

HOUSE BILL No. 5729

June 7, 2012, Introduced by Reps. Jenkins, Agema, Rendon, Lori, Gilbert, Hughes, Genetski, Franz, Lund, McBroom, Glardon, LaFontaine, Lyons, Roy Schmidt, Graves, Kurtz, Bumstead, Potvin, Heise, Haveman, Hooker, Pscholka, Yonker, Opsommer, Zorn, Farrington, O'Brien, Daley, Horn, Price, Knollenberg, MacGregor, Jacobsen, Johnson, Wayne Schmidt, Outman, Shaughnessy, Muxlow, Denby, Goike, Somerville, Callton, Kowall, Huuki, Tyler, Ouimet, Nesbitt, McMillin, MacMaster, Haines, Cotter, Crawford, Moss, Foster, Pettalia, Rogers, Walsh and Stamas and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 51 (MCL 206.51), as amended by 2011 PA 38.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 51. (1) For receiving, earning, or otherwise acquiring
2 income from any source whatsoever, there is levied and imposed
3 under this part upon the taxable income of every person other than
4 a corporation a tax at the following rates in the following
5 circumstances:

6 (a) Before May 1, 1994, 4.6%.

7 (b) After April 30, 1994 and before January 1, 2000, 4.4%.

8 (c) For tax years that begin on and after January 1, 2000 and
9 before January 1, 2002, 4.2%.

10 (d) For tax years that begin on and after January 1, 2002 and
11 before January 1, 2003, 4.1%.

1 (e) On and after January 1, 2003 and before July 1, 2004,
2 4.0%.

3 (f) On and after July 1, 2004 and before October 1, 2007,
4 3.9%.

5 (g) On and after October 1, 2007 and before January 1, 2013,
6 4.35%.

7 (h) ~~Beginning on~~ **ON** and after January 1, 2013, ~~4.25%. AND~~
8 **BEFORE JANUARY 1, 2014, 4.2%.**

9 (I) **ON AND AFTER JANUARY 1, 2014 AND BEFORE JANUARY 1, 2015,**
10 **4.15%.**

11 (J) **ON AND AFTER JANUARY 1, 2015, AND BEFORE JANUARY 1, 2016,**
12 **4.1%.**

13 (K) **ON AND AFTER JANUARY 1, 2016 AND BEFORE JANUARY 1, 2017,**
14 **4.0%.**

15 (L) **ON AND AFTER JANUARY 1, 2017 AND BEFORE JANUARY 1, 2018,**
16 **3.95%.**

17 (M) **ON AND AFTER JANUARY 1, 2018, 3.9%.**

18 (2) The following percentages of the net revenues collected
19 under this section shall be deposited in the state school aid fund
20 created in section 11 of article IX of the state constitution of
21 1963:

22 (a) Beginning October 1, 1994 and before October 1, 1996,
23 14.4% of the gross collections before refunds from the tax levied
24 under this section.

25 (b) After September 30, 1996 and before January 1, 2000, 23.0%
26 of the gross collections before refunds from the tax levied under
27 this section.

1 (c) Beginning January 1, 2000, that percentage of the gross
2 collections before refunds from the tax levied under this section
3 that is equal to 1.012% divided by the income tax rate levied under
4 this section.

5 (3) The department shall annualize rates provided in
6 subsection (1) as necessary for tax years that end after April 30,
7 1994. The applicable annualized rate shall be imposed upon the
8 taxable income of every person other than a corporation for those
9 tax years.

10 (4) The taxable income of a nonresident shall be computed in
11 the same manner that the taxable income of a resident is computed,
12 subject to the allocation and apportionment provisions of this
13 part.

14 (5) A resident beneficiary of a trust whose taxable income
15 includes all or part of an accumulation distribution by a trust, as
16 defined in section 665 of the internal revenue code, shall be
17 allowed a credit against the tax otherwise due under this part. The
18 credit shall be all or a proportionate part of any tax paid by the
19 trust under this part for any preceding taxable year that would not
20 have been payable if the trust had in fact made distribution to its
21 beneficiaries at the times and in the amounts specified in section
22 666 of the internal revenue code. The credit shall not reduce the
23 tax otherwise due from the beneficiary to an amount less than would
24 have been due if the accumulation distribution were excluded from
25 taxable income.

26 (6) The taxable income of a resident who is required to
27 include income from a trust in his or her federal income tax return

1 under the provisions of 26 USC 671 to 679, shall include items of
2 income and deductions from the trust in taxable income to the
3 extent required by this part with respect to property owned
4 outright.

5 (7) It is the intention of this section that the income
6 subject to tax of every person other than corporations shall be
7 computed in like manner and be the same as provided in the internal
8 revenue code subject to adjustments specifically provided for in
9 this part.

10 (8) As used in this section:

11 (a) "Person other than a corporation" means a resident or
12 nonresident individual or any of the following:

13 (i) A partner in a partnership as defined in the internal
14 revenue code.

15 (ii) A beneficiary of an estate or a trust as defined in the
16 internal revenue code.

17 (iii) An estate or trust as defined in the internal revenue
18 code.

19 (b) "Taxable income" means taxable income as defined in this
20 part subject to the applicable source and attribution rules
21 contained in this part.

22 Enacting section 1. This amendatory act does not take effect
23 unless Senate Bill No. ____ or House Bill No. ____ (request no.
24 06092'12) of the 96th Legislature is enacted into law.