

**SUBSTITUTE FOR  
SENATE BILL NO. 28**

A bill to amend 1941 PA 122, entitled

"An act to establish the revenue collection duties of the department of treasury; to prescribe its powers and duties as the revenue collection agency of this state; to prescribe certain powers and duties of the state treasurer; to establish the collection duties of certain other state departments for money or accounts owed to this state; to regulate the importation, stamping, and disposition of certain tobacco products; to provide for the transfer of powers and duties now vested in certain other state boards, commissions, departments, and offices; to prescribe certain duties of and require certain reports from the department of treasury; to provide procedures for the payment, administration, audit, assessment, levy of interests or penalties on, and appeals of taxes and tax liability; to prescribe its powers and duties if an agreement to act as agent for a city to administer, collect, and enforce the city income tax act on behalf of a city is entered into with any city; to provide an appropriation; to abolish the state board of tax administration; to prescribe penalties and provide remedies; and to declare the effect of this act,"

by amending section 19 (MCL 205.19), as amended by 2002 PA 657.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 19. (1) All remittances of taxes administered by this act  
2       shall be made to the department payable to the state of Michigan by

1 bank draft, check, cashier's check, certified check, money order,  
2 cash, **CREDIT CARD**, or electronic funds transfer. The money received  
3 shall be credited as provided by law. A remittance other than cash  
4 or electronic funds transfer shall not be a final discharge of  
5 liability for the tax assessed and levied until the instrument  
6 remitted has been honored. **THE DEPARTMENT SHALL DETERMINE WHICH**  
7 **MAJOR CREDIT CARDS MAY BE ACCEPTED FOR PAYMENT. FOR TAXES PAID BY**  
8 **CREDIT CARD, THE DEPARTMENT MAY ADD A PROCESSING FEE; HOWEVER, THE**  
9 **FEE SHALL NOT EXCEED THE CHARGES THAT THE STATE INCURS BECAUSE OF**  
10 **THE USE OF THE CREDIT CARD.**

11 (2) For reporting periods beginning after August 31, 1991, a  
12 taxpayer other than a city or a county who paid in the immediately  
13 preceding calendar year an average of \$40,000.00 or more per month  
14 in income tax withholding pursuant to the income tax act of 1967,  
15 1967 PA 281, MCL 206.1 to 206.532, shall deposit Michigan income  
16 tax withholding either in the same manner and according to the same  
17 schedule as deposits of federal income tax withholding or in  
18 another manner that has been approved by the department.

19 (3) For failure to remit a tax administered by this act with a  
20 negotiable remittance, the following penalty may be added in  
21 addition to any other penalties imposed by this act:

22 (a) For notices of intent to assess issued on or before  
23 February 28, 2003, 25% of the tax due.

24 (b) For notices of intent to assess issued after February 28,  
25 2003, \$50.00.

26 (4) The department may require that all money collected by the  
27 taxpayer for taxes administered by this act that has not been paid

1 to the department ~~of treasury~~ is public money and the property of  
2 this state, and shall be held in trust in a separate account and  
3 fund for the sole use and benefit of this state until paid over to  
4 the department. ~~of treasury.~~

5 (5) For tax years after the 1995 tax year for which taxes are  
6 collected under an agreement entered into pursuant to section 9 **OF**  
7 **CHAPTER 1** of the city income tax act, 1964 PA 284, MCL 141.509, if  
8 a taxpayer pays, when filing his or her annual return, an amount  
9 less than the sum of the declared tax liability under the city  
10 income tax act, 1964 PA 284, MCL 141.501 to 141.787, and the  
11 declared tax liability under the income tax act of 1967, 1967 PA  
12 281, MCL 206.1 to 206.532, and if there is no indication of the  
13 allocation of payment between the tax liabilities against which the  
14 payment should be applied, the amount paid shall first be applied  
15 against the taxpayer's tax liability under the city income tax act,  
16 1964 PA 284, MCL 141.501 to 141.787, and any remaining amount of  
17 the payment shall be applied to the taxpayer's tax liability under  
18 the income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.532. The  
19 taxpayer's designation of a payee on a payment is not a dispositive  
20 determination of the allocation of that payment under this  
21 subsection.