

**SUBSTITUTE FOR  
SENATE BILL NO. 586**

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 the state; to prescribe certain powers and duties of the state treasurer; 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 28 (MCL 205.28), as amended by 2002 PA 657.

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

- 1       Sec. 28. (1) The following conditions apply to all taxes  
2 administered under this act unless otherwise provided for in the  
3 specific tax statute:

1 (a) Notice, if required, shall be given either by personal  
2 service or by certified mail addressed to the last known address  
3 of the taxpayer. Service upon the department may be made in the  
4 same manner.

5 (b) An injunction shall not issue to stay proceedings for the  
6 assessment and collection of a tax.

7 (c) In addition to the mode of collection provided in this  
8 act, the department may institute an action at law in any county  
9 in which the taxpayer resides or transacts business.

10 (d) The state treasurer may request in writing information or  
11 records in the possession of any other department, institution,  
12 or agency of state government for the performance of duties under  
13 this act. Departments, institutions, or agencies of state  
14 government shall furnish the information and records upon receipt  
15 of the state treasurer's request. Upon request of the state  
16 treasurer, any department, institution, or agency of state  
17 government shall hold a hearing under the administrative  
18 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, to  
19 consider withholding a license or permit of a person for  
20 nonpayment of taxes or accounts collected under this act.

21 (e) Except as otherwise provided in section 30c, the state  
22 treasurer or an employee of the department shall not compromise  
23 or reduce in any manner the taxes due to or claimed by this state  
24 or unpaid accounts or amounts due to any department, institution,  
25 or agency of state government. This subdivision does not prevent  
26 a compromise of interest or penalties, or both.

27 (f) Except as otherwise provided in this subdivision, an

1 employee, authorized representative, or former employee or  
2 authorized representative of the department or anyone connected  
3 with the department shall not divulge any facts or information  
4 obtained in connection with the administration of a tax or  
5 information or parameters that would enable a person to ascertain  
6 the audit selection or processing criteria of the department for  
7 a tax administered by the department. An employee or authorized  
8 representative shall not willfully inspect any return or  
9 information contained in a return unless it is appropriate for  
10 the proper administration of a tax law administered under this  
11 act. A person may disclose information described in this  
12 subdivision if the disclosure is required for the proper  
13 administration of a tax law administered under this act **or the**  
14 **general property tax act, 1893 PA 206, MCL 211.1 to 211.157,**  
15 pursuant to a judicial order sought by an agency charged with the  
16 duty of enforcing or investigating support obligations pursuant  
17 to an order of a court in a domestic relations matter as that  
18 term is defined in section 2 of the friend of the court act, 1982  
19 PA 294, **MCL 552.502,** or pursuant to a judicial order sought by an  
20 agency of the federal, state, or local government charged with  
21 the responsibility for the administration or enforcement of  
22 criminal law for purposes of investigating or prosecuting  
23 criminal matters or for federal or state grand jury proceedings  
24 or a judicial order if the taxpayer's liability for a tax  
25 administered under this act is to be adjudicated by the court  
26 that issued the judicial order. A person may disclose the  
27 adjusted gross receipts and the wagering tax paid by a casino

1 licensee licensed under the Michigan gaming control and revenue  
2 act, the Initiated Law of 1996, MCL 432.201 to 432.226, pursuant  
3 to section 18, sections 341, 342, and 386 of the management and  
4 budget act, 1984 PA 431, MCL 18.1341, 18.1342, and 18.1386, or  
5 authorization by the executive director of the gaming control  
6 board. However, the state treasurer or a person designated by  
7 the state treasurer may divulge information set forth or  
8 disclosed in a return or report or by an investigation or audit  
9 to any department, institution, or agency of state government  
10 upon receipt of a written request from a head of the department,  
11 institution, or agency of state government if it is required for  
12 the effective administration or enforcement of the laws of this  
13 state, to a proper officer of the United States department of  
14 treasury, and to a proper officer of another state reciprocating  
15 in this privilege. The state treasurer may enter into reciprocal  
16 agreements with other departments of state government, the United  
17 States department of treasury, local governmental units within  
18 this state, or taxing officials of other states for the  
19 enforcement, collection, and exchange of data after ascertaining  
20 that any information provided will be subject to confidentiality  
21 restrictions substantially the same as the provisions of this  
22 act.

23 (2) A person who violates subsection (1)(e), ~~or~~ (1)(f), **or**  
24 (4) is guilty of a felony, punishable by a fine of not more than  
25 \$5,000.00, or imprisonment for not more than 5 years, or both,  
26 together with the costs of prosecution. In addition, if the  
27 offense is committed by an employee of this state, the person

1 shall be dismissed from office or discharged from employment upon  
2 conviction.

3       (3) A person liable for any tax administered under this act  
4 shall keep accurate and complete records necessary for the proper  
5 determination of tax liability as required by law or rule of the  
6 department.

7       (4) A person who receives information under subsection (1)(f)  
8 for the proper administration of the general property tax act,  
9 1893 PA 206, MCL 211.1 to 211.157, shall not willfully disclose  
10 that information for any purpose other than the administration of  
11 the general property tax act, 1893 PA 206, MCL 211.1 to 211.157.  
12 A person who violates this subsection is subject to the penalties  
13 provided in subsection (2).

14       (5) ~~(4)~~ As used in subsection (1), "adjusted gross  
15 receipts" and "wagering tax" mean those terms as described in the  
16 Michigan gaming control and revenue act, the Initiated Law of  
17 1996, MCL 432.201 to 432.226.