

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 884**

A bill to amend 1941 PA 122, entitled

"An act to establish the revenue collection duties of the department of treasury; to prescribe its powers and duties as the revenue collection agency of this state; to prescribe certain powers and duties of the state treasurer; to establish the collection duties of certain other state departments for money or accounts owed to this state; to regulate the importation, stamping, and disposition of certain tobacco products; to provide for the transfer of powers and duties now vested in certain other state boards, commissions, departments, and offices; to prescribe certain duties of and require certain reports from the department of treasury; to provide procedures for the payment, administration, audit, assessment, levy of interests or penalties on, and appeals of taxes and tax liability; to prescribe its powers and duties if an agreement to act as agent for a city to administer, collect, and enforce the city income tax act on behalf of a city is entered into with any city; to provide an appropriation; to abolish the state board of tax administration; to prescribe penalties and provide remedies; and to declare the effect of this act,"

by amending section 31 (MCL 205.31), as amended by 2002 PA 657.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 31. (1) If a taxpayer does not satisfy a tax liability or
2 makes an excessive claim for a refund as a result of reliance on
3 erroneous current written information provided by the department,
4 the state treasurer shall waive all criminal and civil penalties
5 provided by law for failing or refusing to file a return, for
6 failing to pay a tax, or for making an excessive claim for a refund
7 for a tax administered by the department of treasury pursuant to
8 this act if the taxpayer makes a written request for a waiver,
9 files a return or an amended return, and makes full payment of the
10 tax and interest.

11 ~~(2) For a period to be designated by the state treasurer of~~
12 ~~not less than 30 days and not more than 60 days, and ending before~~
13 ~~September 30, 2002, there shall be an amnesty period during which~~
14 ~~the state treasurer shall waive all criminal and civil penalties~~
15 ~~provided by law for failing or refusing to file a return, for~~
16 ~~failing to pay a tax, or for making an excessive claim for a refund~~
17 ~~for a tax administered by the revenue division of the department of~~
18 ~~treasury under this act if the taxpayer makes a written request for~~
19 ~~a waiver, files a return or an amended return, and makes full~~
20 ~~payment in either a lump sum or installments as provided under~~
21 ~~subsection (9), of the tax and interest due for any prior tax year.~~

22 **FOR THE PERIOD BEGINNING MAY 15, 2011 AND ENDING JUNE 30, 2011,**
23 **THERE SHALL BE AN AMNESTY PERIOD DURING WHICH THE STATE TREASURER**
24 **SHALL WAIVE ALL CRIMINAL AND CIVIL PENALTIES PROVIDED BY LAW FOR**
25 **FAILING OR REFUSING TO FILE A RETURN, FOR FAILING TO PAY A TAX, OR**
26 **FOR MAKING AN EXCESSIVE CLAIM FOR A REFUND FOR A TAX ADMINISTERED**
27 **BY THE DEPARTMENT OF TREASURY UNDER THIS ACT IF THE TAXPAYER MAKES**

1 A WRITTEN REQUEST FOR A WAIVER ON A FORM PRESCRIBED BY THE
2 DEPARTMENT, SUBMITS ANY UNFILED RETURNS OR AMENDED RETURNS, AND
3 MAKES FULL PAYMENT OF THE TAX AND INTEREST DUE FOR ANY PRIOR PERIOD
4 NOT LATER THAN THE LAST DAY OF THE AMNESTY PERIOD. THIS SUBSECTION
5 DOES NOT APPLY TO TAXES DUE AFTER DECEMBER 31, 2009.

6 (3) This section applies to the nonreporting and
7 underreporting of tax liabilities and to the nonpayment of taxes
8 previously determined to be due, but only to the extent of the
9 penalties attributable to the taxes that were previously due and
10 that are paid during the amnesty period provided for in subsection
11 (2).

12 (4) The department shall administer this section.

13 ~~————(5) Subsection (2) does not apply to taxes due after June 1,~~
14 ~~2001.~~

15 ~~(5) (6) There is appropriated from the revenues generated by~~
16 ~~taxes paid under subsection (2) the sum of \$1,500,000.00 to the~~
17 ~~department of treasury for administration of the amnesty program~~
18 ~~created by the amendatory act that added this subsection. This~~
19 ~~appropriation is allotted for expenditure on and after October 1,~~
20 ~~2001. Only general purpose revenue generated by the amendatory act~~
21 ~~that added this subsection may be used to finance this~~
22 ~~appropriation. THERE IS APPROPRIATED FROM THE REVENUES GENERATED BY~~
23 ~~TAXES PAID UNDER SUBSECTION (2) THE SUM OF \$6,800,000.00 TO THE~~
24 ~~DEPARTMENT OF TREASURY FOR ADMINISTRATION AND PUBLIC AWARENESS OF~~
25 ~~THE AMNESTY PROGRAM CREATED BY THE AMENDATORY ACT THAT AMENDED THIS~~
26 ~~SUBSECTION. THIS APPROPRIATION IS ALLOTTED FOR EXPENDITURE ON AND~~
27 ~~AFTER OCTOBER 1, 2010. THE APPROPRIATION AUTHORIZED IN THIS~~

