



Senate Fiscal Agency  
P. O. Box 30036  
Lansing, Michigan 48909-7536

## BILL ANALYSIS



Telephone: (517) 373-5383  
Fax: (517) 373-1986

House Bill 4002 (Substitute H-3 as reported without amendment)

Sponsor: Representative Mike Shirkey

House Committee: Tax Policy

Senate Committee: Finance

**CONTENT**

The bill would amend the revenue Act to require the Department of Treasury, beginning January 1, 2014, to pay additional interest on a refund owed to an individual taxpayer, if the refund had not been paid within one of the following dates for the applicable tax year:

- May 1, for returns the Department received by March 1 of the applicable tax year.
- Sixty days from the date the Department received the return, for returns received after March 1 of the applicable tax year.

The additional interest would have to be paid at a rate of 3% per annum, calculated from the time the tax was due and until the refund was paid, if all of the following conditions were met:

- The refund was due on an original return that was timely filed under the Income Tax Act.
- The Department did not adjust the refund.
- The return was complete for processing purposes with no calculation errors, and contained all required information prescribed by the Department.
- The taxpayer had complied with the Department's request, if any, for additional documentation or information within 30 days of that request.
- The refund was not subject to a suspension of the statute of limitations under Section 27a of the revenue Act, except for an audit by the Department.
- No portion of the refund was subject to interception under Section 30a (e.g., for other liability of the taxpayer to the State).
- The amount to be refunded was more than \$1.

MCL 205.30

Legislative Analyst: Suzanne Lowe

**FISCAL IMPACT**

The bill would generally decrease State General Fund revenue by an unknown and likely minimal amount. Given the nature and number of conditions under the bill, it likely would affect very few returns. Furthermore, the Department of Treasury reports that during even the busiest times, the overwhelming majority of error-free returns are processed within six weeks, which is less than the 60-day threshold under the bill.

Date Completed: 5-23-13

Fiscal Analyst: David Zin