SUMMARY OF HOUSE BILL 4120 AS INTRODUCED 1-24-07

The bill would amend the City Income Tax Act to permit cities that impose an income tax to amend their income tax ordinances to create a tax checkoff. The checkoff would permit taxpayers to contribute a specified amount (deducted from any refund or added to any liability) to a restricted fund within the General Fund of the city. The purpose of the fund would have to be specified in the ordinance creating the checkoff and clearly printed on the annual income tax return or the accompanying instruction book.

MCL141.510

## FISCAL IMPACT:

The bill would have no fiscal impact on the state or on local units of government.

## BACKGROUND INFORMATION:

The City Income Tax Act permits cities to levy an excise tax on income following adoption of an ordinance incorporating Chapter 2 of the act (MCL 141.601 to MCL 141.699). Voter approval is required for taxes first imposed after January 1, 1995. The table below shows the cities that impose an income tax, along with the year adopted, and tax rates.

City	Year Adopted	Tax Rate		
		Resident	Corporation	Non-Resident
Albion	1972	1.0%	1.0%	0.5%
Battle Creek	1967	1.0%	1.0%	0.5%
Big Rapids	1970	1.0%	1.0%	0.5%
Detroit	1962	2.5%	1.0%	1.25%
Flint	1965	1.0%	1.0%	0.5%
Grand Rapids	1967	1.3%	1.3%	0.65%
Grayling	1972	1.0%	1.0%	0.5%
Hamtramck	1962	1.0%	1.0%	0.5%
Highland Park	1966	2.0%	2.0%	1.0%
Hudson	1971	1.0%	1.0%	0.5%
Ionia	1994	1.0%	1.0%	0.5%
Jackson	1970	1.0%	1.0%	0.5%

Lansing	1968	1.0%	1.0%	0.5%
Lapeer	1967	1.0%	1.0%	0.5%
Muskegon	1993	1.0%	1.0%	0.5%
Muskegon Heights	1990	1.0%	1.0%	0.5%
Pontiac	1968	1.0%	1.0%	0.5%
Port Huron	1969	1.0%	1.0%	0.5%
Portland	1969	1.0%	1.0%	0.5%
Saginaw	1965	1.5%	1.5%	0.8%
Springfield	1989	1.0%	1.0%	0.5%
Walker	1988	1.0%	1.0%	0.5%

**Source: Citizens Research Council of Michigan, "Outline of the Michigan Tax System." January 2007.**

Legislative Analyst: Mark Wolf  
Fiscal Analyst: Rebecca Ross

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.