

**SUBSTITUTE FOR
HOUSE BILL NO. 6185**

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending sections 351, 355, and 365 (MCL 206.351, 206.355, and
206.365), section 351 as amended by 2003 PA 22, section 355 as
amended by 2003 PA 48, and section 365 as amended by 2003 PA 47,
and by adding section 366.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 351. (1) Every employer in this state required under the
2 provisions of the internal revenue code to withhold a tax on the
3 compensation of an individual, except as otherwise provided, shall
4 deduct and withhold a tax in an amount computed by applying, except
5 as provided by subsection (9), the rate prescribed in section 51 to
6 the remainder of the compensation after deducting from compensation
7 the same proportion of the total amount of personal and dependency

1 exemptions of the individual allowed under this act that the period
2 of time covered by the compensation is of 1 year. The commissioner
3 may prescribe withholding tables that may be used by employers to
4 compute the amount of tax required to be withheld.

5 (2) Every flow-through entity in this state shall withhold a
6 tax in an amount computed by applying the rate prescribed in
7 section 51 to the share of taxable income available for
8 distribution of each nonresident member after deducting from that
9 distributive income the same proportion of the total amount of
10 personal and dependency exemptions of the individual allowed under
11 this act that the period of time covered by the distributive income
12 is of 1 year. If a flow-through entity is a nonresident member of a
13 separate flow-through entity in this state, the flow-through entity
14 in this state of which it is a member shall withhold the tax as
15 required by this subsection on behalf of the flow-through entity
16 that is a nonresident member and all nonresident members of that
17 flow-through entity that is a nonresident member.

18 (3) Every casino licensee shall withhold a tax in an amount
19 computed by applying the rate prescribed in section 51 to the
20 winnings of a nonresident reportable by the casino licensee under
21 the internal revenue code.

22 (4) Every race meeting licensee or track licensee shall
23 withhold a tax in an amount computed by applying the rate
24 prescribed in section 51 to a payoff price on a winning ticket of a
25 nonresident reportable by the race meeting licensee or track
26 licensee under the internal revenue code that is the result of
27 pari-mutuel wagering at a licensed race meeting.

1 (5) Every casino licensee or race meeting licensee or track
2 licensee shall report winnings of a resident reportable by the
3 casino licensee or race meeting licensee or track licensee under
4 the internal revenue code to the department in the same manner and
5 format as required under the internal revenue code.

6 (6) ~~The~~**EXCEPT AS OTHERWISE PROVIDED UNDER THIS SUBSECTION,**
7 **ALL OF THE** taxes withheld under this section shall accrue to the
8 state on the last day of the month in which the taxes are withheld
9 but shall be returned and paid to the department by the employer,
10 flow-through entity, casino licensee, or race meeting licensee or
11 track licensee within 15 days after the end of any month or as
12 provided in section 355, except prior to July 1, 1993, taxes
13 deposited pursuant to section 19(2) of 1941 PA 122, MCL 205.19, are
14 accrued on the last day of the filing period. **FOR AN EMPLOYER OR**
15 **FLOW-THROUGH ENTITY THAT HAS ENTERED INTO AN AGREEMENT WITH A**
16 **COMMUNITY COLLEGE PURSUANT TO CHAPTER 13 OF THE COMMUNITY COLLEGE**
17 **ACT OF 1966, 1966 PA 331, MCL 389.161 TO 389.166, OR WITH THE**
18 **MICHIGAN STRATEGIC FUND FOR SIMILAR PURPOSES AS AUTHORIZED UNDER**
19 **THE MICHIGAN STRATEGIC FUND ACT, 1984 PA 270, MCL 125.2001 TO**
20 **125.2094, A PORTION OF THE TAXES WITHHELD UNDER THIS SECTION THAT**
21 **ARE ATTRIBUTABLE TO EACH EMPLOYEE IN A NEW JOB CREATED PURSUANT TO**
22 **THE AGREEMENT SHALL ACCRUE TO THE COMMUNITY COLLEGE OR THE MICHIGAN**
23 **STRATEGIC FUND ON THE LAST DAY OF THE MONTH IN WHICH THE TAXES ARE**
24 **WITHHELD BUT SHALL BE RETURNED AND PAID TO THE COMMUNITY COLLEGE OR**
25 **THE MICHIGAN STRATEGIC FUND BY THE EMPLOYER OR FLOW-THROUGH ENTITY**
26 **WITHIN 15 DAYS AFTER THE END OF ANY MONTH OR AS PROVIDED IN SECTION**
27 **355 FOR AS LONG AS THE AGREEMENT REMAINS IN EFFECT. FOR PURPOSES OF**

