# HOUSE STANDING COMMITTEE
# ON TAX POLICY

Room 519 House Office Building Wednesday 10:30 a.m. May 30, 2012

Representative Jud Gilbert, Chair, called the meeting to order.

Representative Gilbert requested attendance be called to establish a quorum of the appointed committee members:

Present: Representatives Gilbert, Walsh, Horn, Farrington, Foster, Lyons, Nesbitt, O'Brien, Olson, Ouimet, Constan, Barnett, Kandrevas, Meadows, Townsend, Cavanagh and Hobbs.

Absent/Excused: None.

Representative Farrington moved to approve the minutes of the meeting held on May 16, 2012.

There being no objection, the motion prevailed by unanimous consent.

The Chair laid HB 5609 before the committee.

HB 5609 Huuki — Property tax; delinquent taxes; personal liability for delinquent taxes levied on real property; provide for under certain circumstances.

Representative Huuki explained his bill to committee members. Questions and discussion followed.

The following testified on HB 5609.

Joseph P O'Leary, representing Baraga County (support)

The following submitted a testimony card indicating support for HB 5609 but did not wish to speak.

Paul Connors, representing the Michigan Department of Treasury (neutral)

Representative O'Brien moved to report with recommendation HB 5609.

The motion prevailed by a vote of 14-0-2.

**FAVORABLE ROLL CALL:**

Yeas: Representatives Gilbert, Walsh, Horn, Foster, Lyons, Nesbitt, O'Brien, Olson, Ouimet, Constan, Barnett, Townsend, Cavanagh and Hobbs,

Nays: None,
Pass: Representatives Kandrevas and Meadows.

HB 5609 reported with recommendation.

The Chair laid HB 5699 and HB 5700 before the committee.

| | | |
|---|---|---|
| HB 5699 | McBroom | Income tax; rate; rate reduction; begin on October 1, 2012. |
| HB 5700 | Hughes | Income tax; exemptions; personal exemption; increase. |

Representative McBroom explained his bill to committee members. Questions and discussion followed.

Representative Hughes explained her bill to committee members. Questions and discussion followed.

The following testified on HB 5699 and HB 5700.

Howard Ryan, representing the Michigan Department of Treasury (support)
Scott Hagerstrom, representing the Americans for Prosperity/Michigan (support)

The following submitted testimony cards indicating support for HB 5699 and HB 5700 but did not wish to speak.

Chris Glass, representing the Grand Rapids Area Chamber (support)
Jo Anne Bump, representing the Michigan League for Human Services (oppose)
Charles Owens, representing the National Federation of Independent Business (support)
Chris Fisher, representing the Associated Builders and Contractors (support)

Representative Lyons moved to report with recommendation HB 5699.

The motion prevailed by a vote of 16-0-1.

**FAVORABLE ROLL CALL:**
Yeas: Representatives Gilbert, Walsh, Horn, Farrington, Foster, Lyons, Nesbitt, O'Brien, Ouimet, Constan, Barnett, Kandrevas, Meadows, Townsend, Cavanagh and Hobbs,
Nays: None,
Pass: Representative Olson.

HB 5699 reported with recommendation.

Representative Constan moved to amend HB 5700 as follows:

1. Amend page 2, following line 6, by inserting:
"Enacting section 1. This amendatory act does not take effect unless HB 5640 of the 96th Legislature is enacted into law.".

The motion did not prevail by a vote of 7-10-0.

**UNFAVORABLE ROLL CALL:**

Yeas: Representatives Constan, Barnett, Kandrevas, Meadows, Townsend, Cavanagh and Hobbs,

Nays: Representative Gilbert, Walsh, Horn, Farrington, Foster, Lyons, Nesbitt, O'Brien, Olson and Ouimet,

Pass: None.

