



Senate Fiscal Agency
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House Bill 4569 (Substitute H-1 as passed by the House)
House Bills 4571 (as passed by the House)
Sponsor: Representative Andrew Beeler (H.B. 4569)
Representative Tenisha Yancey (H.B. 4571)
House Committee: Tax Policy
Senate Committee: Finance

Date Completed: 4-14-21

CONTENT

House Bill 4569 (H-1) would amend Chapter 2 (Uniform City Income Tax Ordinance) of the City Income Tax Act to specify that taxpayers required to make and file a return or declaration of estimated tax that otherwise was due on or before April 15 or April 30 would automatically receive an extension to file those returns and declarations if the Internal Revenue Service (IRS) extended the Federal income tax filing or payment due date for that same tax year for Federal taxpayers.

House Bill 4571 would amend Part 1 of the Income Tax Act to extend the deadline for taxpayers to file their annual tax returns until May 17, 2021, for returns originally due April 15, 2021, or later if the IRS extended the Federal filing deadline after the bill's effective date.

House Bill 4569 (H-1)

The bill would amend the City Income Tax Act to specify that a person required to make and file an annual return, quarterly return, or declaration of estimated tax that otherwise was due on or before April 15 or April 30 for each tax year under the ordinance would automatically receive an extension to file those returns and declarations if the IRS extended the Federal income tax filing or payment due date for that same tax year for Federal taxpayers. The extension to file those returns would have to coincide with that extended due date established by the IRS for that same tax year or 15 days after the date established by the IRS, whichever was applicable.

Notwithstanding any other provision of the ordinance, for returns or declarations of estimated tax that originally were due on April 15 or April 30 and that were subsequently filed or remitted at a later date in accordance with the above provision, all interest and penalties for the failure to file or remit for that extended period would have to be waived.

House Bill 4571

The bill would amend Part 1 of the Income Tax Act to specify that a person required to make and file an annual return that otherwise was due on or before April 15, 2021, for the 2020 tax year under Part 1 would automatically receive an extension to file that return until May 17, 2021. Accordingly, if the IRS extended the Federal income tax filing date for the 2020 tax year for Federal taxpayers after the bill's effective date, then the deadline to make and file

an annual return for the 2020 tax year also would be extended automatically. That extension to file those returns would have to coincide with that extended due date established by the IRS for that same tax year.

The taxpayer would not be subject to any interest or penalties during this extension period.

Proposed MCL 141.540 & 141.580 (H.B. 4569)
MCL 206.301a (H.B. 4571)

Legislative Analyst: Christian Schmidt

FISCAL IMPACT

The bills would have a minimal fiscal impact on the State and on cities that levy a city income tax. Because the bills only would shift the date for returns, the amounts of payments or refunds would remain unchanged. The State and affected cities could have reduced interest earned on fund balances. Given low current interest rates and that the delay would affect only one month of earnings, any interest rate effect would be negligible.

The Department of Treasury would experience no net fiscal impact. Any reduced staffing and administration for processing tax returns in the current month would be made up by higher staffing and administration for processing tax returns during the next month. The same likely would be true for cities that administer their own income tax collections.

Fiscal Analyst: Ryan Bergan
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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.