

SENATE BILL No. 414

June 18, 2015, Introduced by Senator SCHMIDT and referred to the Committee on Finance.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending sections 1, 51, and 601 (MCL 206.1, 206.51, and
206.601), section 51 as amended by 2012 PA 223 and section 601 as
added by 2011 PA 38.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. (1) This act is for the purpose of meeting
2 deficiencies in state funds and shall be known and may be cited as
3 the "income tax act of 1967".

4 (2) THIS PART SHALL BE KNOWN AND MAY BE CITED AS THE
5 "INDIVIDUAL INCOME TAX ACT".

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

1 circumstances:

2 (a) Before May 1, 1994, 4.6%.

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

4 (c) For tax years that begin on and after January 1, 2000 and
5 before January 1, 2002, 4.2%.

6 (d) For tax years that begin on and after January 1, 2002 and
7 before January 1, 2003, 4.1%.

8 (e) On and after January 1, 2003 and before July 1, 2004,
9 4.0%.

10 (f) On and after July 1, 2004 and before October 1, 2007,
11 3.9%.

12 (g) On and after October 1, 2007 and before October 1, 2012,
13 4.35%.

14 (h) ~~Beginning on~~ **ON** and after October 1, 2012 **AND BEFORE**
15 **OCTOBER 1, 2015**, 4.25%.

16 **(I) ON AND AFTER OCTOBER 1, 2015, 4.2%.**

17 (2) The following percentages of the net revenues collected
18 under this section shall be deposited in the state school aid fund
19 created in section 11 of article IX of the state constitution of
20 1963:

21 (a) Beginning October 1, 1994 and before October 1, 1996,
22 14.4% of the gross collections before refunds from the tax levied
23 under this section.

24 (b) After September 30, 1996 and before January 1, 2000, 23.0%
25 of the gross collections before refunds from the tax levied under
26 this section.

27 (c) Beginning January 1, 2000, that percentage of the gross

1 collections before refunds from the tax levied under this section
2 that is equal to 1.012% divided by the income tax rate levied under
3 this section.

4 (3) The department shall annualize rates provided in
5 subsection (1) as necessary for tax years that end after April 30,
6 1994. The applicable annualized rate shall be imposed upon the
7 taxable income of every person other than a corporation for those
8 tax years.

9 (4) The taxable income of a nonresident shall be computed in
10 the same manner that the taxable income of a resident is computed,
11 subject to the allocation and apportionment provisions of this
12 part.

13 (5) A resident beneficiary of a trust whose taxable income
14 includes all or part of an accumulation distribution by a trust, as
15 defined in section 665 of the internal revenue code, shall be
16 allowed a credit against the tax otherwise due under this part. The
17 credit shall be all or a proportionate part of any tax paid by the
18 trust under this part for any preceding taxable year that would not
19 have been payable if the trust had in fact made distribution to its
20 beneficiaries at the times and in the amounts specified in section
21 666 of the internal revenue code. The credit shall not reduce the
22 tax otherwise due from the beneficiary to an amount less than would
23 have been due if the accumulation distribution were excluded from
24 taxable income.

25 (6) The taxable income of a resident who is required to
26 include income from a trust in his or her federal income tax return
27 under the provisions of 26 USC 671 to 679, shall include items of

1 income and deductions from the trust in taxable income to the
2 extent required by this part with respect to property owned
3 outright.

4 (7) It is the intention of this section that the income
5 subject to tax of every person other than corporations shall be
6 computed in like manner and be the same as provided in the internal
7 revenue code subject to adjustments specifically provided for in
8 this part.

9 (8) As used in this section:

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

12 (i) A partner in a partnership as defined in the internal
13 revenue code.

14 (ii) A beneficiary of an estate or a trust as defined in the
15 internal revenue code.

16 (iii) An estate or trust as defined in the internal revenue
17 code.

18 (b) "Taxable income" means taxable income as defined in this
19 part subject to the applicable source and attribution rules
20 contained in this part.

21 Sec. 601. (1) **THIS PART SHALL BE KNOWN AND MAY BE CITED AS THE**
22 **"CORPORATE INCOME TAX ACT".**

23 (2) A term used in this part and not defined differently shall
24 have the same meaning as when used in comparable context in the
25 laws of the United States relating to federal income taxes in
26 effect for the tax year unless a different meaning is clearly
27 required. A reference in this part to the internal revenue code

- 1 includes other provisions of the laws of the United States relating
- 2 to federal income taxes.