

# HOUSE BILL No. 4216

February 17, 2015, Introduced by Reps. Johnson, Franz, Graves, Cole, Hooker and Glenn and referred to the Committee on Transportation and Infrastructure.

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
by amending section 51 (MCL 206.51), as amended by 2012 PA 223.

**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 October 1, 2012,  
6 4.35%.

7 (h) Beginning on and after October 1, 2012, 4.25%.

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

12 (a) Beginning October 1, 1994 and before October 1, 1996,  
13 14.4% of the gross collections before refunds from the tax levied  
14 under this section.

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

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

22 (3) BEGINNING ON AND AFTER JANUARY 1, 2015, IN ADDITION TO THE  
23 DISTRIBUTION UNDER SUBSECTION (2), IF THE NET PERCENTAGE CHANGE IN  
24 THE LABOR FORCE RATE FOR THIS STATE WITHIN THE IMMEDIATELY  
25 PRECEDING 12 MONTHS AS DETERMINED BY THE BUREAU OF LABOR STATISTICS  
26 OF THE UNITED STATES DEPARTMENT OF LABOR IS POSITIVE, AN AMOUNT  
27 EQUAL TO THAT PERCENTAGE MULTIPLIED BY THE NET REVENUES COLLECTED

1 UNDER THIS SECTION SHALL BE DEPOSITED IN THE STATE TRUNK LINE FUND  
2 ESTABLISHED IN SECTION 11 OF 1951 PA 51, MCL 247.661.

3 (4) ~~(3)~~—The department shall annualize rates provided in  
4 subsection (1) as necessary for tax years that end after April 30,  
5 1994. The applicable annualized rate shall be imposed upon the  
6 taxable income of every person other than a corporation for those  
7 tax years.

8 (5) ~~(4)~~—The taxable income of a nonresident shall be computed  
9 in the same manner that the taxable income of a resident is  
10 computed, subject to the allocation and apportionment provisions of  
11 this part.

12 (6) ~~(5)~~—A resident beneficiary of a trust whose taxable income  
13 includes all or part of an accumulation distribution by a trust, as  
14 defined in section 665 of the internal revenue code, shall be  
15 allowed a credit against the tax otherwise due under this part. The  
16 credit shall be all or a proportionate part of any tax paid by the  
17 trust under this part for any preceding taxable year that would not  
18 have been payable if the trust had in fact made distribution to its  
19 beneficiaries at the times and in the amounts specified in section  
20 666 of the internal revenue code. The credit shall not reduce the  
21 tax otherwise due from the beneficiary to an amount less than would  
22 have been due if the accumulation distribution were excluded from  
23 taxable income.

24 (7) ~~(6)~~—The taxable income of a resident who is required to  
25 include income from a trust in his or her federal income tax return  
26 under the provisions of 26 USC 671 to 679, shall include items of  
27 income and deductions from the trust in taxable income to the

1 extent required by this part with respect to property owned  
2 outright.

3       (8) ~~(7)~~—It is the intention of this section that the income  
4 subject to tax of every person other than corporations shall be  
5 computed in like manner and be the same as provided in the internal  
6 revenue code subject to adjustments specifically provided for in  
7 this part.

8       (9) ~~(8)~~—As used in this section:

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

11       (i) A partner in a partnership as defined in the internal  
12 revenue code.

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

15       (iii) An estate or trust as defined in the internal revenue  
16 code.

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