



HOUSE BILL No. 4858

May 17, 1995, Introduced by Rep. Dobb and referred to the Committee on Tax Policy.

A bill to amend Act No. 122 of the Public Acts of 1941,
entitled as amended

"An act to establish a revenue division of the department of treasury; to prescribe its powers and duties as the revenue collection agency of the state; to prescribe certain powers and duties of the state treasurer; to create the position and to define the powers and duties of the state commissioner of revenue; 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 provide an appropriation; to abolish the state board of tax administration; and to declare the effect of this act,"

as amended, being sections 205.1 to 205.31 of the Michigan
Compiled Laws, by adding section 32.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 122 of the Public Acts of 1941, as
2 amended, being sections 205.1 to 205.31 of the Michigan Compiled
3 Laws, is amended by adding section 32 to read as follows:

1 SEC. 32. (1) AS USED IN THIS SECTION:

2 (A) "EMPLOYEE" MEANS THAT TERM AS DEFINED IN SECTION 8 OF
3 THE INCOME TAX ACT OF 1967, ACT NO. 281 OF THE PUBLIC ACTS OF
4 1967, BEING SECTION 206.8 OF THE MICHIGAN COMPILED LAWS.

5 (B) "EMPLOYER" MEANS THAT TERM AS DEFINED IN SECTION 8 OF
6 ACT NO. 281 OF THE PUBLIC ACTS OF 1967.

7 (2) THE DEPARTMENT SHALL DEVELOP AND IMPLEMENT IN COOPERA-
8 TION WITH THE DEPARTMENT OF SOCIAL SERVICES A PROCEDURE FOR
9 EMPLOYERS TO REPORT EMPLOYEES HIRED AFTER THE EFFECTIVE DATE OF
10 THE AMENDATORY ACT THAT ADDED THIS SECTION AND A DATA BASE OF
11 INFORMATION OBTAINED FROM EMPLOYERS ON THOSE REPORTED EMPLOYEES.
12 THE PROCEDURE SHALL INCLUDE FLEXIBLE METHODS OF REPORTING FOR
13 EMPLOYERS INCLUDING, BUT NOT LIMITED TO, TRANSMISSION OF A COPY
14 OF THE FEDERAL W-4 FORM OR OTHER PAPER OR ELECTRONIC OR TOLL-FREE
15 TELECOMMUNICATION METHODS OF REPORTING.

16 (3) BEGINNING 180 DAYS AFTER THE EFFECTIVE DATE OF THE AMEN-
17 DATORY ACT THAT ADDED THIS SECTION, AN EMPLOYER SHALL REPORT TO
18 THE DEPARTMENT OR THE DESIGNATED AGENT OF THE DEPARTMENT WITHIN
19 35 DAYS AFTER THE HIRING FOR EMPLOYMENT IN THIS STATE OF AN
20 EMPLOYEE WHO IS 18 YEARS OF AGE OR OLDER.

21 (4) AN EMPLOYER SHALL REPORT ALL OF THE FOLLOWING INFORMA-
22 TION USING A REPORTING METHOD PRESCRIBED BY THE DEPARTMENT:

23 (A) THE EMPLOYEE'S NAME AND ADDRESS AS IT APPEARS ON THE
24 FEDERAL W-4 FORM.

25 (B) THE EMPLOYEE'S SOCIAL SECURITY NUMBER.

26 (C) THE EMPLOYEE'S DATE OF HIRE.

(D) THE EMPLOYER'S FEDERAL IDENTIFICATION NUMBER.

(5) IF AN EMPLOYER FAILS TO REPORT AS REQUIRED UNDER SUBSECTIONS (3) AND (4), THE DEPARTMENT SHALL SEND TO THE EMPLOYER A WRITTEN NOTICE OF NONCOMPLIANCE REQUESTING THAT THE EMPLOYER COMPLY WITH THE REPORTING REQUIREMENTS UNDER SUBSECTIONS (3) AND (4). THE NOTICE OF NONCOMPLIANCE SHALL EXPLAIN THE REPORTING PROCEDURE UNDER SUBSECTIONS (3) AND (4) AND ADVISE THE EMPLOYER OF THE PENALTY FOR NONCOMPLIANCE UNDER SUBSECTION (6) IN A MANNER SIMILAR TO THE LETTER OF INQUIRY DESCRIBED IN SECTION 21.

