

HOUSE BILL No. 4605

May 14, 2015, Introduced by Reps. Pscholka, Iden, Theis, Sheppard, Inman and Potvin and referred to the Committee on Roads and Economic Development.

A bill to amend 1967 PA 281, entitled "Income tax act of 1967," by amending section 51 (MCL 206.51), as amended by 2012 PA 223.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 51. (1) For receiving, earning, or otherwise acquiring
2 income from any source whatsoever, there is levied and imposed
3 under this part upon the taxable income of every person other than
4 a corporation a tax at the following rates in the following
5 circumstances:

6 ~~— (a) Before May 1, 1994, 4.6%.~~

7 ~~— (b) After April 30, 1994 and before January 1, 2000, 4.4%.~~

8 ~~— (c) For tax years that begin on and after January 1, 2000 and
9 before January 1, 2002, 4.2%.~~

10 ~~— (d) For tax years that begin on and after January 1, 2002 and
11 before January 1, 2003, 4.1%.~~

1 ~~—— (c) On and after January 1, 2003 and before July 1, 2004,~~
 2 ~~4.0%.~~

3 ~~—— (f) On and after July 1, 2004 and before October 1, 2007,~~
 4 ~~3.9%.~~

5 (A) ~~(g)~~ On and after October 1, 2007 and before October 1,
 6 2012, 4.35%.

7 (B) ~~(h)~~ Beginning on and after October 1, 2012, 4.25%.

8 ~~—— (2) The following percentages of the net revenues collected~~
 9 ~~under this section shall be deposited in the state school aid fund~~
 10 ~~created in section 11 of article IX of the state constitution of~~
 11 ~~1963.~~

12 ~~—— (a) Beginning October 1, 1994 and before October 1, 1996,~~
 13 ~~14.4% of the gross collections before refunds from the tax levied~~
 14 ~~under this section.~~

15 ~~—— (b) After September 30, 1996 and before January 1, 2000, 23.0%~~
 16 ~~of the gross collections before refunds from the tax levied under~~
 17 ~~this section.~~

18 (2) ~~(e)~~ Beginning January 1, 2000, that percentage of the
 19 gross collections before refunds from the tax levied under this
 20 section that is equal to 1.012% divided by the income tax rate
 21 levied under this section **SHALL BE DEPOSITED IN THE STATE SCHOOL**
 22 **AID FUND CREATED IN SECTION 11 OF ARTICLE IX OF THE STATE**
 23 **CONSTITUTION OF 1963.**

24 (3) **IN ADDITION TO THE DISTRIBUTION UNDER SUBSECTION (2), THE**
 25 **FOLLOWING AMOUNTS COLLECTED UNDER THIS SECTION SHALL BE DEPOSITED**
 26 **AND DISTRIBUTED AS PROVIDED IN SECTION 10(1)(K) OF 1951 PA 51, MCL**
 27 **247.660:**

1 (A) BEGINNING OCTOBER 1, 2015 THROUGH SEPTEMBER 30, 2016,
2 \$192,000,000.00.

3 (B) BEGINNING OCTOBER 1, 2016 THROUGH SEPTEMBER 30, 2017,
4 \$367,000,000.00.

5 (C) BEGINNING OCTOBER 1, 2017 THROUGH SEPTEMBER 30, 2018,
6 \$542,000,000.00.

7 (D) BEGINNING OCTOBER 1, 2018 THROUGH SEPTEMBER 30, 2019,
8 \$717,000,000.00.

9 (E) BEGINNING OCTOBER 1, 2019 AND EACH FISCAL YEAR THEREAFTER,
10 THE DEPARTMENT SHALL ADJUST THE AMOUNT DISTRIBUTED UNDER THIS
11 SUBSECTION FOR THE IMMEDIATELY PRECEDING FISCAL YEAR FOR INFLATION
12 USING THE DETROIT CONSUMER PRICE INDEX AND ROUNDED TO THE NEAREST
13 \$100.00 INCREMENT. AS USED IN THIS SUBDIVISION, "DETROIT CONSUMER
14 PRICE INDEX" MEANS THE MOST COMPREHENSIVE INDEX OF CONSUMER PRICES
15 AVAILABLE FOR THE DETROIT AREA FROM THE UNITED STATES DEPARTMENT OF
16 LABOR, BUREAU OF LABOR STATISTICS.

17 (4) ~~(3)~~—The department shall annualize rates provided in
18 subsection (1) as necessary. ~~for tax years that end after April 30,~~
19 ~~1994.~~—The applicable annualized rate shall be imposed upon the
20 taxable income of every person other than a corporation for those
21 tax years.

22 (5) ~~(4)~~—The taxable income of a nonresident shall be computed
23 in the same manner that the taxable income of a resident is
24 computed, subject to the allocation and apportionment provisions of
25 this part.

26 (6) ~~(5)~~—A resident beneficiary of a trust whose taxable income
27 includes all or part of an accumulation distribution by a trust, as

1 defined in section 665 of the internal revenue code, shall be
2 allowed a credit against the tax otherwise due under this part. The
3 credit shall be all or a proportionate part of any tax paid by the
4 trust under this part for any preceding taxable year that would not
5 have been payable if the trust had in fact made distribution to its
6 beneficiaries at the times and in the amounts specified in section
7 666 of the internal revenue code. The credit shall not reduce the
8 tax otherwise due from the beneficiary to an amount less than would
9 have been due if the accumulation distribution were excluded from
10 taxable income.

11 (7) ~~(6)~~—The taxable income of a resident who is required to
12 include income from a trust in his or her federal income tax return
13 under the provisions of 26 USC 671 to 679, shall include items of
14 income and deductions from the trust in taxable income to the
15 extent required by this part with respect to property owned
16 outright.

17 (8) ~~(7)~~—It is the intention of this section that the income
18 subject to tax of every person other than corporations shall be
19 computed in like manner and be the same as provided in the internal
20 revenue code subject to adjustments specifically provided for in
21 this part.

22 (9) ~~(8)~~—As used in this section:

23 (a) "Person other than a corporation" means a resident or
24 nonresident individual or any of the following:

25 (i) A partner in a partnership as defined in the internal
26 revenue code.

27 (ii) A beneficiary of an estate or a trust as defined in the

1 internal revenue code.

2 (iii) An estate or trust as defined in the internal revenue
3 code.

4 (b) "Taxable income" means taxable income as defined in this
5 part subject to the applicable source and attribution rules
6 contained in this part.