

# SENATE BILL No. 243

March 15, 2017, Introduced by Senators SCHMIDT, STAMAS, HORN, HANSEN, KOWALL, KNEZEK, HILDENBRAND and MEEKHOF and referred to the Committee on Economic Development and International Investment.

A bill to amend 1967 PA 281, entitled "Income tax act of 1967," by amending section 711 (MCL 206.711), as amended by 2016 PA 158, and by adding section 51f.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1           SEC. 51F. (1) IN ADDITION TO THE DISTRIBUTIONS UNDER SECTIONS  
2 51 AND 51D, FROM THE REVENUE COLLECTED FROM THE TAX LEVIED UNDER  
3 SECTION 51 AN AMOUNT EQUAL TO THAT PORTION OF THE WITHHOLDING TAX  
4 CAPTURE REVENUES ATTRIBUTABLE TO CERTIFIED NEW JOBS AND DUE TO BE  
5 PAID TO AN AUTHORIZED BUSINESS PURSUANT TO A WRITTEN AGREEMENT  
6 ENTERED INTO UNDER CHAPTER 8D OF THE MICHIGAN STRATEGIC FUND ACT,  
7 1984 PA 270, MCL 125.2090G TO 125.2090J, SHALL BE DEPOSITED EACH  
8 STATE FISCAL YEAR INTO THE GOOD JOBS FOR MICHIGAN FUND CREATED IN  
9 SECTION 90J OF THE MICHIGAN STRATEGIC FUND ACT, 1984 PA 270, MCL  
10 125.2090J.

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1           (2) AS USED IN THIS SECTION, "AUTHORIZED BUSINESS", "CERTIFIED  
2 NEW JOBS", "WITHHOLDING TAX CAPTURE REVENUES", AND "WRITTEN  
3 AGREEMENT" MEAN THOSE TERMS AS DEFINED IN SECTION 90G OF THE  
4 MICHIGAN STRATEGIC FUND ACT, 1984 PA 270, MCL 125.2090G.

5           Sec. 711. (1) Every person required by this part to deduct and  
6 withhold taxes for a tax year on income other than distributive  
7 share of income from a flow-through entity shall furnish to the  
8 person who received the income a statement in duplicate on or  
9 before January 31 of the succeeding year of the total income paid  
10 during the tax year and the amount deducted or withheld. However,  
11 if employment is terminated before the close of a calendar year by  
12 a person that goes out of business or permanently ceases to exist,  
13 then the statement required by this subsection shall be issued  
14 within 30 days after the last compensation, winnings, or payoff of  
15 a winning ticket is paid. A duplicate of a statement made pursuant  
16 to this section and an annual reconciliation return, MI-W3, shall  
17 be filed with the department by February 28 of the succeeding year  
18 except that a person that goes out of business or permanently  
19 ceases to exist shall file the statement and the annual  
20 reconciliation return within 30 days after going out of business or  
21 permanently ceasing to exist. For tax years that begin before July  
22 1, 2016, a flow-through entity that was required to withhold taxes  
23 on distributive shares of business income shall file an annual  
24 reconciliation return with the department no later than the last  
25 day of the second month following the end of the flow-through  
26 entity's federal tax year. The department may require a flow-  
27 through entity to file an annual business income information return

1 with the department on the due date, including extensions, of its  
2 annual federal information return.

3 (2) Every person required by this part to deduct or withhold  
4 taxes shall make a return or report in form and content and at  
5 times as prescribed by the department. An employer that has entered  
6 into an agreement with a community college pursuant to chapter 13  
7 of the community college act of 1966, 1966 PA 331, MCL 389.161 to  
8 389.166, and is required to deduct or withhold taxes from  
9 compensation and make payments to a community college pursuant to  
10 the agreement for a portion of those taxes withheld shall, for as  
11 long as the agreement remains in effect, delineate in the return or  
12 report required under this subsection between the amount deducted  
13 or withheld and paid to the state and that amount paid to a  
14 community college. **AN EMPLOYER THAT HAS ENTERED INTO A WRITTEN  
15 AGREEMENT PURSUANT TO THE GOOD JOBS FOR MICHIGAN PROGRAM CREATED  
16 UNDER SECTION 90H OF THE MICHIGAN STRATEGIC FUND ACT, 1984 PA 270,  
17 MCL 125.2090H, SHALL, FOR AS LONG AS THE WRITTEN AGREEMENT REMAINS  
18 IN EFFECT, DELINEATE IN THE RETURN OR REPORT REQUIRED UNDER THIS  
19 SUBSECTION THE PORTION OF THOSE TAXES WITHHELD AND PAID TO THE  
20 STATE THAT ARE ATTRIBUTABLE TO CERTIFIED NEW JOBS.**

21 (3) Every person who receives income subject to withholding  
22 under this part shall furnish to the person required by this part  
23 to deduct and withhold taxes information required to make an  
24 accurate withholding. A person who receives income subject to  
25 withholding under this part shall file with the person required by  
26 this part to deduct and withhold taxes revised information within  
27 10 days after a decrease in the number of exemptions or a change in

1 status from a nonresident to a resident. The person who receives  
2 income subject to withholding under this part may file revised  
3 information when the number of exemptions increases or when a  
4 change in status occurs from that of a resident of this state to a  
5 nonresident of this state. Revised information shall not be given  
6 retroactive effect for withholding purposes. A person required by  
7 this part to deduct and withhold taxes shall rely on this  
8 information for withholding purposes unless directed by the  
9 department to withhold on some other basis. If a person who  
10 receives income subject to withholding under this part fails or  
11 refuses to furnish information, the person required by this part to  
12 deduct and withhold taxes shall withhold at the full rate of tax  
13 from the person's income subject to withholding under this part.

14 Enacting section 1. This amendatory act takes effect 180 days  
15 after the date it is enacted into law.