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BILL ANALYSIS

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Senate Bill 70 (as introduced 1-27-09)
Sponsor: Senator Nancy Cassis
Committee: Finance

Date Completed: 1-27-09

CONTENT

The bill would amend the revenue Act to require the State Treasurer to divulge the following information concerning the Michigan Business Tax Act that was derived from a return, a report, an investigation, or an audit, to the chairpersons of the Senate and House of Representatives standing committees with jurisdiction over matters relating to taxation and finance, and to the directors of the Senate and House Fiscal Agencies, upon receiving a written request from the chairperson or director:

-- Apportioned business income tax base.
-- Apportioned modified gross receipts tax base.
-- Business income tax liability.
-- Itemization of all additional credits.
-- Modified gross receipts tax liability.
-- Total alternative credits.
-- Total final liability.
-- Total liability before credits.

The State Treasurer also would have to provide these items broken down by business sector and by firm size.

Under the Act, except as otherwise provided, an employee, authorized representative, or former employee or authorized representative of the Department of Treasury or anyone connected with the Department may not divulge any facts or information obtained in connection with the administration of a tax or information or parameters that would enable a person to ascertain the Department's audit selection or processing criteria for a tax administered by the Department. The Treasurer or a person designated by the Treasurer may divulge information set forth or disclosed in a return or report or by an investigation or audit to any department, institution, or agency of State government upon receiving a written request from a head of the department, institution, or agency if it is required for the effective administration or enforcement of the laws of this State, to a proper officer of the U.S. Department of Treasury, and to a proper officer of another state reciprocating in this privilege.

A person who violates these provisions or commits certain other violations of the revenue Act is guilty of a felony, punishable by a maximum fine of $5,000, imprisonment for up to five years, or both, together with the costs of prosecution. If the offense is committed by a State employee, he or she also must be dismissed from office or discharged from employment upon conviction. These penalties also would apply to a person who violated the provisions of the bill.

MCL 205.28 Legislative Analyst: Craig Laurie

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on State and local government. There could be additional staff time costs associated with the proposed reporting requirements. Current appropriations should be sufficient to support the requirements; however, additional appropriations could become necessary if they became too cumbersome for the Department of Treasury's current staffing level.

There are no data to indicate whether the State Treasurer would be convicted of not divulging tax-related information. Local governments would incur the costs of incarceration in local facilities, which vary by county. The State would incur the cost of felony probation at an annual average cost of $2,000, as well as the cost of incarceration in a State facility at an average annual cost of $32,000. Additional penal fine revenue would benefit public libraries.

Fiscal Analyst: Lindsay Hollander
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