

SUBSTITUTE FOR  
HOUSE BILL NO. 4618

A bill to amend 1964 PA 284, entitled  
"City income tax act,"  
by amending section 6 of chapter 1 and section 51 of chapter 2 (MCL  
141.506 and 141.651), section 51 of chapter 2 as amended by 1982 PA  
124, and by adding sections 86a, 86b, and 86c to chapter 2.

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

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CHAPTER 1

Sec. 6. ~~The~~ **EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE**  
uniform city income tax ordinance does not apply to a person or  
corporation as to whom or which it is beyond the power of the city  
to impose the tax ~~therein~~ provided for **IN THIS ACT. HOWEVER, AN**  
**EMPLOYER LOCATED IN THIS STATE THAT DOES NOT DO BUSINESS IN OR**  
**MAINTAIN AN ESTABLISHMENT IN A CITY THAT HAS A POPULATION OF MORE**  
**THAN 600,000 AND THAT IMPOSES AN INCOME TAX PURSUANT TO THIS ACT**

1 MAY VOLUNTARILY REGISTER TO WITHHOLD TAXES ON COMPENSATION OF  
2 CERTAIN EMPLOYEES IN ACCORDANCE WITH THIS ACT. IF AN EMPLOYER  
3 VOLUNTARILY REGISTERS TO WITHHOLD TAXES PURSUANT TO THIS SECTION,  
4 THE EMPLOYER IS REQUIRED TO WITHHOLD TAXES FROM ALL EMPLOYEES WHO  
5 ARE RESIDENTS OF THAT CITY AND TO COMPLY WITH SECTIONS 51 THROUGH  
6 61 OF CHAPTER 2 AND THE ALTERNATIVE PROVISIONS OF CHAPTER 3. AN  
7 EMPLOYEE WHO IS A RESIDENT OF THAT CITY IS NOT PERMITTED TO OPT OUT  
8 OF THE WITHHOLDING REQUIREMENTS VOLUNTARILY IMPOSED BY HIS OR HER  
9 EMPLOYER PURSUANT TO THIS SECTION.

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## CHAPTER 2

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Sec. 51. (1) An employer doing business or maintaining an  
12 establishment within the city shall withhold from each payment to  
13 the employer's employees on and after the effective date of this  
14 ordinance the tax on their compensation subject to the tax, after  
15 giving effect to exemptions, as follows:

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(a) Residents.

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(i) At a rate equal to the rate set by ordinance to be levied  
18 against resident individuals under this ordinance, but not to  
19 exceed 3%, of all compensation paid to the employee who is a  
20 resident of the city, if the employee is not subject to withholding  
21 in any other city levying the tax.

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(ii) At a rate equal to the difference in the percentage rate  
23 of tax on resident individuals as set by ordinance to be levied  
24 under this ordinance less the percentage rate of tax levied by any  
25 other city in which the employee works, on all compensation earned  
26 by the resident in another city.

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(b) Nonresidents. At a rate equal to the rate set by ordinance

1 to be levied under this ordinance on nonresidents but not to exceed  
2 50% of the percentage rate imposed on resident individuals of the  
3 compensation paid to the employee for work done or services  
4 performed in the city designated by the employee as the employee's  
5 predominant place of employment. The withholding rate shall be  
6 applied to the percentage of the employee's total compensation  
7 equal to the employee's estimated percentage of work to be done or  
8 services to be performed in the city for that employer, but no  
9 withholding shall be required if the estimated percentage of work  
10 is less than 25%.

11 (2) An employer withholding the tax is deemed to hold the tax  
12 as a trustee for the city.

13 (3) An employer who is required to withhold and who fails or  
14 refuses to deduct and withhold is liable for the payment of the  
15 amount required to be withheld. The liability shall be discharged  
16 upon payment of the tax by the employee but the employer is not  
17 relieved of penalties and interest provided in this ordinance for  
18 this failure or refusal.

