



HOUSE BILL No. 6076

September 12, 1996, Introduced by Reps. Gubow, Pitoniak and DeMars and referred to the Committee on Tax Policy.

A bill to amend section 51a of Act No. 281 of the Public Acts of 1967, entitled "Income tax act of 1967," as added by Act No. 265 of the Public Acts of 1996, being section 206.51a of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 51a of Act No. 281 of the Public Acts of
2 1967, as added by Act No. 265 of the Public Acts of 1996, being
3 section 206.51a of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 51a. (1) Notwithstanding any other provision of this
6 act and for tax years beginning after December 31, 1996, an eli-
7 gible taxpayer may elect to pay the tax imposed by this act
8 calculated by multiplying taxable compensation, less an amount

1 equal to the personal and dependency exemptions allowed as a
2 subtraction under section 30(2), (3), and (4), by 4.4%.

3 (2) Except as provided in subsection (1), an eligible tax-
4 payer who elects to pay the tax imposed by this act calculated
5 under this section shall not claim any exemption, deduction, or
6 credit allowed under this act other than the credits allowed
7 under all of the following sections:

8 (a) The credit for taxes withheld under section 251.

9 (b) The prescription drug credit under section 273.

10 (c) The home heating credit under section 527a.

11 (3) An eligible taxpayer who elects to pay the tax imposed
12 by this act calculated under this section is not required to file
13 an annual return under this act.

14 (4) An eligible taxpayer who files a withholding exemption
15 certificate to elect to pay the tax imposed by this act calcu-
16 lated under this section may file an annual return and pay the
17 tax calculated under section 51.

18 (5) The running of the statute of limitations provided in
19 Act No. 122 of the Public Acts of 1941, being sections 205.1 to
20 205.31 of the Michigan Compiled Laws, begins on the date that the
21 annual return is due for the tax year in which the taxpayer has
22 filed an election to pay the tax imposed by this act calculated
23 under this section.

24 (6) The department may enforce the collection of the tax
25 imposed under this act and calculated under this section to the
26 extent the tax withheld under section 351 is less than the tax
27 imposed by this act and calculated under this section.

1 (7) IF AN ELIGIBLE TAXPAYER WHO ELECTS TO PAY THE TAX
2 IMPOSED BY THIS ACT CALCULATED UNDER THIS SECTION HAS COMPENSA-
3 TION THAT IS NOT SUBJECT TO WITHHOLDING UNDER SECTION 351, THE
4 ELIGIBLE TAXPAYER SHALL NOTIFY THE DEPARTMENT THAT HE OR SHE IS
5 NOT REQUIRED TO FILE A RETURN UNDER THIS ACT BEFORE THE END OF
6 THE TAX YEAR FOR WHICH THE RETURN IS NOT REQUIRED.

7 (8) ~~(7)~~ For the 1998 tax year and each year after 1998
8 that the no-form option allowed under this section is in effect,
9 the department shall file a report not later than July 1 with the
10 house tax policy committee and the senate finance committee that
11 contains all of the following information about the taxpayers who
12 elect to pay the tax imposed by this act ~~pursuant to~~ CALCULATED
13 UNDER this section:

14 (a) The total number of taxpayers.

15 (b) The number of taxpayers by county and city.

16 (c) The average income of the taxpayers.

17 (9) ~~(8)~~ As used in this section:

18 (a) "Eligible taxpayer" means a resident who meets both of
19 the following criteria:

20 (i) Has taxable income for the tax year, other than taxable
21 compensation, in total or from any 1 source ~~of~~ of less than
22 \$100.00 for a single return or \$200.00 for a joint return.

23 (ii) Has filed a withholding exemption certificate to elect
24 to pay the tax imposed by this act calculated under this section
25 for the tax year.

1 (b) "Taxable compensation" means compensation from which tax
2 has been withheld pursuant to section 351(1) or (7), except ALL
3 OF the following:

4 (i) Compensation described in section 30(1)(e) or
5 30(1)(f)(i).

6 (ii) Social security benefits as defined in section 86 of
7 the internal revenue code.

8 (iii) Retirement benefits, pension benefits, or benefits
9 from a retirement annuity policy in which payments are made for
10 life to a senior citizen, other than benefits described in sec-
11 tion 30(1)(e) or 30(1)(f)(i), or described in section 86 of the
12 internal revenue code, not to exceed the amounts allowed as a
13 deduction under section 30(1)(f)(v).

14 (iv) INTEREST, DIVIDENDS, AND CAPITAL GAINS NOT TO EXCEED
15 THE AMOUNTS ALLOWED AS A DEDUCTION UNDER SECTION 30(1)(R).