Representative Meadows moved to amend HB 5700 as follows:

1. Amend page 1, line 1, after "**30A.**" by inserting "**(1)**".
2. Amend page 2, following line 6, by inserting:

"**(2) EXCEPT AS OTHERWISE PROVIDED UNDER SUBSECTION (3), FOR THE 2012 TAX YEAR AND EACH TAX YEAR AFTER 2012, IN ADDITION TO THE PERSONAL EXEMPTION DEDUCTION ALLOWED UNDER SUBSECTION (1), FOR EACH TAXPAYER AND EVERY DEPENDENT OF A TAXPAYER WHO IS 65 YEARS OF AGE OR OLDER A SINGLE ADDITIONAL EXEMPTION OF $2,300.00 SHALL BE SUBTRACTED IN THE CALCULATION THAT DETERMINES TAXABLE INCOME. WHEN A DEPENDENT OF A TAXPAYER FILES AN ANNUAL RETURN UNDER THIS PART, THE TAXPAYER OR DEPENDENT OF THE TAXPAYER, BUT NOT BOTH, MAY CLAIM THE ADDITIONAL EXEMPTION ALLOWED UNDER THIS SUBSECTION.**

**(3) FOR EACH TAX YEAR BEGINNING ON AND AFTER JANUARY 1, 2013, THE ADDITIONAL EXEMPTION ALLOWED UNDER SUBSECTION (2) SHALL BE ADJUSTED BY MULTIPLYING THE EXEMPTION FOR THE TAX YEAR BEGINNING IN 2012 BY A FRACTION, THE NUMERATOR OF WHICH IS THE UNITED STATES CONSUMER PRICE INDEX FOR THE STATE FISCAL YEAR ENDING IN THE TAX YEAR PRIOR TO THE TAX YEAR FOR WHICH THE ADJUSTMENT IS BEING MADE AND THE DENOMINATOR OF WHICH IS THE UNITED STATES CONSUMER PRICE INDEX FOR THE 2010-2011 STATE FISCAL YEAR. THE RESULTANT PRODUCT SHALL BE ROUNDED TO THE NEAREST $100.00 INCREMENT.**

**(4) AS USED IN THIS SECTION:**

**(A) "DEPENDENT" MEANS AN INDIVIDUAL FOR WHOM THE TAXPAYER MAY CLAIM A DEPENDENCY EXEMPTION ON THE TAXPAYER'S FEDERAL INCOME TAX RETURN PURSUANT TO THE INTERNAL REVENUE CODE.**

**(B) "UNITED STATES CONSUMER PRICE INDEX" MEANS THE UNITED STATES CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS AS DEFINED AND REPORTED BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS.**".

The motion did not prevail by a vote of 7-7-3.

**UNFAVORABLE ROLL CALL:**

Yeas: Representatives Constan, Barnett, Kandrevas, Meadows, Townsend, Cavanagh and Hobbs,

Nays: Representatives Gilbert, Walsh, Farrington, Foster, Lyons, Nesbitt and Olson,
Pass: Representatives Horn, O'Brien and Ouimet.

Representative Cavanagh moved to amend HB 5700 as follows:

1. Amend page 2, following line 6, by inserting:
"Enacting section 1. This amendatory act does not take effect unless HB 5407 of the 96th Legislature is enacted into law.".

The motion did not prevail by a vote of 7-7-3.

**UNFAVORABLE ROLL CALL:**

Yeas: Representatives Constan, Barnett, Kandrevas, Meadows, Townsend, Cavanagh and Hobbs,
Nays: Representatives Gilbert, Walsh, Farrington, Foster, Lyons, Nesbitt and O'Brien,
Pass: Representatives Horn, Olson and Ouimet.

Representative Horn moved to report with recommendation HB 5700.

The motion prevailed by a vote of 15-0-2.

**FAVORABLE ROLL CALL:**

Yeas: Representatives Gilbert, Walsh, Horn, Farrington, Foster, Lyons, Nesbitt, O'Brien, Ouimet, Constan, Barnett, Kandrevas, Meadows, Townsend and Hobbs,
Nays: None,
Pass: Representative Olson and Cavanagh.

