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BILL



ANALYSIS

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House Bill 4976 (Substitute H-2 as reported without amendment)
Sponsor: Representative Jim Tedder
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bill would amend the revenue Act to provide for a settlement process between the Department of Treasury and a taxpayer to solve a dispute that arose over the amount of taxes the taxpayer owed, before the Department made a decision after an informal conference.

The current process requires various notices from the Department to a taxpayer, and allows the taxpayer to request an informal conference. Under the bill, after a request had been made, the taxpayer and the Department could seek to settle any or all issues in dispute by submitting a written settlement offer to the other party, who could accept, reject, or counter the offer. After additional stages in the process, if the parties continued to reject each other's offer, the informal conference process would have to proceed. If the parties reached an agreement, they would have to execute a written settlement agreement. The Department's final assessment issued under these provisions would not be subject to appeal or challenge or reviewable in any court. With respect to any issues in dispute that were not included in the agreement, the informal conference process would have to proceed, unless the taxpayer withdrew the request for the conference.

The bill also would require the Department to publish semiannually on its website a report containing specified information about settlements.

MCL 205.21 & 205.28

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would have an indeterminate, and likely negligible, impact on State revenue. By offering an alternative method of dispute settlement, the bill could ultimately alter the liabilities taxpayers face. In cases in which no resolution was reached under the alternative approach proposed by the bill, the bill would have no impact on revenue. To the extent that the parties accepted a different resolution than would be reached under current law, the bill could either increase or decrease revenue from individual settlements. The net impact of any such changes is unknown and impossible to determine.

It is expected that the bill would have a minimal or no overall impact on the Department of Treasury. The bill would affect the collection division within the Department. The division could incur additional costs from the process of settling unpaid tax disputes; however, these costs would be minimal and within current appropriations, and could even be offset completely if the bill resulted in a decrease in the amount of litigation costs.

Date Completed: 11-14-17

Fiscal Analyst: Cory Savino
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Bill Analysis @ www.senate.michigan.gov/sfa

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