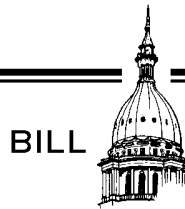




**Senate Fiscal Agency**  
**P. O. Box 30036**  
**Lansing, Michigan 48909-7536**

**BILL ANALYSIS**

**Telephone: (517) 373-5383**  
**Fax: (517) 373-1986**

Senate Bill 884 (as enrolled)  
Sponsor: Senator Nancy Cassis  
Senate Committee: Finance  
House Committee: Tax Policy

**PUBLIC ACT 198 of 2010**

Date Completed: 9-27-10

**CONTENT**

**The bill would amend the revenue Act to do the following:**

- **Create a tax amnesty period between May 15, 2011, and June 30, 2011, for taxes due before January 1, 2010.**
- **Require a taxpayer requesting amnesty to make a full payment of the tax and interest due for any prior period by the last day of the amnesty period.**
- **Of the revenue generated by the amnesty program, appropriate \$6.8 million to the Department of Treasury for administration and public awareness of the program.**
- **Specify that this would be a work project appropriation and any unencumbered or unallotted funds would be carried forward into the following fiscal year.**

The amnesty period would begin on May 15, 2011, and end on June 30, 2011. During the amnesty period, the State Treasurer would have to waive all criminal and civil penalties for failing or refusing to file a return, failing to pay a tax, or making an excessive claim for a refund of a tax for a tax administered under the Act (e.g., the State income tax, the Michigan Business Tax, and the sales tax) if a taxpayer complied with the bill's requirements. A taxpayer would have to make a written request on a form prescribed by the Department, submit any unfiled returns or amended returns, and make full payment of the tax and interest due for any prior period by the last day of the amnesty period. The

amnesty program would not apply to taxes due after December 31, 2009.

From the revenue generated by taxes paid under the amnesty program, the bill would appropriate to the Department of Treasury \$6.8 million for administration and public awareness of the program. The appropriation would be allotted for expenditure on and after October 1, 2010. The appropriation would be a work project appropriation and any unencumbered or unallotted funds would be carried forward into the following fiscal year.

The bill states the following in compliance with Section 451a(1) of the Management and Budget Act:

- The purpose of the project would be to provide technical and administrative support for and public awareness of the 2011 tax amnesty program.
- Costs related to the program would include information technology systems changes, staffing-related costs, costs to promote public awareness, and any other costs related to implementation and dissolution of the program.
- The work project would be accomplished through the use of interagency agreements, grants, State employees, and contracts.
- The total estimated completion cost of the project would be \$6.8 million.
- The expected completion date would be September 30, 2012.

(Section 451a(1) of the Management and Budget Act provides that a work project

appropriation continues to be available until completion of the work or 48 months after the last day of the fiscal year in which the appropriation was made, whichever comes first, and then the balance lapses to the State fund from which it was appropriated. This section also specifies criteria that a project must meet to be designated a work project.)

MCL 205.31

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

The bill would increase State tax revenue by approximately \$88.8 million in FY 2010-11. Because some of the revenue collected in FY 2010-11 due to the amnesty otherwise would have been collected in FY 2011-12 and later years, the bill would decrease revenue by approximately \$61.5 million in FY 2011-12 and later. The School Aid Fund would receive approximately \$26.1 million of the revenue increase in FY 2010-11, with most of the remaining \$62.8 million going to the General Fund. In FY 2011-12 and later years, the School Aid Fund revenue would experience \$11.2 million of the decline, with the remaining \$50.2 million of the reduction lowering General Fund revenue. The bill would increase administrative expenses for the Department of Treasury, although the bill would allocate \$6.8 million of revenue from the increased collections to pay for the administrative costs.

Fiscal Analyst: David Zin

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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.