

**SUBSTITUTE FOR  
HOUSE BILL NO. 5191**

A bill to amend 1941 PA 122, entitled

"An act to establish the revenue collection duties of the department of treasury; to prescribe its powers and duties as the revenue collection agency of this state; to prescribe certain powers and duties of the state treasurer; to establish the collection duties of certain other state departments for money or accounts owed to this state; to regulate the importation, stamping, and disposition of certain tobacco products; to provide for the transfer of powers and duties now vested in certain other state boards, commissions, departments, and offices; to prescribe certain duties of and require certain reports from the department of treasury; to provide procedures for the payment, administration, audit, assessment, levy of interests or penalties on, and appeals of taxes and tax liability; to prescribe its powers and duties if an agreement to act as agent for a city to administer, collect, and enforce the city income tax act on behalf of a city is entered into with any city; to provide an appropriation; to abolish the state board of tax administration; to prescribe penalties and provide remedies; and to declare the effect of this act,"

by amending section 30 (MCL 205.30), as amended by 2014 PA 424.

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

**1**           Sec. 30. (1) The department shall credit or refund an

1 overpayment of taxes; taxes, penalties, and interest erroneously  
2 assessed and collected; and taxes, penalties, and interest that are  
3 found unjustly assessed, excessive in amount, or wrongfully  
4 collected with interest at the rate calculated under section 23 for  
5 deficiencies in tax payments.

6 (2) A taxpayer who paid a tax that the taxpayer claims is not  
7 due may petition the department for refund of the amount paid  
8 within the time period specified as the statute of limitations in  
9 section 27a. If a tax return reflects an overpayment or credits in  
10 excess of the tax, the declaration of that fact on the return  
11 constitutes a claim for refund. If the department agrees the claim  
12 is valid, the amount of overpayment, penalties, and interest shall  
13 be first applied to any known liability as provided in section 30a,  
14 and the excess, if any, shall be refunded to the taxpayer or  
15 credited, at the taxpayer's request, against any current or  
16 subsequent tax liability. ~~Claims~~ **EXCEPT CLAIMS** for refunds, other  
17 than those made under part 1 of the income tax act of 1967, 1967 PA  
18 281, MCL 206.1 to 206.532, that have not been approved, denied, or  
19 adjusted within 1 year of the date received may be treated as  
20 denied at the election of the taxpayer, and may be appealed by the  
21 taxpayer in accordance with section 22.

22 (3) The department shall certify a refund to the state  
23 disbursing authority who shall pay the amount out of the proceeds  
24 of the tax in accordance with the accounting laws of the state.  
25 Interest at the rate calculated under section 23 for deficiencies  
26 in tax payments **REGARDING THOSE REFUNDS** shall be added to the  
27 refund commencing 45 days after the claim is filed or 45 days after

1 the date established by law for the filing of the return, whichever  
2 is later. Interest on refunds intercepted and applied as provided  
3 in section 30a shall cease as of the date of interception. Refunds  
4 for amounts of less than \$1.00 shall not be paid.

5 (4) Beginning January 1, 2014, in addition to and separate  
6 from the interest added to a refund under subsection (3), for  
7 refunds for taxes imposed under part 1 of the income tax act of  
8 1967, 1967 PA 281, MCL 206.1 to 206.532, the state disbursing  
9 authority shall add interest to refunds that are not paid within 1  
10 of the following dates for the applicable tax year:

11 (a) May 1, for returns received by the department on or before  
12 March 1 of the applicable tax year.

13 (b) Sixty days from the date the return was received by the  
14 department for returns received by the department after March 1 of  
15 the applicable tax year.

16 (5) Interest described in subsection (4) shall be paid at a  
17 rate of 3% per annum, calculated from the date the original return  
18 was due under section 315(1) of the income tax act of 1967, 1967 PA  
19 281, MCL 206.315, and until ~~the refund is paid,~~ **A DATE PRECEDING**  
20 **THE DATE OF THE REFUND BY NOT MORE THAN 7 DAYS,** if all of the  
21 following conditions are met:

22 (a) The refund is due on an original return which was timely  
23 filed under section 315(1) of the income tax act of 1967, 1967 PA  
24 281, MCL 206.315.

25 (b) The refund is not adjusted by the department.

26 (c) The return is not subject to section 27a(3) or (4) except  
27 for audit by the department.

1 (d) The return is complete for processing purposes with no  
2 calculation errors and contains all required information as  
3 prescribed by the department under section 315(1)(d) of the income  
4 tax act of 1967, 1967 PA 281, MCL 206.315, including any state and  
5 federal returns, forms, or schedules necessary to process the  
6 return.

7 (e) The taxpayer who has filed a complete return under  
8 subdivision (d) has complied with the department's request, if any,  
9 for additional documentation or information within 30 days of that  
10 request.

11 (f) No portion of the refund is subject to interception under  
12 section 30a.

13 (g) The amount to be refunded is more than \$1.00.

14 (6) Beginning January 1, 2015, in addition to and separate  
15 from the interest added to a refund under subsection (3), for  
16 refunds for taxes imposed under the Michigan business tax act, 2007  
17 PA 36, MCL 208.1101 to 208.1601, the state disbursing authority  
18 shall add interest to refunds that are not paid within 90 days  
19 after the claim is approved or 90 days after the date established  
20 by law for filing the return, whichever is later. Interest  
21 described in this subsection shall be paid at a rate of 3% per  
22 annum for each day the refund is not issued within the time frame  
23 required in this subsection if all of the following conditions are  
24 met:

25 (a) The refund is claimed on an original return which was  
26 timely filed under section 505(1) of the Michigan business tax act,  
27 2007 PA 36, MCL 208.1505.

1 (b) The refund is not adjusted by the department.

2 (c) The refund is not claimed by a taxpayer filing as a  
3 unitary business group.

4 (d) The return is not subject to section 27a(3) or (4) except  
5 for audit by the department.

6 (e) The return is complete for processing purposes with no  
7 calculation errors and contains all required information as  
8 prescribed by the department under section 507 or 509 of the  
9 Michigan business tax act, 2007 PA 36, MCL 208.1507 and 208.1509,  
10 including any state and federal returns, forms, or schedules  
11 necessary to process the return.

12 (f) The taxpayer who has filed a complete return under  
13 subdivision (e) has complied with the department's request, if any,  
14 for additional documentation or information within 30 days of that  
15 request.

16 (g) No portion of the refund is subject to interception under  
17 section 30a.

18 (h) The amount to be refunded is more than \$10.00.

19 **(7) BEGINNING JANUARY 1, 2017, THE INTEREST CALCULATIONS IN**  
20 **SUBSECTIONS (3), (4), (5), AND (6) ALSO APPLY TO REFUNDS OF CREDITS**  
21 **AUTHORIZED UNDER SECTION 36109 OF THE NATURAL RESOURCES AND**  
22 **ENVIRONMENTAL PROTECTION ACT, 1994 PA 451, MCL 324.36109. IF THE**  
23 **STATE DISBURSING AUTHORITY DOES NOT PAY OR REFUND A CREDIT**  
24 **DESCRIBED IN THIS SUBSECTION WITHIN 45 DAYS FROM THE DATE THE**  
25 **RETURN WAS RECEIVED BY THE DEPARTMENT, THE DEPARTMENT SHALL NOTIFY**  
26 **THE TAXPAYER OF THE STATUS OF THE RETURN AND WHETHER THE TAXPAYER**  
27 **HAS FILED A COMPLETE RETURN.**