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SFA

BILL ANALYSIS

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House Bill 5330 (as passed by the House)
Sponsor: Representative Nancy Cassis
House Committee: Tax Policy
Senate Committee: Finance

Date Completed: 3-11-02

CONTENT

The bill would amend the revenue Act to require a bulletin or letter ruling issued by the Revenue Commissioner to be published and made available to the public in printed and electronic formats.

Under the Act, the Department of Treasury may periodically issue bulletins that index and explain current Department interpretations of State tax laws. The bill specifies that the Revenue Commissioner, rather than the Department, could issue these bulletins.

Further, the Department may charge a reasonable fee for subscriptions to the bulletin service. The fee may not exceed the cost of printing the bulletins. The bill provides that the fee could not exceed the cost of publishing the bulletins or letter rulings.

MCL 205.3

BACKGROUND

According to the Department's Website, a revenue administrative bulletin (RAB) is a directive issued by the Commissioner to promote uniform application of tax laws throughout the State, and to provide information and guidance to taxpayers. An RAB states the Department's official position, has the status of precedent unless revoked or modified, and may be relied on by taxpayers when facts, circumstances, and issues are substantially similar to those described in the bulletin.

According to RAB 2000-6, a letter ruling is published to give the public an example of how the Department would apply tax law to a particular set of facts, and provides a fast and informal way of increasing public understanding of the Department's interpretation of tax law. It is not binding on either the Department or taxpayers; if it is used in a written response to a specific taxpayer's request, however, it is binding on the Department and that taxpayer. Letter rulings are withdrawn when they become obsolete or when they are likely to confuse rather than assist the public.

Legislative Analyst: George Towne

FISCAL IMPACT

The bill would have no fiscal impact on the State. The Department of Treasury is currently authorized to charge and collect a subscription fee not to exceed the cost of printing. The changes in the bill would maintain the revenue-neutral nature of this publishing function.

Fiscal Analyst: Jessica Runnels

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.