

HOUSE BILL No. 4712

May 20, 2003, Introduced by Reps. Robertson, Huizenga, Tabor, DeRossett, Ward, Stakoe, Garfield, Nitz, Hager, Woronchak, Nofs, Van Regenmorter, Acciavatti, Pappageorge, Sheen, Shaffer, Middaugh, Koetje, Ruth Johnson, Casperson, Milosch, Taub, Voorhees, Kooiman, Vander Veen, Amos, Ehardt, Pumford, Shulman, Brandenburg, Rocca, Hoogendyk, Wenke, Moolenaar, Stahl, Howell, Shackleton, Bisbee, Palmer, Caswell and LaJoy and referred to the Committee on Tax Policy.

A bill to amend 1964 PA 284, entitled
"City income tax act,"
by amending section 32 of chapter 2 (MCL 141.632).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

CHAPTER 2

Sec. 32. **(1)** The following ~~payments and benefits~~ amounts
received by any person are not subject to the tax **under this**
ordinance:

(a) Gifts and bequests.

(b) Proceeds of insurance ~~, annuities, pensions and or~~
annuity, pension, or retirement benefits. Amounts received for
personal injuries, sickness, or disability are excluded from
taxable income ~~only~~ to the extent ~~provided~~ **those amounts are**
excluded by the ~~federal~~ internal revenue code.

(c) Welfare relief, unemployment benefits including

1 supplemental unemployment benefits, ~~and workmen's or worker's~~
2 compensation or similar payments. ~~from whatever source derived.~~

3 (d) Amounts received by charitable, religious, educational,
4 ~~and or~~ other similar nonprofit organizations ~~which~~ **that** are
5 exempt from taxation under the ~~federal~~ internal revenue code.

6 (e) Amounts received by supplemental unemployment benefit
7 trusts or pension, profit sharing, ~~and or~~ stock bonus trusts
8 qualified and exempt under the ~~federal~~ internal revenue code.

9 (f) Interest from obligations of the United States ~~, the~~
10 ~~states or subordinate units of government of the states and or a~~
11 **state or subdivision of a state or** gains or losses on the ~~sales~~
12 **sale** of obligations of the United States.

13 (g) Net profits of financial institutions and insurance
14 companies.

15 (h) Amounts paid to an employee as reimbursement for expenses
16 necessarily and actually incurred by him **or her** in the actual
17 performance of his **or her** services and deductible ~~as such~~ by
18 ~~the~~ **his or her** employer.

19 (i) Compensation received for service in the armed forces of
20 the United States.

21 **(2) In addition to the exclusions provided in subsection (1),**
22 **a city may, by amending this ordinance, provide for the exclusion**
23 **from the tax imposed under this ordinance compensation received**
24 **by a taxpayer while the taxpayer is on active military duty in**
25 **the armed forces of the United States in an area designated as a**
26 **combat zone by the president of the United States.**