(6) BEGINNING 180 DAYS AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION, AN EMPLOYER WHO HAS BEEN PROVIDED WITH A NOTICE OF NONCOMPLIANCE UNDER SUBSECTION (5) AND WHO COMMITS A SECOND OR SUBSEQUENT VIOLATION THAT DEMONSTRATES A PATTERN OF INTENTIONAL NONCOMPLIANCE WITH THE REPORTING REQUIREMENTS OF SUBSECTIONS (3) AND (4) SHALL BE SUBJECT TO A CIVIL PENALTY OF \$25.00 FOR EACH UNREPORTED EMPLOYEE.

(7) AN EMPLOYER WHO IS REQUIRED TO REPORT PURSUANT TO THIS SECTION SHALL NOT BE PENALIZED FOR AN EMPLOYEE WHO FALSIFIES INFORMATION.

(8) THE INFORMATION THAT IS OBTAINED BY THE DEPARTMENT OR ITS DESIGNATED AGENT PURSUANT TO SUBSECTIONS (3) AND (4) SHALL BE AVAILABLE ONLY TO THE FOLLOWING:

(A) THE DEPARTMENT FOR THE PURPOSE OF ENFORCING TAX AND OTHER LIABILITIES OWED TO THE STATE.

(B) THE DEPARTMENT OF SOCIAL SERVICES, LOCAL AGENCIES OF THIS STATE, AND STATE AND LOCAL AGENCIES OF OTHER STATES FOR

1 PURPOSES OF ENFORCING AND COMPLYING WITH STATE AND FEDERAL LAWS
2 GOVERNING CHILD SUPPORT.

3 (C) THE DEPARTMENT OF SOCIAL SERVICES FOR THE PURPOSES OF
4 DETECTING AND PREVENTING FRAUD IN ASSISTANCE PROGRAMS.

5 (D) THE DEPARTMENT OF LABOR FOR THE PURPOSES OF DETECTING
6 AND PREVENTING WORKER'S COMPENSATION FRAUD.

7 (E) THE MICHIGAN EMPLOYMENT SECURITY COMMISSION FOR THE PUR-
8 POSES OF ADMINISTRATION OF THE UNEMPLOYMENT COMPENSATION BENEFIT
9 PROGRAM IN THIS STATE.

10 (F) APPROPRIATE AGENCIES OF THE FEDERAL GOVERNMENT FOR PUR-
11 POSES CONSISTENT WITH THOSE SPECIFIED IN SUBDIVISIONS (A) THROUGH
12 (E).

13 (9) THE DEPARTMENT SHALL CHARGE BACK TO A STATE OR FEDERAL
14 DEPARTMENT OR AGENCY ACCESSING THIS INFORMATION THE PROPORTIONATE
15 COSTS OF GATHERING AND FURNISHING EMPLOYEE INFORMATION UNDER THIS
16 SECTION.

17 (10) BEGINNING NOT LATER THAN 18 MONTHS AFTER THE EFFECTIVE
18 DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION AND EVERY 2
19 YEARS THEREAFTER, THE DEPARTMENT SHALL SUBMIT A REPORT TO THE
20 SENATE AND HOUSE APPROPRIATIONS COMMITTEES AND THE SENATE AND
21 HOUSE COMMITTEES THAT CONSIDER LABOR AND SOCIAL SERVICES ISSUES
22 THAT IDENTIFIES THE NUMBER OF EMPLOYEES REPORTED BY EMPLOYERS
23 UNDER THIS SECTION THAT ARE MATCHED WITH DATA IN EACH OF THE
24 FOLLOWING:

25 (A) THE DEPARTMENT OF SOCIAL SERVICES PROGRAMS FOR ASSIST-
26 ANCE AND CHILD SUPPORT.

1 (B) THE DEPARTMENT OF LABOR FOR THE WORKER'S DISABILITY
2 PROGRAM.

3 (C) THE DEPARTMENT PROGRAMS.

4 (D) THE MICHIGAN EMPLOYMENT SECURITY COMMISSION PROGRAMS.

5 (11) THIS SECTION APPLIES UNTIL FEDERAL LAW IS ENACTED TO
6 PROVIDE A UNIFORM PROCEDURE FOR REPORTING EMPLOYEES THAT PREEMPTS
7 OR IS SUBSTANTIALLY SIMILAR TO STATE LAW ON THE SUBJECT. THE
8 DEPARTMENT OF SOCIAL SERVICES, IF NECESSARY, SHALL REQUEST A FED-
9 ERAL WAIVER TO PERMIT THE IMPLEMENTATION OF THIS SECTION. IF A
10 WAIVER IS NOT GRANTED AND FEDERAL LAW IS ENACTED THAT CONFLICTS
11 WITH OR IS SUBSTANTIALLY SIMILAR TO THIS SECTION, THE FEDERAL LAW
12 PREVAILS.