1 THIS ACT AND 1941 PA 122, MCL 205.1 TO 205.31, PAYMENTS MADE BY AN
2 EMPLOYER OR FLOW-THROUGH ENTITY TO A COMMUNITY COLLEGE OR THE
3 MICHIGAN STRATEGIC FUND UNDER THIS SUBSECTION SHALL BE CONSIDERED
4 INCOME TAXES PAID TO THIS STATE.

5 (7) An employer, flow-through entity, casino licensee, or race
6 meeting licensee or track licensee required by this section to
7 deduct and withhold taxes on compensation, a share of income
8 available for distribution on which withholding is required under
9 subsection (2), winning on which withholding is required under
10 subsection (3), or a payoff price on which withholding is required
11 under subsection (4) holds the amount of tax withheld as a trustee
12 for the state ~~—~~is liable for the payment of the tax to the state ~~—~~
13 OR, IF APPLICABLE, TO THE COMMUNITY COLLEGE OR THE MICHIGAN
14 STRATEGIC FUND and is not liable to any individual for the amount
15 of the payment.

16 (8) An employer in this state is not required to deduct and
17 withhold a tax on the compensation paid to a nonresident individual
18 employee, who, under section 256, may claim a tax credit equal to
19 or in excess of the tax estimated to be due for the tax year or is
20 exempted from liability for the tax imposed by this act. In each
21 tax year, the nonresident individual shall furnish to the employer,
22 on a form approved by the department, a verified statement of
23 nonresidence.

24 (9) An employer, flow-through entity, casino licensee, or race
25 meeting licensee or track licensee required to withhold a tax under
26 this act, by the fifteenth day of the following month, shall
27 provide the department with a copy of any exemption certificate on

1 which the employee, nonresident member, or person subject to
2 withholding under subsection (3) or (4) claims more than 9 personal
3 or dependency exemptions, claims a status that exempts the
4 employee, nonresident member, or person subject to withholding
5 under subsection (3) or (4) from withholding under this section, or
6 elects to pay the tax imposed by this act calculated under section
7 51a.

8 (10) An employer shall deduct and withhold the tax imposed by
9 this act calculated under section 51a for a resident who files an
10 exemption certificate under subsection (9) to elect to pay the tax
11 calculated under section 51a.

12 (11) The exemption certificate required by this section shall
13 include the following statement, "Electing to file using the no-
14 form option may not be for everyone who is eligible. If a taxpayer
15 chooses the no-form option, he or she may not be eligible for some
16 of the credits allowed under this act including the property tax
17 credit allowed under sections 520 and 522, the tuition tax credit
18 allowed under section 274, and the city income tax credit allowed
19 under section 257.".

20 (12) As used in this section:

21 (a) "Casino" means that term as defined in section 110.

22 (b) "Casino licensee" means a person licensed to operate a
23 casino under the Michigan gaming control and revenue act, ~~the~~
24 ~~Initiated Law of 1996~~ **IL 1**, MCL 432.201 to 432.226.

25 (c) "Race meeting licensee" and "track licensee" mean a person
26 to whom a race meeting license or track license is issued pursuant
27 to section 8 of the horse racing law of 1995, 1995 PA 279, MCL

1 431.308.

