

**STATE OF MICHIGAN
96TH LEGISLATURE
REGULAR SESSION OF 2012**

Introduced by Senators Johnson, Young, Smith and Hunter

ENROLLED SENATE BILL No. 970

AN ACT to amend 1964 PA 284, entitled "An act to permit the imposition and collection by cities of an excise tax levied on or measured by income; to permit the collection and administration of the tax by the state; to provide the procedure including referendums for; and to require the adoption of a prescribed uniform city income tax ordinance by cities desiring to impose and collect such a tax; to limit the imposition and collection by cities and villages of excise taxes levied on or measured by income; to prescribe the powers and duties of certain state and municipal agencies, departments, and officials; to establish the city income tax trust fund; to provide for appeals; and to prescribe penalties and provide remedies," by amending section 3 of chapter 1 (MCL 141.503), as amended by 2011 PA 56.

The People of the State of Michigan enact:

CHAPTER 1

Sec. 3. (1) The governing body of a city, by a lawfully adopted ordinance that incorporates by reference the uniform city income tax ordinance set forth in chapter 2, may levy, assess, and collect an excise tax on income as provided in the ordinance. The ordinance shall state the rate of the tax which shall be the rate authorized by 1 of the following:

- (a) The uniform city income tax ordinance under section 11 of chapter 2.
- (b) Subsection (2).
- (c) Section 3a, 3b, or 3c of this chapter.

(2) In a city with a population of more than 600,000, the governing body may levy and collect a tax at a rate to be determined from time to time, that rate to be not more than 2% on corporations and the following maximum tax rates on resident individuals and nonresident individuals for the following years:

- (a) Before July 1, 1999, 3.00% on resident individuals and 1.50% on nonresident individuals.
- (b) Beginning July 1, 1999 and each July 1 after 1999 through July 1, 2012, except for 2008 and 2009, the maximum tax rate under this subsection on resident individuals shall be reduced by 0.1 until the rate on resident individuals is 2.0%. The tax rate imposed on nonresident individuals shall be 50% of the tax rate imposed on resident individuals each year.
- (c) Notwithstanding any other provision of this section, for the 2008 and 2009 calendar years, the city shall impose the same tax rate on resident individuals and nonresident individuals as the city had imposed for the 2007 calendar year.
- (d) Except as otherwise provided under subdivision (e), beginning January 1, 2013 and each year after 2013, a rate of not more than 2.40% on resident individuals and 1.20% on nonresident individuals.
- (e) Beginning January 1 of the year immediately succeeding the year that all bonds, obligations, and other evidence of indebtedness issued by a lighting authority have been fully paid and each year thereafter, a rate of not more than 2.20% on resident individuals and 1.10% on nonresident individuals.

(3) Notwithstanding any other provision of law or any ordinance of the city to the contrary, a city that forms a lighting authority shall deposit an amount equal to the sum of the revenue collected from 0.2% of the rate levied on

resident individuals pursuant to subsection (2)(d) and 0.1% of the rate levied on nonresident individuals pursuant to subsection (2)(d) directly into the budget of the city's police department and use it exclusively to retain or hire police officers. The transfer and use of the revenue as provided under this subsection shall continue until all bonds, obligations, or other evidence of indebtedness issued by a lighting authority have been fully paid and revenue is no longer being pledged from taxes levied under the city utility users tax act, 1990 PA 100, MCL 141.1151 to 141.1177, to the lighting authority. As used in this subsection, "lighting authority" means a lighting authority incorporated under the municipal lighting authority act.

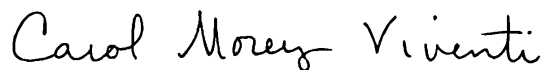
(4) The governing body of a city may adopt the uniform city income tax ordinance with the alternative sections as set forth in chapter 3 instead of the similarly numbered sections as set forth in chapter 2. The uniform city income tax ordinance may be lawfully adopted or rescinded by the governing body at any time. The adoption of an ordinance is effective on and after January 1 or July 1 following adoption of the ordinance, as specified in the ordinance, but an ordinance shall not become effective earlier than 45 days after adoption or until approved by the electors if a referendum petition is filed as authorized in this act or a referendum is otherwise required. The rescission of an ordinance shall become effective on the following December 31. The ordinance may be rescinded at any time by the governing body in the same manner in which it was adopted and with appropriate enforcement, collection, and refund provisions with respect to liabilities incurred prior to the effective date of the rescission of the ordinance. The ordinance shall not be amended except as provided by the legislature. A city may amend the ordinance to change the tax rate to a rate authorized by this act.

(5) Petitions for a referendum election on the question of adopting an ordinance adopted by the governing body may be filed with the city clerk not later than the sixth Monday following the adoption of the ordinance. The petitions shall be signed by a number of registered electors of the city equal to at least 10%, but not more than 20%, of the registered electors of the city voting in the last general municipal election prior to the adoption of the ordinance by the governing body. If proper petitions are filed, the question of adopting the ordinance shall be submitted by the governing body to the city electors at the next primary or general election or at a special election called for the purpose, in any case held not less than 45 days nor more than 90 days after the clerk has reported the filing of the referendum petition to the city's governing body. The checking of names on the petitions, the counting, canvassing, and return of the votes on the question, and other procedures for the election shall be as provided by law or charter. Upon a favorable vote of the city electors, the ordinance shall be effective as specified in the ordinance which may be amended by the governing body of the city following the election to specify July 1 or January 1 as the effective date of the ordinance, if the effective date originally specified in the ordinance is considered impractical or inconvenient for any reason. The provisions in this section for a referendum election, and for delaying the effective date of the ordinance if petitions for a referendum are filed, are not applicable to a city that on January 1, 1964 had in effect a valid ordinance levying and imposing an excise tax levied on or measured by income. Notwithstanding any other provision of this act, if an ordinance becomes effective on any date other than January 1, each tax year shall end on December 31, and the provisions of the ordinance based on a full tax year are modified accordingly to be applicable to the partial tax year.

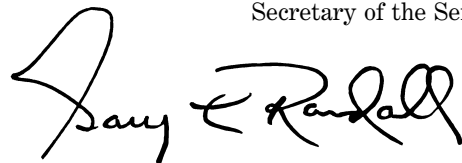
Enacting section 1. This amendatory act does not take effect unless all of the following bills of the 96th Legislature are enacted into law:

- (a) House Bill No. 5688.
- (b) House Bill No. 5705.

This act is ordered to take immediate effect.



Secretary of the Senate



Clerk of the House of Representatives

Approved

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Governor