

# HOUSE BILL No. 4868

June 20, 2013, Introduced by Reps. Stanley, Kandrevas, Hovey-Wright, Geiss, Stallworth, Santana, Rutledge, Robinson, Durhal, Talabi, Banks and Nathan and referred to the Committee on Tax Policy.

A bill to amend 1964 PA 284, entitled "City income tax act," by amending section 3 of chapter 1 (MCL 141.503), as amended by 2012 PA 394, and by adding section 3e to chapter 1.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10

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).

1 (c) Section 3a, 3b, ~~or 3c~~, **OR 3E** of this chapter.

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

7 (a) Before July 1, 1999, 3.00% on resident individuals and  
8 1.50% on nonresident individuals.

9 (b) Beginning July 1, 1999 and each July 1 after 1999 through  
10 July 1, 2012, except for 2008 and 2009, the maximum tax rate under  
11 this subsection on resident individuals shall be reduced by 0.1  
12 until the rate on resident individuals is 2.0%. The tax rate  
13 imposed on nonresident individuals shall be 50% of the tax rate  
14 imposed on resident individuals each year.

15 (c) Notwithstanding any other provision of this section, for  
16 the 2008 and 2009 calendar years, the city shall impose the same  
17 tax rate on resident individuals and nonresident individuals as the  
18 city had imposed for the 2007 calendar year.

19 (d) Except as otherwise provided under subdivision (e),  
20 beginning January 1, 2013 and each year after 2013, a rate of not  
21 more than 2.40% on resident individuals and 1.20% on nonresident  
22 individuals.

23 (e) Beginning January 1 of the year immediately succeeding the  
24 year that all bonds, obligations, and other evidence of  
25 indebtedness issued by a lighting authority have been fully paid  
26 and each year thereafter, a rate of not more than 2.20% on resident  
27 individuals and 1.10% on nonresident individuals.

1           (3) Notwithstanding any other provision of law or any  
2 ordinance of the city to the contrary, a city that forms a lighting  
3 authority shall deposit an amount equal to the sum of the revenue  
4 collected from 0.2% of the rate levied on resident individuals  
5 pursuant to subsection (2)(d) and 0.1% of the rate levied on  
6 nonresident individuals pursuant to subsection (2)(d) directly into  
7 the budget of the city's police department and use it exclusively  
8 to retain or hire police officers. The transfer and use of the  
9 revenue as provided under this subsection shall continue until all  
10 bonds, obligations, or other evidence of indebtedness issued by a  
11 lighting authority have been fully paid and revenue is no longer  
12 being pledged from taxes levied under the city utility users tax  
13 act, 1990 PA 100, MCL 141.1151 to 141.1177, to the lighting  
14 authority. As used in this subsection, "lighting authority" means a  
15 lighting authority incorporated under the municipal lighting  
16 authority act.

17           (4) The governing body of a city may adopt the uniform city  
18 income tax ordinance with the alternative sections as set forth in  
19 chapter 3 instead of the similarly numbered sections as set forth  
20 in chapter 2. The uniform city income tax ordinance may be lawfully  
21 adopted or rescinded by the governing body at any time. The  
22 adoption of an ordinance is effective on and after January 1 or  
23 July 1 following adoption of the ordinance, as specified in the  
24 ordinance, but an ordinance shall not become effective earlier than  
25 45 days after adoption or until approved by the electors if a  
26 referendum petition is filed as authorized in this act or a  
27 referendum is otherwise required. The rescission of an ordinance

1 shall become effective on the following December 31. The ordinance  
2 may be rescinded at any time by the governing body in the same  
3 manner in which it was adopted and with appropriate enforcement,  
4 collection, and refund provisions with respect to liabilities  
5 incurred prior to the effective date of the rescission of the  
6 ordinance. The ordinance shall not be amended except as provided by  
7 the legislature. A city may amend the ordinance to change the tax  
8 rate to a rate authorized by this act.

9 (5) Petitions for a referendum election on the question of  
10 adopting an ordinance adopted by the governing body may be filed  
11 with the city clerk not later than the sixth Monday following the  
12 adoption of the ordinance. The petitions shall be signed by a  
13 number of registered electors of the city equal to at least 10%,  
14 but not more than 20%, of the registered electors of the city  
15 voting in the last general municipal election prior to the adoption  
16 of the ordinance by the governing body. If proper petitions are  
17 filed, the question of adopting the ordinance shall be submitted by  
18 the governing body to the city electors at the next primary or  
19 general election or at a special election called for the purpose,  
20 in any case held not less than 45 days nor more than 90 days after  
21 the clerk has reported the filing of the referendum petition to the  
22 city's governing body. The checking of names on the petitions, the  
23 counting, canvassing, and return of the votes on the question, and  
24 other procedures for the election shall be as provided by law or  
25 charter. Upon a favorable vote of the city electors, the ordinance  
26 shall be effective as specified in the ordinance which may be  
27 amended by the governing body of the city following the election to

1 specify July 1 or January 1 as the effective date of the ordinance,  
2 if the effective date originally specified in the ordinance is  
3 considered impractical or inconvenient for any reason. The  
4 provisions in this section for a referendum election, and for  
5 delaying the effective date of the ordinance if petitions for a  
6 referendum are filed, are not applicable to a city that on January  
7 1, 1964 had in effect a valid ordinance levying and imposing an  
8 excise tax levied on or measured by income. Notwithstanding any  
9 other provision of this act, if an ordinance becomes effective on  
10 any date other than January 1, each tax year shall end on December  
11 31, and the provisions of the ordinance based on a full tax year  
12 are modified accordingly to be applicable to the partial tax year.

13       **SEC. 3E. A CITY WITH A POPULATION OF MORE THAN 100,000 BUT**  
14 **LESS THAN 110,000 ACCORDING TO THE OFFICIAL 2010 FEDERAL DECENNIAL**  
15 **CENSUS MAY AMEND ITS ORDINANCE TO INCREASE THE RATE TO AN ANNUAL**  
16 **TAX OF NOT MORE THAN 1.5% ON CORPORATIONS AND RESIDENT INDIVIDUALS**  
17 **AND 0.75% ON NONRESIDENT INDIVIDUALS. AN AMENDMENT TO THE CITY**  
18 **INCOME TAX ORDINANCE UNDER THIS SUBSECTION IS NOT EFFECTIVE UNLESS**  
19 **THE AMENDMENT IS APPROVED BY A MAJORITY VOTE OF THE REGISTERED AND**  
20 **QUALIFIED ELECTORS OF THAT CITY VOTING ON THE PROPOSITION AS**  
21 **PROVIDED IN THIS ACT.**