2 Sec. 355. (1) All provisions relating to the administration,
3 collection, and enforcement of this act apply to the employer,
4 flow-through entity, casino licensee, or race meeting licensee or
5 track licensee required to withhold taxes and to the taxes required
6 to be withheld. If the department has reasonable grounds to believe
7 that an employer, flow-through entity, casino licensee, or race
8 meeting licensee or track licensee will not pay taxes withheld to
9 the state **OR, IF APPLICABLE, TO THE COMMUNITY COLLEGE OR THE**
10 **MICHIGAN STRATEGIC FUND**, as prescribed by this act, or to provide a
11 more efficient administration, the department may require the
12 employer, flow-through entity, casino licensee, or race meeting
13 licensee or track licensee to make the return and pay to the
14 department **OR, IF APPLICABLE, TO THE COMMUNITY COLLEGE OR THE**
15 **MICHIGAN STRATEGIC FUND**, the tax deducted and withheld at other
16 than monthly periods, or from time to time, or require the
17 employer, flow-through entity, casino licensee, or race meeting
18 licensee or track licensee to deposit the tax in a bank approved by
19 the department in a separate account, in trust for the department
20 **OR, IF APPLICABLE, THE COMMUNITY COLLEGE OR THE MICHIGAN STRATEGIC**
21 **FUND**, and payable to the department, **THE COMMUNITY COLLEGE, OR THE**
22 **MICHIGAN STRATEGIC FUND**, and to keep the amount of the taxes in the
23 account until payment over to the department, **THE COMMUNITY**
24 **COLLEGE, OR THE MICHIGAN STRATEGIC FUND**.

25 (2) Every publicly traded partnership as that term is defined
26 under section 7704 of the internal revenue code that has equity
27 securities registered with the securities and exchange commission

1 under section 12 of title I of the securities and exchange act of
2 1934, ~~chapter 404, 48 Stat. 881, 15 U.S.C. 15 USC 78l~~, shall file on
3 or before each August 31 all unitholder information from the
4 publicly traded partnership's schedule K-1 for the immediately
5 preceding calendar year by paper or electronic format on a form
6 prescribed by the department.

7 (3) As used in this section:

8 (a) "Casino" means that term as defined in section 110.

9 (b) "Casino licensee" means a person licensed to operate a
10 casino under the Michigan gaming control and revenue act, ~~the~~
11 ~~Initiated Law of 1996 IL 1~~, MCL 432.201 to 432.226.

12 (c) "Race meeting licensee" and "track licensee" mean a person
13 to whom a race meeting license or track license is issued pursuant
14 to section 8 of the horse racing law of 1995, 1995 PA 279, MCL
15 431.308.

16 Sec. 365. (1) Every employer, flow-through entity, casino
17 licensee, and race meeting licensee and track licensee required by
18 this act to deduct and withhold taxes for a tax year on
19 compensation, share of income available for distribution, winnings,
20 or payoff on a winning ticket shall furnish to each employee,
21 nonresident member, or person with winnings or a payoff on a
22 winning ticket subject to withholding under this act on or before
23 January 31 of the succeeding year a statement in duplicate of the
24 total compensation, share of income available for distribution,
25 winnings, or payoff on a winning ticket paid during the tax year
26 and the amount deducted or withheld. However, if employment is
27 terminated before the close of a calendar year by an employer who

1 goes out of business or permanently ceases to be an employer in
2 this state, or a flow-through entity, casino licensee, race meeting
3 licensee, or track licensee goes out of business or permanently
4 ceases to be a flow-through entity, casino licensee, race meeting
5 licensee, or track licensee before the close of a calendar year,
6 then the statement required by this subsection shall be issued
7 within 30 days after the last compensation, share of income
8 available for distribution, winnings, or payoff of a winning ticket
9 is paid. A duplicate of a statement made pursuant to this section
10 and an annual reconciliation return, MI-W3, shall be filed with the
11 department by February 28 of the succeeding year except that an
12 employer, flow-through entity, casino licensee, and race meeting
13 licensee and track licensee who goes out of business or permanently
14 ceases to be an employer, flow-through entity, casino licensee, and
15 race meeting licensee and track licensee shall file the statement
16 and the annual reconciliation return within 30 days after going out
17 of business or permanently ceasing to be an employer, flow-through
18 entity, casino licensee, and race meeting licensee and track
19 licensee.

