



HOUSE BILL No. 4282

February 17, 1993, Introduced by Reps. Munsell, O'Neill, Jondahl, Nye, Dalman, Sikkema, Dobb, Keith, Bobier, Gubow, Oxender, Pitoniak, Gilmer, Bender, Weeks, Martin, Horton, Byrum, Emerson, Middleton, Agee, DeMars, Hoffman, Profit, Scott, Alley, Brown, Baade, Yokich, Stille, Hollister, Owen, Dolan, Wetters, Harder, Leland, DeLange, Walberg, Shepich, Gernaat, Curtis and Gire and referred to the Committee on Taxation.

A bill to permit the imposition and collection by local school districts of an excise tax levied on personal income; to provide for the increase, reduction, and repeal of the tax; to provide for procedures for the imposition, collection, increase, reduction, and repeal of the tax; to limit the imposition, collection, increase, reduction, and repeal of the tax; and to prescribe the powers and duties of certain state departments and certain boards and officials.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "local school district income tax act".

3 Sec. 2. As used in this act:

4 (a) "Department" means the revenue division of the
5 department of treasury.

1 (b) "Domicile" and "tax year" mean those terms as defined in
2 the income tax act of 1967, Act No. 281 of the Public Acts of
3 1967, being sections 206.1 to 206.532 of the Michigan Compiled
4 Laws.

5 (c) "Resident" means an individual domiciled or an estate or
6 trust located within the boundaries of the school district.

7 (d) "School district" means a local school district as that
8 term is defined in the school code of 1976, Act No. 451 of the
9 Public Acts of 1976, being sections 380.1 to 380.1852 of the
10 Michigan Compiled Laws.

11 (e) "Taxable income" means that term as defined in Act
12 No. 281 of the Public Acts of 1967 after additions, subtractions,
13 and adjustments pursuant to section 30 of Act No. 281 of the
14 Public Acts of 1967, being section 206.30 of the Michigan
15 Compiled Laws.

16 Sec. 3. (1) The board of a school district may after
17 December 31, 1993 resolve to impose or increase a local school
18 district income tax on the taxable income of residents of the
19 school district.

20 (2) The imposition of or an increase in the local school
21 district income tax pursuant to subsection (1) shall not take
22 effect unless approved by a majority of the residents of the
23 school district voting on the question. To impose or increase
24 the rate of a local school district income tax, the questions
25 submitted to the electors for approval shall include at least all
26 of the following:

1 (a) The proposed local school district income tax rate.

2 (b) The effective date of the imposition of or increase in
3 the local school district income tax, if approved, which shall be
4 no sooner than the January 1 or July 1 following the election at
5 which the electors approve the local school district income tax
6 or increase in the local school district income tax.

7 (c) The period of years for which the local school district
8 income tax will be levied at the rate under subdivision (a),
9 which shall not exceed 10 years.

10 (3) Prior to January 1, 1996, the board of a school district
11 may place the question of the imposition or increase of a local
12 school district income tax before the voters for approval.

13 Beginning January 1, 1996, the board of a local school district
14 may place the question of the imposition or increase of a local
15 school district income tax before the voters for approval only
16 once in any 12-month period.

17 (4) The board of a school district imposing a tax under this
18 act may adjust the tax rate imposed under this act as long as the
19 adjusted tax rate does not exceed the authorized tax rate.

20 Sec. 4. (1) A local school district income tax shall be
21 collected at the same time and in the same manner as, and is
22 subject to the procedures established for, the state income tax
23 under the income tax act of 1967, Act No. 281 of the Public Acts
24 of 1967, being sections 206.1 to 206.532 of the Michigan Compiled
25 Laws.

26 (2) The department shall administer and collect a local
27 school district income tax pursuant to Act No. 122 of the Public

1 Acts of 1941, being sections 205.1 to 205.31 of the Michigan
2 Compiled Laws, and applicable provisions of Act No. 281 of the
3 Public Acts of 1967. The department shall prepare the forms nec-
4 essary for the administration and collection of a local school
5 district income tax and make those forms available to taxpayers.
6 The forms may include a separate statement for the taxpayer to
7 sign to permit the state treasurer to send certain information to
8 the school district that imposes the local school district income
9 tax as provided in this act.

10 (3) If a conflict exists between this act and the income tax
11 act of 1967, Act No. 281 of the Public Acts of 1967, or Act
12 No. 122 of the Public Acts of 1941, this act controls.

13 Sec. 5. Every employer in this state required under the
14 provisions of the internal revenue code to withhold a tax on the
15 compensation of an individual shall deduct and withhold an amount
16 computed by applying an applicable local school district income
17 tax rate imposed pursuant to the local school district income tax
18 act to the remainder of the compensation of the individual after
19 deducting therefrom the same proportion of personal and depen-
20 dency exemptions allowed under subsection (1) for the tax year.

21 Sec. 6. A taxpayer shall not claim as a credit against a
22 local school district income tax any of the credits allowed
23 against the state income tax under the income tax act of 1967,
24 Act No. 281 of the Public Acts of 1967, being sections 206.1 to
25 206.532 of the Michigan Compiled Laws.

26 Sec. 7. If a taxpayer is not a resident of a school
27 district that levies a local school district income tax for the

1 entire tax year, the local school district income tax shall be
 2 prorated based on the number of days during which the taxpayer is
 3 a resident of that school district.

4 Sec. 8. The state treasurer shall promptly forward collec-
 5 tions of a local school district income tax minus the reasonable
 6 and actual expenses of collections to the school district that
 7 imposes the local school district income tax.

8 Sec. 9. The collections of a local school district income
 9 tax are the property of the local school district and are not
 10 state funds.

11 Sec. 10. The department may promulgate rules as necessary to
 12 implement this act pursuant to the administrative procedures act
 13 of 1969, Act No. 306 of the Public Acts of 1969, being sections
 14 24.201 to 24.328 of the Michigan Compiled Laws.

15 Sec. 11. This act shall not take effect unless all of the
 16 following bills of the 87th Legislature are enacted into law:

- 17 (a) House Bill No. 4277 (request no. 02189'93).
- 18 (b) House Bill No. 4280 (request no. 02189'93a).
- 19 (c) House Bill No. 4282 (request no. 02192'93).
- 20 (d) House Bill No. 4278 (request no. 02194'93).
- 21 (e) House Bill No. 4281 (request no. 02196'93).
- 22 (f) House Bill No. 4283 (request no. 02197'93*).
- 23 (g) House Bill No. 4286 (request no. 02198'93).
- 24 (h) House Bill No. 4285 (request no. 02199'93).
- 25 (i) House Bill No. 4284 (request no. 02200'93).

26 Sec. 12. This act shall not take effect unless House Joint
 27 Resolution G (request no. 02190'93*) of the 87th

1 Legislature is submitted to the qualified electors of the state
2 for approval as provided in section 1 of article XII of the state
3 constitution of 1963.