19 **(4) AN EMPLOYER THAT VOLUNTARILY REGISTERS TO WITHHOLD TAXES**  
20 **IN ACCORDANCE WITH SECTION 6 OF CHAPTER 1 SHALL WITHHOLD FROM ALL**  
21 **EMPLOYEES WHO ARE RESIDENTS OF THAT CITY BASED ON THE FORM REQUIRED**  
22 **TO BE FILED BY EACH EMPLOYEE UNDER SECTION 54 ON THEIR COMPENSATION**  
23 **SUBJECT TO TAX, AFTER GIVING EFFECT TO EXEMPTIONS AS PROVIDED UNDER**  
24 **SUBSECTION (1) (A) . IF AN EMPLOYER NO LONGER WISHES TO VOLUNTARILY**  
25 **WITHHOLD TAXES UNDER SECTION 6 OF CHAPTER 1, THE EMPLOYER SHALL**  
26 **FILE A WRITTEN NOTICE WITH THE CITY, AND WITH THE ADMINISTRATOR IF**  
27 **THE ADMINISTRATOR IS NOT THE CITY, INDICATING THAT THE EMPLOYER**

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1 WILL NO LONGER VOLUNTARILY WITHHOLD TAXES FROM EMPLOYEES WHO ARE  
2 RESIDENTS OF THAT CITY.

3 SEC. 86A. (1) NOTWITHSTANDING SECTION 86, [A CITY THAT HAS A  
4 POPULATION OF MORE THAN 600,000

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] MAY RECOVER THE TAX WITH INTEREST AND PENALTIES  
WITHOUT A JUDGMENT OR ORDER FROM A COURT OF COMPETENT JURISDICTION  
BY IMPOSING A LIEN AS PROVIDED UNDER THIS SECTION. HOWEVER, THE  
CITY'S AUTHORITY TO IMPOSE A LIEN UNDER THIS SECTION ONLY APPLIES  
TO PROPERTY OWNED BY A NATURAL PERSON AND WAGES, OR OTHER INCOME,  
THAT ARE REPORTED ON A FEDERAL W-2 OR 1099 FORM. A LIEN IMPOSED  
PURSUANT TO THIS SECTION IS A LIEN IN FAVOR OF THE CITY AGAINST ALL  
PROPERTY AND RIGHTS OF PROPERTY, BOTH REAL AND PERSONAL, TANGIBLE  
AND INTANGIBLE, OWNED AT THE TIME THE LIEN ATTACHES, OR AFTERWARDS  
ACQUIRED BY ANY PERSON LIABLE FOR THE TAX, TO SECURE THE PAYMENT OF  
THE TAX. THE LIEN SHALL ATTACH TO THE PROPERTY FROM AND AFTER THE  
DATE THAT ANY REPORT OR RETURN ON WHICH THE TAX IS LEVIED IS  
REQUIRED TO BE FILED AND SHALL CONTINUE FOR 7 YEARS AFTER THE DATE  
OF ATTACHMENT. THE LIEN MAY BE EXTENDED FOR ANOTHER 7 YEARS BY  
REFILING UNDER SUBSECTION (2) IF THE REFILING IS DONE WITHIN 6  
MONTHS PRIOR TO THE EXPIRATION DATE OF THE ORIGINAL 7-YEAR PERIOD.

(2) THE LIEN IMPOSED BY THIS SECTION SHALL TAKE PRECEDENCE  
OVER ALL OTHER LIENS AND ENCUMBRANCES, EXCEPT BONA FIDE LIENS  
RECORDED BEFORE THE DATE THE LIEN UNDER THIS ORDINANCE IS RECORDED.  
HOWEVER, BONA FIDE LIENS RECORDED BEFORE THE LIEN UNDER THIS  
ORDINANCE IS RECORDED SHALL TAKE PRECEDENCE ONLY TO THE EXTENT OF  
DISBURSEMENTS MADE UNDER A FINANCING ARRANGEMENT BEFORE THE FORTY-

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1 SIXTH DAY AFTER THE DATE OF THE TAX LIEN RECORDING OR BEFORE THE  
2 PERSON MAKING THE DISBURSEMENTS HAD ACTUAL KNOWLEDGE OF A TAX LIEN  
3 RECORDING UNDER THIS ORDINANCE, WHICHEVER IS EARLIER. A LIEN SHALL  
4 BE RECORDED AND DISCHARGED IN THE SAME MANNER REQUIRED FOR A STATE  
5 TAX LIEN UNDER THE STATE TAX LIEN REGISTRATION ACT, 1968 PA 203,  
6 MCL 211.681 TO 211.687.