20 (2) Every employer, flow-through entity, casino licensee, and
21 race meeting licensee and track licensee required by this act to
22 deduct or withhold taxes from compensation, share of income
23 available for distribution, winnings, or payoff on a winning ticket
24 shall make a return or report in form and content and at times as
25 prescribed by the department. **AN EMPLOYER OR FLOW-THROUGH ENTITY**
26 **THAT HAS ENTERED INTO AN AGREEMENT WITH A COMMUNITY COLLEGE**
27 **PURSUANT TO CHAPTER 13 OF THE COMMUNITY COLLEGE ACT OF 1966, 1966**

1 PA 331, MCL 389.161 TO 389.166, OR WITH THE MICHIGAN STRATEGIC FUND
2 FOR SIMILAR PURPOSES AS AUTHORIZED UNDER THE MICHIGAN STRATEGIC
3 FUND ACT, 1984 PA 270, MCL 125.2001 TO 125.2094, AND IS REQUIRED TO
4 DEDUCT OR WITHHOLD TAXES FROM COMPENSATION AND MAKE PAYMENTS TO A
5 COMMUNITY COLLEGE OR THE MICHIGAN STRATEGIC FUND PURSUANT TO THE
6 AGREEMENT FOR A PORTION OF THOSE TAXES WITHHELD SHALL, FOR AS LONG
7 AS THE AGREEMENT REMAINS IN EFFECT, DELINEATE IN THE RETURN OR
8 REPORT REQUIRED UNDER THIS SUBSECTION BETWEEN THE AMOUNT DEDUCTED
9 OR WITHHELD AND PAID TO THE STATE AND THAT AMOUNT PAID TO A
10 COMMUNITY COLLEGE OR THE MICHIGAN STRATEGIC FUND.

11 (3) Every employee, nonresident member, or person with
12 winnings or a payoff on a winning ticket subject to withholding
13 under this act shall furnish to his or her employer, flow-through
14 entity, casino licensee, and race meeting licensee and track
15 licensee information required for the employer, flow-through
16 entity, casino licensee, and race meeting licensee and track
17 licensee to make an accurate withholding. An employee, nonresident
18 member, or person with winnings or a payoff on a winning ticket
19 subject to withholding under this act shall file with his or her
20 employer, flow-through entity, casino licensee, and race meeting
21 licensee and track licensee revised information within 10 days
22 after a decrease in the number of exemptions or a change in status
23 from a nonresident to a resident. An employee shall file revised
24 information with his or her employer within 10 days after the
25 employee completes the residency requirements under section
26 31(11)(d), and when a change of status occurs from resident of a
27 renaissance zone to nonresident of a renaissance zone. Within 10

1 days after an employer receives revised information from an
2 employee who completes the residency requirements under section
3 31(11)(d), the employer shall forward a copy of that revised
4 information to the department. The employee, nonresident member, or
5 person with winnings or a payoff on a winning ticket subject to
6 withholding under this act may file revised information when the
7 number of exemptions increases or when a change in status occurs
8 from that of a resident of this state to a nonresident of this
9 state. Revised information shall not be given retroactive effect
10 for withholding purposes. An employer, flow-through entity, casino
11 licensee, and race meeting licensee and track licensee shall rely
12 on this information for withholding purposes unless directed by the
13 department to withhold on some other basis. If an employee,
14 nonresident member, or person with winnings or a payoff on a
15 winning ticket subject to withholding under this act fails or
16 refuses to furnish information, the employer, flow-through entity,
17 casino licensee, and race meeting licensee and track licensee shall
18 withhold the full rate of tax from the employee's total
19 compensation, the nonresident member's share of income available
20 for distribution, or the winnings of a person with winnings or a
21 payoff on a winning ticket subject to withholding under this act.
22 As used in this subsection, "renaissance zone" means a renaissance
23 zone designated pursuant to the Michigan renaissance zone act, 1996
24 PA 376, MCL 125.2681 to 125.2696.

25 (4) As used in this section:

26 (a) "Casino" means that term as defined in section 110.

27 (b) "Casino licensee" means a person licensed to operate a

1 casino under the Michigan gaming control and revenue act, ~~the~~
2 ~~initiated Law of 1996 IL 1~~, MCL 432.201 to 432.226.

