

HOUSE BILL NO. 5252

November 13, 2019, Introduced by Reps. Neeley, Robinson and Garrett and referred to the Committee on Local Government and Municipal Finance.

A bill to amend 1964 PA 284, entitled
"City income tax act,"
by amending section 3 (MCL 141.503), as amended by 2012 PA 394, and
by adding section 3e.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. (1) The governing body of a city, by a lawfully
2 adopted ordinance that incorporates by reference the uniform city
3 income tax ordinance set forth in chapter 2, may levy, assess, and
4 collect an excise tax on income as provided in the ordinance. The
5 ordinance shall state the rate of the tax which shall be the rate



1 authorized by 1 of the following:

2 (a) The uniform city income tax ordinance under section 11 of
3 chapter 2.

4 (b) Subsection (2).

5 (c) Section 3a, 3b, ~~or 3c~~, or 3e of this chapter.

6 (2) In a city with a population of more than 600,000, the
7 governing body may levy and collect a tax at a rate to be
8 determined from time to time, that rate to be not more than 2% on
9 corporations and the following maximum tax rates on resident
10 individuals and nonresident individuals for the following years:

11 (a) Before July 1, 1999, 3.00% on resident individuals and
12 1.50% on nonresident individuals.

13 (b) Beginning July 1, 1999 and each July 1 after 1999 through
14 July 1, 2012, except for 2008 and 2009, the maximum tax rate under
15 this subsection on resident individuals shall be reduced by 0.1
16 until the rate on resident individuals is 2.0%. The tax rate
17 imposed on nonresident individuals shall be 50% of the tax rate
18 imposed on resident individuals each year.

19 (c) Notwithstanding any other provision of this section, for
20 the 2008 and 2009 calendar years, the city shall impose the same
21 tax rate on resident individuals and nonresident individuals as the
22 city had imposed for the 2007 calendar year.

23 (d) Except as otherwise provided under subdivision (e),
24 beginning January 1, 2013 and each year after 2013, a rate of not
25 more than 2.40% on resident individuals and 1.20% on nonresident
26 individuals.

27 (e) Beginning January 1 of the year immediately succeeding the
28 year that all bonds, obligations, and other evidence of
29 indebtedness issued by a lighting authority have been fully paid



1 and each year thereafter, a rate of not more than 2.20% on resident
2 individuals and 1.10% on nonresident individuals.

3 (3) Notwithstanding any other provision of law or any
4 ordinance of the city to the contrary, a city that forms a lighting
5 authority shall deposit an amount equal to the sum of the revenue
6 collected from 0.2% of the rate levied on resident individuals
7 pursuant to subsection (2)(d) and 0.1% of the rate levied on
8 nonresident individuals pursuant to subsection (2)(d) directly into
9 the budget of the city's police department and use it exclusively
10 to retain or hire police officers. The transfer and use of the
11 revenue as provided under this subsection shall continue until all
12 bonds, obligations, or other evidence of indebtedness issued by a
13 lighting authority have been fully paid and revenue is no longer
14 being pledged from taxes levied under the city utility users tax
15 act, 1990 PA 100, MCL 141.1151 to 141.1177, to the lighting
16 authority. As used in this subsection, "lighting authority" means a
17 lighting authority incorporated under the municipal lighting
18 authority act, **2012 PA 392, MCL 123.1261 to 123.1295.**

19 (4) The governing body of a city may adopt the uniform city
20 income tax ordinance with the alternative sections as set forth in
21 chapter 3 instead of the similarly numbered sections as set forth
22 in chapter 2. The uniform city income tax ordinance may be lawfully
23 adopted or rescinded by the governing body at any time. The
24 adoption of an ordinance is effective on and after January 1 or
25 July 1 following adoption of the ordinance, as specified in the
26 ordinance, but an ordinance shall not become effective earlier than
27 45 days after adoption or until approved by the electors if a
28 referendum petition is filed as authorized in this act or a
29 referendum is otherwise required. The rescission of an ordinance



1 shall become effective on the following December 31. The ordinance
2 may be rescinded at any time by the governing body in the same
3 manner in which it was adopted and with appropriate enforcement,
4 collection, and refund provisions with respect to liabilities
5 incurred prior to the effective date of the rescission of the
6 ordinance. The ordinance shall not be amended except as provided by
7 the legislature. A city may amend the ordinance to change the tax
8 rate to a rate authorized by this act.

9 (5) Petitions for a referendum election on the question of
10 adopting an ordinance adopted by the governing body may be filed
11 with the city clerk not later than the sixth Monday following the
12 adoption of the ordinance. The petitions shall be signed by a
13 number of registered electors of the city equal to at least 10%,
14 but not more than 20%, of the registered electors of the city
15 voting in the last general municipal election prior to the adoption
16 of the ordinance by the governing body. If proper petitions are
17 filed, the question of adopting the ordinance shall be submitted by
18 the governing body to the city electors at the next primary or
19 general election or at a special election called for the purpose,
20 in any case held not less than 45 days nor more than 90 days after
21 the clerk has reported the filing of the referendum petition to the
22 city's governing body. The checking of names on the petitions, the
23 counting, canvassing, and return of the votes on the question, and
24 other procedures for the election shall be as provided by law or
25 charter. Upon a favorable vote of the city electors, the ordinance
26 shall be effective as specified in the ordinance which may be
27 amended by the governing body of the city following the election to
28 specify July 1 or January 1 as the effective date of the ordinance,
29 if the effective date originally specified in the ordinance is



1 considered impractical or inconvenient for any reason. The
2 provisions in this section for a referendum election, and for
3 delaying the effective date of the ordinance if petitions for a
4 referendum are filed, are not applicable to a city that on January
5 1, 1964 had in effect a valid ordinance levying and imposing an
6 excise tax levied on or measured by income. Notwithstanding any
7 other provision of this act, if an ordinance becomes effective on
8 any date other than January 1, each tax year shall end on December
9 31, and the provisions of the ordinance based on a full tax year
10 are modified accordingly to be applicable to the partial tax year.

11 **Sec. 3e. A city with a population of more than 100,000 but**
12 **less than 110,000 according to the most recent federal decennial**
13 **census that levied a tax authorized by this act before the**
14 **effective date of this section may amend its ordinance to increase**
15 **the rate to an annual tax of not more than 1.5% on corporations and**
16 **resident individuals and not more than 0.75% on nonresident**
17 **individuals, but not more than 1/2 of the tax rate imposed on**
18 **resident individuals. An amendment to the city income tax ordinance**
19 **under this section is not effective unless the amendment is**
20 **approved by a majority of the qualified electors of that city**
21 **voting on the question as provided in this act. An amendment**
22 **pursuant to this section shall not be placed before the voters for**
23 **approval more than once in any 12-month period.**

