

Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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Senate Bill 1446 (as reported without amendment)  
Sponsor: Senator Joanne G. Emmons  
Committee: Finance

Date Completed: 10-3-02

### **RATIONALE**

The revenue Act, enacted in 1941, established a department of revenue, prescribed its powers and duties as the revenue collection agency of the State, and created the position of State commissioner of revenue as the head of the department. Over time, the powers and duties of the department of revenue and the commissioner of revenue have been transferred to the Department of Treasury and the State Treasurer.

Public Act 380 of 1965 transferred the department of revenue to the Department of Treasury by a type I transfer, and made the commissioner a member of the classified civil service. (In a type I transfer, an existing State agency, board, or department is transferred intact to a principal department. The transferred entity is administered under the supervision of the principal department.) Public Act 188 of 1970 amended the revenue Act to establish a Revenue Division of the Department of Treasury, defined the powers and duties of the Revenue Commissioner, and removed references to the department of revenue from the Act's title. After that, various amendments to the revenue Act modified the powers and duties of the Revenue Division and Revenue Commissioner.

Subsequently, Executive Order 19 of 1991 transferred, by a type III transfer, all of the statutory authority, powers, duties, and functions of the Revenue Division and the Revenue Commissioner to the State Treasurer as head of the Department of Treasury. (In a type III transfer, an existing department, agency, or board and all of its statutory authority, powers, and duties are abolished, and those powers and duties are transferred to a principal department.) Executive Order 1991-19 also provided that the State

Treasurer "...may appoint a State Commissioner of Revenue or may administer the assigned functions in other ways to promote efficient administration", and "...shall make internal organizational changes as may be administratively necessary to complete the realignment of responsibilities prescribed by this Order." The State Treasurer has moved various functions of the former Revenue Division to other areas of the Department. The position of Revenue Commissioner remained filled until July 1, 2002, when it was vacated and the State Treasurer assumed the powers of the Commissioner.

It has been pointed out that while the Revenue Division and the position of Revenue Commissioner no longer exist, the revenue Act, which prescribes certain powers and duties of the State Treasurer and provides for the administration and collection of taxes, contains numerous references to the Revenue Commissioner and the Revenue Division. It has been suggested that these references be removed from the Act.

### **CONTENT**

The bill would amend the revenue Act to eliminate the Revenue Division and the position of Revenue Commissioner in the Department of Treasury, and specify that the Department of Treasury would be the agency of the State responsible for the collection of taxes and all of the responsibilities currently assigned to the Revenue Division in the Act.

The Act prescribes powers and duties of the Revenue Commissioner. The bill would replace references to "commissioner" with "state treasurer" or "department".

The Act provides that any reference to the Department of Revenue in the Act or any other statute means the Revenue Division of the Department of Treasury. The bill provides instead that any reference to the Department of Revenue or the Revenue Commissioner in the Act or any other statute would mean the State Treasurer.

The bill would repeal Section 2 of the revenue Act, which creates the position of Revenue Commissioner; allows the State Treasurer to appoint the Commissioner and all employees of the Revenue Division; and allows the Commissioner to appoint up to three deputies with the approval of the State Treasurer.

MCL 205.1 et al.

### **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

#### **Supporting Argument**

The revenue Act is an important statute for the administration of State government; while the Act does not levy any tax, it provides for the administration and collection of State taxes levied under other statutes. The Act has not been amended sufficiently through the years to keep pace with changes that have occurred in the administration of taxes. The Act refers to the duties and powers of the Revenue Commissioner and the Revenue Division, though the position of Revenue Commissioner and the Revenue Division no longer exist pursuant to Executive Order 1991-19. By removing and replacing references to the Revenue Commissioner and Revenue Division, the bill would reflect in the Act the present organization of the Department of Treasury.

Legislative Analyst: George Towne

### **FISCAL IMPACT**

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

Fiscal Analyst: Jessica Runnels

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.