

**SUBSTITUTE FOR
HOUSE BILL NO. 4290**

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 2006 PA 615.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 3. Except as otherwise provided in this act, the

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

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

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

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

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

24 (d) The department may investigate and study all matters of
25 taxation and revenue as the basis of recommending to the governor
26 and the legislature those changes and alterations in the tax laws
27 of this state, as in the state treasurer's judgment may bring about

1 a more adequate and just system of state and local taxation.

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

15 (f) The department may periodically issue bulletins that index
16 and explain current department interpretations of current state tax
17 laws. Beginning October 22, 2003, each bulletin or letter ruling
18 issued by the department on or after August 18, 2000 shall be
19 published and made available to the public in printed and
20 electronic formats. **BEGINNING NOT LATER THAN 6 MONTHS AFTER THE**
21 **DATE OF ENACTMENT OF THE AMENDATORY ACT THAT ADDED THIS SENTENCE,**
22 **AND NOT SUBJECT TO SECTION 6A, THE DEPARTMENT SHALL PUBLISH AND**
23 **MAKE AVAILABLE TO THE PUBLIC IN PRINTED AND ELECTRONIC FORMATS THE**
24 **DEPARTMENT'S INTERNAL POLICY DIRECTIVES, AUDIT STANDARDS, SAMPLING**
25 **MANUAL, CASH BASIS SALES TAX AUDIT OVERVIEW, INDUSTRIAL PROCESSING**
26 **SALES AND USE TAX MANUAL, CONTRACTORS SALES AND USE TAX MANUAL, AND**
27 **OTHER DEDUCTIONS SALES AND USE TAX MANUAL.** The department may

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