7 (3) A PURCHASER OR SUCCEEDING PURCHASER OF PROPERTY, FROM A  
8 TAXPAYER IN OTHER THAN THE ORDINARY COURSE OF BUSINESS, AGAINST  
9 WHICH A LIEN HAS BEEN PROPERLY RECORDED AS PROVIDED UNDER  
10 SUBSECTION (2) IS PERSONALLY LIABLE FOR THE UNPAID TAXES THAT ARE  
11 DUE ON THE LIEN. THE PURCHASER'S LIABILITY IS LIMITED TO THE VALUE  
12 OF THE PROPERTY LESS ANY PROCEEDS THAT WERE APPLIED TO BALANCES DUE  
13 ON SECURED INTERESTS WHICH ARE SUPERIOR TO THE LIEN RECORDED UNDER  
14 SUBSECTION (2).

15 SEC. 86B. (1) NOTWITHSTANDING SECTION 86, [A CITY THAT HAS A  
16 POPULATION OF MORE THAN 600,000

17 ] MAY CAUSE A DEMAND TO BE MADE ON A TAXPAYER FOR THE  
18 PAYMENT OF A TAX DUE UNDER THIS ORDINANCE. HOWEVER, THE CITY'S  
19 AUTHORITY TO CAUSE A DEMAND FOR PAYMENT UNDER THIS SECTION ONLY  
20 APPLIES TO PROPERTY OWNED BY A NATURAL PERSON AND WAGES, OR OTHER  
21 INCOME, THAT ARE REPORTED ON A FEDERAL W-2 OR 1099 FORM. IF THE  
22 LIABILITY REMAINS UNPAID FOR 10 DAYS AFTER THE DEMAND AND  
23 PROCEEDINGS ARE NOT TAKEN TO REVIEW THE LIABILITY, A WARRANT MAY BE  
24 ISSUED. EXCEPT AS PROVIDED IN THIS SECTION, THE CITY, THROUGH ANY  
25 OFFICER OR AGENT OR PERSON AUTHORIZED TO SERVE PROCESS OR THROUGH  
26 AUTHORIZED EMPLOYEES, MAY LEVY ON ALL PROPERTY AND RIGHTS TO  
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1 PROPERTY, REAL AND PERSONAL, TANGIBLE AND INTANGIBLE, BELONGING TO  
2 THE TAXPAYER OR ON WHICH A LIEN IS PROVIDED BY LAW FOR THE AMOUNT  
3 OF THE DEFICIENCY, AND SELL THE REAL AND PERSONAL PROPERTY OF THE  
4 TAXPAYER FOUND WITHIN THE STATE FOR THE PAYMENT OF THE AMOUNT DUE,  
5 THE COST OF EXECUTING THE WARRANT, AND THE ADDITIONAL PENALTIES AND  
6 INTEREST. EXCEPT AS PROVIDED IN SUBSECTION (6), THE OFFICER OR  
7 AGENT OR PERSON SERVING THE WARRANT SHALL PROCEED UPON THE WARRANT  
8 IN ALL RESPECTS AND IN THE SAME MANNER AS PRESCRIBED BY LAW IN  
9 RESPECT TO EXECUTIONS ISSUED AGAINST PROPERTY UPON JUDGMENTS BY A  
10 COURT OF RECORD. A CITY, THROUGH ITS AUTHORIZED REPRESENTATIVE, MAY  
11 BID FOR AND PURCHASE ANY PROPERTY SOLD PURSUANT TO THIS SECTION.

12 (2) A PERSON THAT REFUSES OR FAILS TO SURRENDER ANY PROPERTY  
13 OR RIGHTS TO PROPERTY SUBJECT TO LEVY, UPON DEMAND BY THE CITY, IS  
14 PERSONALLY LIABLE TO THE CITY IN A SUM EQUAL TO THE VALUE OF THE  
15 PROPERTY OR RIGHTS NOT SURRENDERED, BUT NOT EXCEEDING THE AMOUNT  
16 DUE FOR WHICH THE LEVY WAS MADE, TOGETHER WITH COSTS AND INTEREST  
17 ON THE SUM AT THE RATE PROVIDED IN SECTION 82 FROM THE DATE OF THE  
18 LEVY. ANY AMOUNT, OTHER THAN COSTS, RECOVERED UNDER THIS SUBSECTION  
19 SHALL BE CREDITED AGAINST THE LIABILITY FOR THE COLLECTION OF WHICH  
20 THE LEVY WAS MADE.

