

# HOUSE BILL NO. 4391

April 12, 2023, Introduced by Reps. Brenda Carter, Breen, Hood, Farhat, Brabec, Morse, Price, Weiss, Snyder, Tsernoglou, Hope, Andrews, Haadsma and Scott and referred to the Committee on Labor.

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 **department shall administer the** tax imposed  
**2** by this part. ~~shall be administered by the department.~~ The  
**3** department shall prescribe forms for use by taxpayers and may

1 promulgate rules for all of the 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~~ **Internal Revenue Service** with respect to  
12 the federal income tax if those rulings are not inconsistent with  
13 this part, and the department may adopt as a part of the rules any  
14 portions of the internal revenue code or rulings, in whole or in  
15 part.

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

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

24 (5) The department may provide information in the instruction  
25 booklet about the purchase of an annual state park motor vehicle  
26 permit pursuant to part 741 of the natural resources and  
27 environmental protection act, 1994 PA 451, MCL 324.74101 to  
28 ~~324.74125.~~ **324.74126.**

29 (6) In the instruction booklet that accompanies the annual

1 return required under this part, the department shall ~~provide a~~  
2 **include both of the following:**

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

6 (b) Beginning with the instruction booklet for the 2024 tax  
7 year and each tax year after 2024, a page explaining the rules and  
8 factors considered for classifying an individual as an employee or  
9 an independent contractor. The page must also include the contact  
10 information for both the Michigan department of labor and economic  
11 opportunity's wage and hour division and the Michigan department of  
12 attorney general for the purposes of reporting payroll fraud if the  
13 individual believes that the individual has been misclassified as  
14 an independent contractor.

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

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