



Senate Fiscal Agency
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Senate Bill 1062 (as reported without amendment)
Sponsor: Senator Roger Kahn, M.D.
Committee: Appropriations

CONTENT

The bill would amend the Income Tax Act to eliminate obsolete language regarding both the tax rate and the portion of individual income tax revenue earmarked to the School Aid Fund.

The current language in Section 51 identifies tax rates and earmarking language going back nearly 20 years, to legislation adopted after the passage of Proposal A in 1994. Public Act 194 of 1995 rewrote the section, eliminating obsolete language regarding tax rates in earlier years and language that would have been effective only if Proposal A had not been adopted. Public Act 194 of 1995 also eliminated obsolete language regarding the portion of income tax revenue directed to the School Aid Fund.

The current rate of 4.25% has been in effect since October 1, 2012. The prior tax rate of 4.35% had been in effect since October 1, 2007. Tax reform measures adopted in 2011 made substantial changes to the individual income tax, and included a reduction in the tax rate scheduled to take place January 1, 2013. Public Act 223 of 2012 advanced the date of the reduction to October 1, 2012. Neither the tax reform legislation nor Public Act 223 of 2012 eliminated the obsolete language.

MCL 206.51

FISCAL IMPACT

The bill would have no fiscal impact on State or local government revenue or expenditures.

Date Completed: 9-29-14

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