Senate Bill No. 884 (H-3) as amended September 21, 2010 (1 of 2)
 1 SUBSECTION IS A WORK PROJECT APPROPRIATION AND ANY UNENCUMBERED OR
 2 UNALLOTTED FUNDS ARE CARRIED FORWARD INTO THE FOLLOWING FISCAL
 3 YEAR. THE FOLLOWING IS IN COMPLIANCE WITH SECTION 451A(1) OF THE
 4 MANAGEMENT AND BUDGET ACT, 1984 PA 431, MCL 18.1451A:

5 (A) THE PURPOSE OF THE PROJECT IS TO PROVIDE TECHNICAL AND
 6 ADMINISTRATIVE SUPPORT FOR AND PUBLIC AWARENESS OF THE 2011 TAX
 7 AMNESTY PROGRAM IN THE DEPARTMENT OF TREASURY. COSTS RELATED TO
 8 THIS PROJECT WILL INCLUDE, BUT ARE NOT LIMITED TO:

9 (i) INFORMATION TECHNOLOGY SYSTEMS CHANGES.

10 (ii) STAFFING-RELATED COSTS.

11 (iii) COSTS TO PROMOTE PUBLIC AWARENESS.

12 (iv) ANY OTHER COSTS RELATED TO IMPLEMENTATION AND DISSOLUTION
 13 OF THE PROGRAM, INCLUDING THE RESOLUTION OF ACCOUNTS.

14 (B) THE WORK PROJECT WILL BE ACCOMPLISHED THROUGH THE USE OF
 15 INTERAGENCY AGREEMENTS, GRANTS, STATE EMPLOYEES, AND CONTRACTS.

16 (C) THE TOTAL ESTIMATED COMPLETION COST OF THE PROJECT IS
 17 \$6,800,000.00.

18 (D) THE EXPECTED COMPLETION DATE IS SEPTEMBER 30, 2012.

19 [(6) AS A METHOD TO INCREASE PROCEEDS FROM THE TAXES ADMINISTERED
 20 UNDER THIS ACT AFTER THE CONCLUSION OF THE AMNESTY PERIOD PROVIDED FOR IN
 21 SUBSECTION (2), THE DEPARTMENT SHALL ISSUE A REQUEST FOR PROPOSALS AND
 22 SELECT, VIA A COMPETITIVE BID PROCESS, A QUALIFIED PRIVATE ENTITY TO
 23 ASSIST THE DEPARTMENT DURING A PERIOD AFTER THE CONCLUSION OF THE AMNESTY
 24 PERIOD PROVIDED FOR IN SUBSECTION (2) IN IDENTIFYING PERSONS WITH WHOM
 25 THE DEPARTMENT HAS NOT HAD PRIOR CONTACT WHO HAVE A POTENTIAL LIABILITY
 FOR TAXES ADMINISTERED UNDER THIS ACT. THE REQUEST FOR PROPOSALS TO BE
 ISSUED BY THE DEPARTMENT OF TREASURY SHALL REQUIRE THAT THE PERSON BE
 COMPENSATED ON A CONTINGENCY BASIS THAT INCENTIVIZES PERFORMANCE BASED ON
 THE AMOUNT OF THE LIABILITY IDENTIFIED AND RECOVERED BY THE STATE.

19 (7)]The state treasurer shall not waive criminal and civil
 20 penalties applicable to a tax under subsection (2) if 1 or more of
 21 the following circumstances apply:

22 (a) If the taxpayer is eligible to enter into a voluntary
 23 disclosure agreement under section 30c for that tax.

24 (b) If the tax is attributable to income derived from a
 25 criminal act, if the taxpayer is under criminal investigation or

26 involved in a civil action or criminal prosecution for that tax, or
27 if the taxpayer has been convicted of a felony under this act or

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1 the internal revenue code of 1986.

2 [(8)]The department shall provide reasonable notice to
3 taxpayers that may be eligible for the amnesty program at least 30
4 days before the start of the designated amnesty period.

5 Notification shall include, but is not limited to, a description of
6 the amnesty program on appropriate tax instruction forms and on the
7 internet.

8 ~~—— (9) Under the amnesty program described in subsection (2), a~~
9 ~~taxpayer may pay tax and interest due in installments if the~~
10 ~~taxpayer meets 1 of the following:~~

11 ~~—— (a) The taxpayer is an individual and submits the greater of~~
12 ~~\$10,000.00 or 50% of the tax and interest due with the request for~~
13 ~~waiver under subsection (2) and pays the remaining tax and interest~~
14 ~~due in 2 equal installments, the first installment due no later~~
15 ~~than August 15, 2002 and the second installment due no later than~~
16 ~~September 15, 2002.~~

17 ~~—— (b) A taxpayer that is not an individual submits the greater~~
18 ~~of \$100,000.00 or 50% of the tax and interest due with the request~~
19 ~~for waiver under subsection (2) and pays the remaining tax and~~
20 ~~interest due in 2 equal installments, the first installment due no~~
21 ~~later than August 15, 2002 and the second installment due no later~~
22 ~~than September 15, 2002.~~