Legislative Analysis

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REQUIRE INFORMATION ABOUT CITY INCOME TAX IN STATE TAX RETURN & INFORMATION BOOKLET

House Bill 5806
Sponsor: Rep. Lisa L. Howze
Committee: Tax Policy

Complete to 9-10-12

A SUMMARY OF HOUSE BILL 5806 AS INTRODUCED 8-15-12

The bill would require the state income tax return to contain a space for the taxpayer to provide certain information about city income taxes. The bill would amend the Income Tax Act (MCL 406.471), and the requirement would first apply to the 2013 tax year.

Specifically, the bill would require the state return to contain a space for the following information:

- If the taxpayer resides, or is employed, in a city that imposes an income tax.
- If the taxpayer's employer has withheld the local tax from compensation.
- If applicable, the taxpayer's local income tax liability for the immediately preceding calendar year and whether the amount has been paid or is still owed.
- The taxpayer's local income tax liability for the current year -- the year for which the state return is being filed.

Beginning with the 2013 tax year, the state Department of Treasury would have to provide the following in the instruction booklet that accompanies the income tax return: a complete list of cities levying an income tax and the rate in each city on residents, nonresidents, and corporations; a worksheet for the taxpayer to calculate the amount of income tax due to a city where he or she resides or is employed; and an explanation of how and where to report and remit payment, if due, to that city.

FISCAL IMPACT:

As written, the bill would have little or no impact on state or local revenues, but could marginally increase state costs to the extent that the Department of Treasury would need to redesign income tax forms and provide the additional information about the various city income taxes in the booklet that accompanies state income tax forms.

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