

Rep. Kosowski offered the following resolution:

House Resolution No. 213.

A resolution to urge the Congress of the United States to discontinue the practice of taxing state and local income tax refunds.

Whereas, The federal income tax system unfairly taxes the state and local income tax refunds of certain tax filers. Under the Internal Revenue Code, personal income tax filers who itemize their deductions may deduct either the amount of income taxes paid to state and local governments or the amount paid in state and local sales and use taxes. Individual income tax filers who deduct their state and local income tax payments and receive a refund must report all or part of the refund as taxable income the following year on their federal income tax returns; and

Whereas, Individuals who deduct state and local income tax payments and receive a refund should not have their refunds reported as taxable income the following year. This provision creates unnecessary confusion and ill will when individual income tax filers receive a federal notification requiring them to report all or part of their state and local income tax refunds as income the following year, and it makes it appear as though their income has been taxed twice under the federal income tax code; and

Whereas, Legislation that overhauls the federal income tax code should include the removal of the current requirement to tax all or part of a tax filer's state and local income tax refunds. Removing this provision would streamline the process of filing one's individual income tax returns, make it simpler for the average taxpayer to complete their own tax returns accurately, and reduce the administrative burden of the federal, state, and local agencies responsible for reporting, coordinating, and overseeing the multitude of individual income tax systems in this country; now, therefore, be it

Resolved by the House of Representatives, That we urge the Congress of the United States to discontinue the practice of taxing state and local income tax refunds; and be it further

Resolved, That copies of this resolution be transmitted to the President of the United States Senate, the Speaker of the United States House of Representatives, and the members of the Michigan congressional delegation.