



HOUSE BILL No. 5757

April 17, 1996, Introduced by Reps. Perricone, Walberg, Goschka, McManus, Horton, Dalman, Bodem, Voorhees, Law and Jellema and referred to the Committee on Tax Policy.

A bill to authorize a study and to authorize the department of treasury to contract with private entities to process certain tax information and returns; and to prescribe the powers and duties of certain state officers and state departments.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. As used in this act:

2 (a) "Department" means the department of treasury.

3 (b) "State income tax return" means the state income tax
4 return filed under the income tax act of 1967, Act No. 281 of the
5 Public Acts of 1967, being sections 206.1 to 206.532 of the
6 Michigan Compiled Laws.

7 (c) "Treasurer" means the state treasurer.

8 Sec. 3. (1) The department shall conduct a study on the
9 cost effectiveness of entering into a contract with a private
10 entity for the initial processing and data entry of state income

1 tax returns, and shall report the results of the study to the
2 house tax policy committee and senate finance committee by July
3 1, 1997.

4 (2) If the study under subsection (1) determines that con-
5 tracting with a private entity is cost effective and would result
6 in financial savings to the state, the department shall enter
7 into a contract with a private entity for the initial processing
8 and data entry of state income tax returns, which initial pro-
9 cessing and data entry shall commence on or before June 1, 1999.

10 Sec. 5. A contract entered into between the treasurer on
11 behalf of this state and a private entity for the initial pro-
12 cessing and data entry of state income tax returns shall contain
13 provisions that include but are not limited to all of the
14 following:

- 15 (a) Compensation.
- 16 (b) Confidentiality.
- 17 (c) Methods of processing and data entry.
- 18 (d) Dispute resolution.
- 19 (e) Performance standards.
- 20 (f) Security of data systems.
- 21 (g) Scope of work.
- 22 (h) Ownership and maintenance of software, equipment, and
23 documentation.
- 24 (i) Insurance of contractor.
- 25 (j) General responsibilities of all parties involved.
- 26 (k) Auditing.

- 1 (l) Program management.
- 2 (m) Financial and administrative reporting.
- 3 (n) Transition plan.
- 4 (o) Backup data system.
- 5 (p) Prohibition of subcontracting and assignment of
- 6 contract.
- 7 (q) Annual report to the legislature.
- 8 (r) Any other provisions required by the attorney general,
- 9 the department, or the auditor general.