

# HOUSE BILL No. 5511

February 1, 2018, Introduced by Reps. Victory, Lauwers, Barrett, VerHeulen and Maturen  
and referred to the Committee on Tax Policy.

A bill to amend 1941 PA 122, entitled

"An act to establish the revenue collection duties of the department of treasury; to prescribe its powers and duties as the revenue collection agency of this state; to prescribe certain powers and duties of the state treasurer; to establish the collection duties of certain other state departments for money or accounts owed to this state; to regulate the importation, stamping, and disposition of certain tobacco products; to provide for the transfer of powers and duties now vested in certain other state boards, commissions, departments, and offices; to prescribe certain duties of and require certain reports from the department of treasury; to provide procedures for the payment, administration, audit, assessment, levy of interests or penalties on, and appeals of taxes and tax liability; to prescribe its powers and duties if an agreement to act as agent for a city to administer, collect, and enforce the city income tax act on behalf of a city is entered into with any city; to provide an appropriation; to abolish the state board of tax administration; to prescribe penalties and provide remedies; and to declare the effect of this act,"

by amending section 3 (MCL 205.3), as amended by 2014 PA 565.

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

1           Sec. 3. **(1)** Except as otherwise provided in this act, the  
2 department shall have all the powers and perform the duties  
3 formerly vested in a department, board, commission, or other  
4 agency, in connection with taxes due to or claimed by this state  
5 and in connection with unpaid accounts or money due to this state  
6 or any of its departments, institutions, or agencies that may be  
7 made payable to or collectible by the department created by this  
8 act. The department has the power and authority incidental to the  
9 performance of the following acts, duties, and services:

10           (a) The state treasurer or a duly appointed agent of the state  
11 treasurer may examine the books, records, and papers touching the  
12 matter at issue of any person or taxpayer subject to any tax,  
13 unpaid account, or money the collection of which is charged to the  
14 department. The state treasurer or a duly appointed agent of the  
15 state treasurer may issue a subpoena requiring a person to appear  
16 and be examined with reference to a matter within the scope of the  
17 inquiry or investigation being conducted by the department and to  
18 produce any books, records, or papers. The state treasurer or a  
19 duly appointed agent, referee, or examiner of the state treasurer  
20 may administer an oath to a witness in any matter before the  
21 department. The department may invoke the aid of the circuit court  
22 of this state in requiring the attendance and testimony of  
23 witnesses and the producing of books, papers, and documents. The  
24 circuit court of this state within the jurisdiction of which an  
25 inquiry is carried on, in case of contumacy or refusal to obey a  
26 subpoena, may issue an order requiring the person to appear before  
27 the department and produce books and papers if so ordered and any

1 evidence touching the matter in question, and failure to obey the  
2 order of the court may be punished by the court as a contempt. A  
3 person shall not be excused from testifying or from producing any  
4 books, papers, records, or memoranda in any investigation, or upon  
5 any hearing when ordered to do so by the state treasurer, upon the  
6 ground that the testimony or evidence, documentary or otherwise,  
7 may tend to incriminate or subject him or her to a criminal  
8 penalty, however, a person shall not be prosecuted or subjected to  
9 any criminal penalty for or on account of any transaction made or  
10 thing concerning which he or she may testify or produce evidence,  
11 documentary or otherwise, before the department or its agent. A  
12 person testifying is not exempt from prosecution and punishment for  
13 perjury committed while testifying.

14 (b) After reasonable notice and public hearing, the department  
15 may promulgate rules consistent with this act in accordance with  
16 the administrative procedures act of 1969, 1969 PA 306, MCL 24.201  
17 to 24.328, necessary to the enforcement of the provisions of tax  
18 and other revenue measures that are administered by the department.

19 (c) The department may consult with the governor and the  
20 legislature on the subject of taxation, revenue, and the  
21 administration of the laws in relation to taxation and revenue, and  
22 the progress of the work of the department, including the  
23 furnishing of reports, information, and other assistance as the  
24 governor may require.

25 (d) The department may investigate and study all matters of  
26 taxation and revenue as the basis of recommending to the governor  
27 and the legislature those changes and alterations in the tax laws

1 of this state, as in the state treasurer's judgment may bring about  
2 a more adequate and just system of state and local taxation.

3 (e) The department may formulate a standard procedure that  
4 requires the departments, commissions, boards, institutions, and  
5 the agencies of this state that collect taxes, fees, or accounts  
6 for this state to report all sums of money due and uncollected and  
7 those uncollected items as prescribed by law and by the state  
8 treasurer. The procedure prescribed in this subdivision shall  
9 include a standard practice for receiving, receipting,  
10 safeguarding, and periodically reporting all state revenue  
11 receipts, whether current, delinquent, penalty, interest, or  
12 otherwise, and the amounts, kinds, and terms of items either  
13 collected, compromised, or still outstanding, to be summarized,  
14 studied, and reported upon as the state treasurer considers  
15 advisable.

16 (f) The department may periodically issue bulletins that index  
17 and explain current department interpretations of current state tax  
18 laws. Beginning October 22, 2003, each bulletin or letter ruling  
19 issued by the department on or after August 18, 2000 shall be  
20 published and made available to the public in printed and  
21 electronic formats. Beginning not later than ~~6 months after the~~  
22 ~~date of enactment of the amendatory act that added this sentence,~~  
23 **JULY 15, 2016**, and not subject to section 6a, the department shall  
24 publish and make available to the public in printed and electronic  
25 formats the department's internal policy directives, audit  
26 standards, sampling manual, cash basis sales tax audit overview,  
27 industrial processing sales and use tax manual, contractors sales

1 and use tax manual, and other deductions sales and use tax manual.  
2 The department may charge a reasonable fee for subscriptions to  
3 this service not to exceed the cost of printing. The money received  
4 from the sale of subscriptions shall revert to the department and  
5 be placed in the taxation manual revolving fund.

6 (2) IF THE DEPARTMENT INTENDS TO ISSUE A BULLETIN, A LETTER  
7 RULING, OR ANY OTHER DOCUMENT THAT EXPLAINS THE DEPARTMENT'S  
8 INTERPRETATION OF A STATE TAX LAW, OR TO ISSUE A BULLETIN, A LETTER  
9 RULING, OR ANY OTHER DOCUMENT THAT MODIFIES OR REINTERPRETS AN  
10 EXISTING BULLETIN, LETTER RULING, OR OTHER DOCUMENT THAT EXPLAINS  
11 THE DEPARTMENT'S INTERPRETATION OF A STATE TAX LAW, THE DEPARTMENT  
12 SHALL PROVIDE NOTICE TO EACH HOUSE OF THE LEGISLATURE OF THAT  
13 BULLETIN, LETTER RULING, OR DOCUMENT 6 MONTHS PRIOR TO ISSUING THE  
14 BULLETIN, LETTER RULING, OR DOCUMENT. THE DEPARTMENT SHALL NOT  
15 ISSUE A BULLETIN, A LETTER RULING, OR A DOCUMENT THAT EXPLAINS THE  
16 DEPARTMENT'S INTERPRETATION OF STATE TAX LAW THAT PROVIDES A  
17 RETROACTIVE EFFECT.