

HOUSE BILL NO. 6037

April 14, 2022, Introduced by Reps. Brenda Carter, Hertel, Shannon, Cherry, Garza, Brixie, Pohutsky, Hope, Coleman, Tyrone Carter, Haadsma, Weiss, Manoogian, Stone, Kuppa, Hood, Morse, Thanedar, Steckloff, Rabhi, Breen, Tate, Cynthia Johnson, Sabo, Young, Rogers, O'Neal, Scott, Neeley, Puri, Aiyash, Camilleri, Lasinski, Cavanagh, Brabec, Koleszar, Jones, Anthony and Yancey and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 471 (MCL 206.471), as amended by 2011 PA 38,
and by adding section 707a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 471. (1) The tax imposed by this part shall be
2 administered by the department. The department shall prescribe
3 forms for use by taxpayers and may promulgate rules for all of the

1 following:

2 (a) The maintenance by taxpayers of records, books, and
3 accounts.

4 (b) The computation of the tax.

5 (c) The manner and time of changing or electing accounting
6 methods and of exercising the accounting method options contained
7 in this part.

8 (d) The making of returns, the payment of tax due, and the
9 ascertainment, assessment, and collection of the tax.

10 (2) The rules shall follow the rulings of the United States
11 internal revenue service with respect to the federal income tax if
12 those rulings are not inconsistent with this part, and the
13 department may adopt as a part of the rules any portions of the
14 internal revenue code or rulings, in whole or in part.

15 (3) A summary of state expenditures and revenues by major
16 category, in dollar amounts and percentage of total, for the most
17 recent state fiscal year that the information is available, shall
18 be printed in the instruction booklet accompanying each state
19 income tax return.

20 (4) Each state income tax return shall contain a space for the
21 taxpayer to indicate the school district in which the taxpayer
22 resides.

23 (5) The department may provide information in the instruction
24 booklet about the purchase of an annual state park motor vehicle
25 permit pursuant to part 741 of the natural resources and
26 environmental protection act, 1994 PA 451, MCL 324.74101 to
27 324.74125.

28 (6) In the instruction booklet that accompanies the annual
29 return required under this part, the department shall ~~provide a~~

1 include both of the following:

2 (a) A clear and concise listing of each credit and each
3 deduction allowed under this part and a reference to a detailed
4 explanation.

5 (b) Beginning with the instruction booklet for the 2022 tax
6 year and each tax year thereafter, a page explaining the rules and
7 factors considered for classifying an individual as an employee or
8 an independent contractor. The page must also include the contact
9 information for both the Michigan department of labor and economic
10 opportunity's wage and hour division and the Michigan department of
11 attorney general for the purposes of reporting payroll fraud if the
12 individual believes that he or she has been misclassified as an
13 independent contractor.

14 (7) The department shall post the list and page described in
15 subsection (6) on the department's official website.

16 Sec. 707a. Beginning after the effective date of this section,
17 the department shall send a notice to each payee listed on the copy
18 of each form 1099 that was filed with the department under section
19 707 that explains the rules and factors considered for classifying
20 an individual as an employee or an independent contractor. The
21 notice must also include the contact information for both the
22 Michigan department of labor and economic opportunity's wage and
23 hour division and the Michigan department of attorney general for
24 the purposes of reporting payroll fraud if the individual believes
25 that he or she has been misclassified as an independent contractor.