

HOUSE BILL No. 4973

September 12, 2013, Introduced by Rep. Foster and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 51 (MCL 206.51), as amended by 2012 PA 223.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 51. (1) For receiving, earning, or otherwise acquiring
2 income from any source whatsoever, there is levied and imposed
3 under this part upon the taxable income of every person other than
4 a corporation a tax at the following rates in the following
5 circumstances:

6 (a) Before May 1, 1994, 4.6%.

7 (b) After April 30, 1994 and before January 1, 2000, 4.4%.

8 (c) For tax years that begin on and after January 1, 2000 and
9 before January 1, 2002, 4.2%.

10 (d) For tax years that begin on and after January 1, 2002 and

1 before January 1, 2003, 4.1%.

2 (e) On and after January 1, 2003 and before July 1, 2004,
3 4.0%.

4 (f) On and after July 1, 2004 and before October 1, 2007,
5 3.9%.

6 (g) On and after October 1, 2007 and before October 1, 2012,
7 4.35%.

8 (h) ~~Beginning~~ **EXCEPT AS OTHERWISE PROVIDED UNDER SUBDIVISION**
9 **(i), BEGINNING** on and after October 1, 2012, 4.25%.

10 **(I) BEGINNING 90 DAYS AFTER THE EFFECTIVE DATE OF THE**
11 **AMENDATORY ACT THAT ADDED THIS SUBDIVISION, 4.05%.**

12 (2) The following percentages of the net revenues collected
13 under this section shall be deposited in the state school aid fund
14 created in section 11 of article IX of the state constitution of
15 1963:

16 (a) Beginning October 1, 1994 and before October 1, 1996,
17 14.4% of the gross collections before refunds from the tax levied
18 under this section.

19 (b) After September 30, 1996 and before January 1, 2000, 23.0%
20 of the gross collections before refunds from the tax levied under
21 this section.

22 (c) Beginning January 1, 2000, that percentage of the gross
23 collections before refunds from the tax levied under this section
24 that is equal to 1.012% divided by the income tax rate levied under
25 this section.

26 (3) The department shall annualize rates provided in
27 subsection (1) as necessary for tax years that end after April 30,

1 1994. The applicable annualized rate shall be imposed upon the
2 taxable income of every person other than a corporation for those
3 tax years.

4 (4) The taxable income of a nonresident shall be computed in
5 the same manner that the taxable income of a resident is computed,
6 subject to the allocation and apportionment provisions of this
7 part.

8 (5) A resident beneficiary of a trust whose taxable income
9 includes all or part of an accumulation distribution by a trust, as
10 defined in section 665 of the internal revenue code, shall be
11 allowed a credit against the tax otherwise due under this part. The
12 credit shall be all or a proportionate part of any tax paid by the
13 trust under this part for any preceding taxable year that would not
14 have been payable if the trust had in fact made distribution to its
15 beneficiaries at the times and in the amounts specified in section
16 666 of the internal revenue code. The credit shall not reduce the
17 tax otherwise due from the beneficiary to an amount less than would
18 have been due if the accumulation distribution were excluded from
19 taxable income.

20 (6) The taxable income of a resident who is required to
21 include income from a trust in his or her federal income tax return
22 under the provisions of 26 USC 671 to 679, shall include items of
23 income and deductions from the trust in taxable income to the
24 extent required by this part with respect to property owned
25 outright.

26 (7) It is the intention of this section that the income
27 subject to tax of every person other than corporations shall be

1 computed in like manner and be the same as provided in the internal
2 revenue code subject to adjustments specifically provided for in
3 this part.

4 (8) As used in this section:

5 (a) "Person other than a corporation" means a resident or
6 nonresident individual or any of the following:

7 (i) A partner in a partnership as defined in the internal
8 revenue code.

9 (ii) A beneficiary of an estate or a trust as defined in the
10 internal revenue code.

11 (iii) An estate or trust as defined in the internal revenue
12 code.

13 (b) "Taxable income" means taxable income as defined in this
14 part subject to the applicable source and attribution rules
15 contained in this part.

16 Enacting section 1. This amendatory act does not take effect
17 unless the federal marketplace fairness act of 2013, HR 684 of the
18 113th United States Congress, or similar legislation, is enacted
19 into law that would allow state governments to collect sales and
20 use taxes with respect to certain remote sales.