3 (c) "Race meeting licensee" and "track licensee" mean a person
4 to whom a race meeting license or track license is issued pursuant
5 to section 8 of the horse racing law of 1995, 1995 PA 279, MCL
6 431.308.

7 SEC. 366. BY JULY 1 OF EACH YEAR, BASED ON THE INFORMATION
8 RECEIVED FROM EACH COMMUNITY COLLEGE DISTRICT PURSUANT TO SECTION
9 163 OF THE COMMUNITY COLLEGE ACT OF 1966, 1966 PA 331, MCL 389.163,
10 THE DEPARTMENT SHALL SUBMIT TO THE GOVERNOR, THE CLERK OF THE HOUSE
11 OF REPRESENTATIVES, THE SECRETARY OF THE SENATE, THE CHAIRPERSON OF
12 EACH STANDING COMMITTEE THAT HAS JURISDICTION OVER ECONOMIC
13 DEVELOPMENT ISSUES, THE CHAIRPERSON OF EACH LEGISLATIVE BUDGET
14 SUBCOMMITTEE THAT HAS JURISDICTION OVER ECONOMIC DEVELOPMENT
15 ISSUES, AND THE PRESIDENT OF THE MICHIGAN STRATEGIC FUND AN ANNUAL
16 REPORT CONCERNING THE OPERATION AND EFFECTIVENESS OF THE NEW JOBS
17 TRAINING PROGRAMS AND THE CORRESPONDING WITHHOLDING REQUIREMENTS
18 UNDER THIS CHAPTER. THE REPORT SHALL INCLUDE ALL OF THE FOLLOWING:

19 (A) THE NUMBER OF COMMUNITY COLLEGES PARTICIPATING IN THE NEW
20 JOBS TRAINING PROGRAM AND THE NAMES OF THOSE COLLEGES.

21 (B) THE NUMBER OF EMPLOYERS THAT HAVE ENTERED INTO AGREEMENTS
22 WITH COMMUNITY COLLEGES PURSUANT TO THE NEW JOBS TRAINING PROGRAM
23 AND THE NAMES OF THOSE EMPLOYERS ORGANIZED BY MAJOR INDUSTRY GROUP
24 UNDER THE STANDARD INDUSTRIAL CLASSIFICATION CODE AS COMPILED BY
25 THE UNITED STATES DEPARTMENT OF LABOR.

26 (C) THE TOTAL AMOUNT OF MONEY FROM A NEW JOBS CREDIT FROM
27 WITHHOLDING EACH EMPLOYER DESCRIBED IN SUBDIVISION (B) HAS REMITTED

1 TO THE COMMUNITY COLLEGE DISTRICT.

2 (D) THE TOTAL AMOUNT OF NEW JOBS TRAINING REVENUE BONDS EACH
3 COMMUNITY COLLEGE DISTRICT HAS AUTHORIZED, ISSUED, OR SOLD.

4 (E) THE TOTAL AMOUNT OF EACH COMMUNITY COLLEGE DISTRICT'S DEBT
5 RELATED TO AGREEMENTS AT THE END OF THE CALENDAR YEAR.

6 (F) THE NUMBER OF DEGREES OR CERTIFICATES AWARDED TO PROGRAM
7 PARTICIPANTS IN THE CALENDAR YEAR.

8 (G) THE NUMBER OF INDIVIDUALS WHO ENTERED A PROGRAM AT EACH
9 COMMUNITY COLLEGE DISTRICT IN THE CALENDAR YEAR; WHO COMPLETED THE
10 PROGRAM IN THE CALENDAR YEAR; AND WHO WERE ENROLLED IN A PROGRAM AT
11 THE END OF THE CALENDAR YEAR.

12 (H) THE NUMBER OF INDIVIDUALS WHO COMPLETED A PROGRAM AND WERE
13 HIRED BY AN EMPLOYER DESCRIBED IN SUBDIVISION (B) TO FILL NEW JOBS.

14 Enacting section 1. This amendatory act does not take effect
15 unless 1 of the following bills of the 94th Legislature is enacted
16 into law:

17 (a) Senate Bill No. 1342.

18 (b) House Bill No. 6184.