HB 5700 reported with recommendation.

The Chair laid SB 1104 before the committee.

| | | |
|---|---|---|
| SB 1104 | Jansen | Income tax; collections; withholding requirements for certain qualified charitable gift annuities and for flow-through entities; clarify. |

The following testified on SB 1104.

Rob Collier and Robin Ferriby, representing the Council of Michigan Foundations (support)

The following submitted testimony cards indicating support for SB 1104 but did not wish to speak.

Mike Johnston, representing the Michigan Manufacturers Association (support)
Tricia Kinley, representing the Michigan Chamber of Commerce (support)
Ellen Hoekstra, representing Capitol Services (support)
Howard Ryan, representing the Michigan Department of Treasury (support)

Representative Walsh moved to report with recommendation SB 1104.

The motion prevailed by a vote of 17-0-0.

**FAVORABLE ROLL CALL:**

Yeas: Representatives Gilbert, Walsh, Horn, Farrington, Foster, Lyons, Nesbitt, O'Brien, Olson, Ouimet, Constan, Barnett, Kandrevas, Meadows, Townsend, Cavanagh and Hobbs,

Nays: None,

Pass: None.

SB 1104 reported with recommendation.

The Chair laid HB 4753 before the committee.

| | | |
|---|---|---|
| HB 4753 | Pettalia | Property tax; assessments; assessment cap on property if transferred to immediate family member and use does not change; retain. |

Howard Ryan, representing the Michigan Department of Treasury, testified indicating a neutral position on HB 4753.

The following submitted testimony cards but did not wish to speak.

Bill Anderson, representing the Michigan Townships Association (oppose)
Mickey Knight, representing the Michigan Assessor's Association (oppose)
David Worthams, representing the Michigan Bankers Association (support)
Doug Merriam, representing the Michigan Association of Realtors (support)

Representative Walsh moved to adopt substitute (H-1) for HB 4753.

The motion prevailed by a vote of 17-0-0.

**FAVORABLE ROLL CALL:**

Yeas: Representatives Gilbert, Walsh, Horn, Farrington, Foster, Lyons, Nesbitt, O'Brien, Olson, Ouimet, Constan, Barnett, Kandrevas, Meadows, Townsend, Cavanagh and Hobbs,

Nays: None,

Pass: None.

Representative Horn moved to report with recommendation HB 4753 as substitute (H-1)

The motion prevailed by a vote of 11-1-5.

**FAVORABLE ROLL CALL:**

Yeas: Representatives Gilbert, Walsh, Horn, Farrington, Foster, Lyons, Nesbitt, O'Brien, Olson, Ouimet and Meadows,

Nays: Representative Barnett,

Pass: Representatives Constan, Kandrevas, Townsend, Cavanagh and Hobbs.

HB 4753 reported with recommendation as substitute (H-1)

The Chair laid HB 5657 before the committee.

HB 5657 Howze Income tax; other; Detroit college promise fund; create.

Representative Howze explained her bill to committee members. Questions and discussion followed.

The following submitted a testimony card indicating support for HB 5657 but did not wish to speak.

Paul Connors, representing the Michigan Department of Treasury (neutral)

Representative Kandrevas moved to report with recommendation HB 5657.

The motion prevailed by a vote of 12-1-3.

**FAVORABLE ROLL CALL:**

Yeas: Representatives Gilbert, Walsh, Horn, Lyons, Ouimet, Constan, Barnett, Kandrevas, Meadows, Townsend, Cavanagh and Hobbs,

Nays: Representative Farrington,

Pass: Representatives Nesbitt, O'Brien and Olson.

HB 5657 reported with recommendation.

There being no further business to come before the committee, the Chair, Representative Gilbert, adjourned the meeting, the time being 11:45 a.m.

_____

Representative Jud Gilbert, Chair

David C. Mead
Committee Clerk
May 30, 2012
75 minutes

_____

Date Approved and Signed