

# HOUSE BILL NO. 5396

January 16, 2024, Introduced by Reps. Wegela, Wilson, Rheingans, Tsernoglou and Dievendorf and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
(MCL 206.1 to 206.847) by adding section 684.

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

1           **Sec. 684. (1) In addition to the taxes imposed and levied**  
2 **under this part and subject to subsection (2), for tax years**  
3 **beginning on and after October 1, 2024, an annual surcharge is**  
4 **imposed and levied on each taxpayer that is required to make a pay**  
5 **ratio disclosure under 17 CFR 229.402(u). The amount of the**  
6 **surcharge for the tax year is equal to the following percentage of**

1 the taxpayer's tax liability under this part after allocation or  
2 apportionment to this state under this part but before calculation  
3 of the various credits available under this part:

4 (a) If the disclosed pay ratio is not more than 50 to 1, 0%.

5 (b) If the disclosed pay ratio is higher than 50 to 1 but less  
6 than 100 to 1, 5%.

7 (c) If the disclosed pay ratio is 100 to 1 or higher but less  
8 than 200 to 1, 10%.

9 (d) If the disclosed pay ratio is 200 to 1 or higher but less  
10 than 300 to 1, 20%.

11 (e) If the disclosed pay ratio is 300 to 1 or higher but less  
12 than 400 to 1, 30%.

13 (f) If the disclosed pay ratio is 400 to 1 or higher but less  
14 than 500 to 1, 40%.

15 (g) If the disclosed pay ratio is 500 to 1 or higher, 50%.

16 (2) The surcharge imposed and levied under this section does  
17 not apply to a taxpayer that does not have to file a return or pay  
18 the tax imposed under this part pursuant to section 685.

19 (3) For purposes of subsection (1), a unitary business group  
20 is required to make a pay ratio disclosure under 17 CFR 229.402(u)  
21 if any member of the unitary business group is required to make a  
22 pay ratio disclosure under 17 CFR 229.402(u).

23 (4) If an SEC filing fails to disclose a pay ratio or if the  
24 disclosed pay ratio was not determined in accordance with 17 CFR  
25 229.402(u), the department may determine the correct pay ratio and  
26 the surcharge due under this section.

27 (5) The surcharge imposed and levied under this section  
28 constitutes part of the tax imposed under this part and must be  
29 administered, collected, and enforced as provided under this part,

1 1941 PA 122, MCL 205.1 to 205.31, and any other law of this state.

2 (6) As used in this section:

3 (a) "Disclosed pay ratio" means the pay ratio for a tax year  
4 disclosed in an SEC filing.

5 (b) "Pay ratio" means the ratio of principal executive officer  
6 compensation to median employee compensation determined under 17  
7 CFR 229.402(u).

8 (c) "SEC" means the United States Security and Exchange  
9 Commission.