

SENATE BILL NO. 1079

April 23, 1998, Introduced by Senators BENNETT, EMMONS, MC MANUS, NORTH, SCHWARZ, HOFFMAN, GEAKE, BOUCHARD, BULLARD, STEIL, DUNASKISS, ROGERS, STILLE, GOUGEON, SCHUETTE, VAN REGENMORTER, JAYE, SHUGARS, DE GROW, POSTHUMUS and CISKY and referred to the Committee on Finance.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 51 (MCL 206.51), as amended by 1995 PA 194,
and by adding section 51b.

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 upon the taxable income of every person other than a corporation
4 a tax at the following rates in the following circumstances:
5 (a) Before May 1, 1994, 4.6%.
6 (b) After April 30, 1994 AND BEFORE JANUARY 1, 2000, 4.4%.
7 (c) FOR TAX YEARS THAT BEGIN ON AND AFTER JANUARY 1, 2000,
8 THE RATE UNDER SECTION 51B, 51C, 51D, 51E, OR 51F, AS APPLICABLE.
9 (2) The following percentages of the net revenues collected
10 under this section AND SECTIONS 51B, 51C, 51D, 51E, AND 51F shall

1 be deposited in the state school aid fund created in section 11
2 of article IX of the state constitution of 1963:

3 (a) Beginning October 1, 1994 and before October 1, 1996,
4 14.4% of the gross collections before refunds from the tax levied
5 under this section.

6 (b) After September 30, 1996, 23.0% of the gross collections
7 before refunds from the tax levied under this section.

8 (3) The department shall annualize rates provided in subsec-
9 tion (1) as necessary for tax years that end after April 30,
10 1994. The applicable annualized rate shall be imposed upon the
11 taxable income of every person other than a corporation for those
12 tax years.

13 (4) The taxable income of a nonresident shall be computed in
14 the same manner that the taxable income of a resident is comput-
15 ed, subject to the allocation and apportionment provisions of
16 this act.

17 (5) A resident beneficiary of a trust whose taxable income
18 includes all or part of an accumulation distribution by a trust,
19 as defined in section 665 of the internal revenue code, shall be
20 allowed a credit against the tax otherwise due under this act.
21 The credit shall be all or a proportionate part of any tax paid
22 by the trust under this act for any preceding taxable year that
23 would not have been payable if the trust had in fact made distri-
24 bution to its beneficiaries at the times and in the amounts spec-
25 ified in section 666 of the internal revenue code. The credit
26 shall not reduce the tax otherwise due from the beneficiary to an

1 amount less than would have been due if the accumulation
2 distribution were excluded from taxable income.

3 (6) The taxable income of a resident who is required to
4 include income from a trust in his or her federal income tax
5 return under the provisions of subpart E of part I of subchapter
6 J of chapter 1 of the internal revenue code, 26 U.S.C. 671 to
7 679, shall include items of income and deductions from the trust
8 in taxable income to the extent required by this act with respect
9 to property owned outright.

10 (7) It is the intention of this section that the income
11 subject to tax of every person other than corporations shall be
12 computed in like manner and be the same as provided in the inter-
13 nal revenue code subject to adjustments specifically provided for
14 in this act.

15 (8) As used in this section AND SECTIONS 51B, 51C, 51D, 51E,
16 AND 51F:

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

19 (i) A partner in a partnership as defined in the internal
20 revenue code.

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

23 (iii) An estate or trust as defined in the internal revenue
24 code.

25 (b) "Taxable income" means taxable income as defined in this
26 act subject to the applicable source and attribution rules
27 contained in this act.

1 SEC. 51B. ON AND AFTER JANUARY 1, 2000 AND BEFORE JANUARY
2 1, 2001, FOR RECEIVING, EARNING, OR OTHERWISE ACQUIRING INCOME
3 FROM ANY SOURCE WHATSOEVER, THERE IS LEVIED AND IMPOSED UPON THE
4 TAXABLE INCOME OF EVERY PERSON OTHER THAN A CORPORATION A TAX AT
5 THE RATE OF 4.3%.

6 Enacting section 1. This amendatory act does not take
7 effect unless all of the following bills of the 89th Legislature
8 are enacted into law:

9 (a) Senate Bill No. 1080.

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11 (b) Senate Bill No. 1081.

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13 (c) Senate Bill No. 1082.

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15 (d) Senate Bill No. 1083.

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