21 (3) IN ADDITION TO THE PERSONAL LIABILITY IMPOSED BY  
22 SUBSECTION (2), IF A PERSON REQUIRED TO SURRENDER PROPERTY OR  
23 RIGHTS TO PROPERTY FAILS OR REFUSES TO SURRENDER THE PROPERTY OR  
24 RIGHTS TO PROPERTY WITHOUT REASONABLE CAUSE, THE PERSON SHALL BE  
25 LIABLE FOR A PENALTY EQUAL TO 50% OF THE AMOUNT RECOVERABLE UNDER  
26 SUBSECTION (2), NONE OF WHICH PENALTY SHALL BE CREDITED AGAINST THE  
27 LIABILITY FOR THE COLLECTION OF WHICH THE LEVY WAS MADE.

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1 (4) A PERSON IN POSSESSION OF, OR OBLIGATED WITH RESPECT TO,  
 2 PROPERTY OR PROPERTY RIGHTS SUBJECT TO LEVY AND UPON WHICH A LEVY  
 3 HAS BEEN MADE WHO, UPON DEMAND OF THE CITY, SURRENDERS THE PROPERTY  
 4 OR RIGHTS TO PROPERTY OR DISCHARGES THE OBLIGATION TO THE CITY OR  
 5 WHO PAYS A LIABILITY UNDER SUBSECTION (1) SHALL HAVE THAT  
 6 OBLIGATION TO A PERSON DELINQUENT IN PAYMENT OF A TAX REDUCED IN AN  
 7 AMOUNT EQUAL TO THE PROPERTY OR RIGHTS TO PROPERTY SURRENDERED OR  
 8 AMOUNTS PAID TO THE CITY.

9 (5) PROPERTY DESCRIBED IN SECTION 6334 OF THE INTERNAL REVENUE  
 10 CODE OF 1986, 26 USC 6334, IS EXEMPT FROM LEVY UNDER THIS SECTION  
 11 FOR AN UNPAID TAX. THE EFFECT OF A LEVY ON SALARY OR WAGES SHALL BE  
 12 CONTINUOUS FROM THE DATE THE LEVY IS FIRST MADE UNTIL THE LIABILITY  
 13 OUT OF WHICH THE LEVY AROSE IS SATISFIED.

14 (6) A WARRANT NOTICE OF LEVY MAY BE SERVED BY CERTIFIED MAIL,  
 15 RETURN RECEIPT REQUESTED, ON ANY PERSON IN POSSESSION OF, OR  
 16 OBLIGATED WITH RESPECT TO, PROPERTY AND RIGHTS TO PROPERTY, REAL  
 17 AND PERSONAL, TANGIBLE AND INTANGIBLE, BELONGING TO THE TAXPAYER OR  
 18 ON WHICH A LIEN IS PROVIDED BY LAW. THE DATE OF DELIVERY ON THE  
 19 RECEIPT SHALL BE THE DATE THE LEVY IS MADE. A PERSON MAY, UPON  
 20 WRITTEN NOTICE TO THE DEPARTMENT, ON BEHALF OF THE CITY, HAVE ALL  
 21 NOTICES OF LEVY SENT TO 1 DESIGNATED OFFICE.

22 SEC. 86C. (1) [IF A CITY THAT HAS A POPULATION OF MORE THAN  
 23 600,000

24 ] FILES FOR  
 25 RECORDING A LIEN IMPOSED PURSUANT TO THIS ORDINANCE AGAINST  
 26 PROPERTY OR RIGHTS OF PROPERTY TO SATISFY A TAX LIABILITY AND THE  
 27 CITY DETERMINES THAT THE TAX LIABILITY OUT OF WHICH THE LIEN AROSE

1 IS SATISFIED, THE CITY SHALL FILE FOR RECORDING A RELEASE REGARDING  
2 THE PROPERTY OR RIGHTS OF PROPERTY IN THE SAME MANNER REQUIRED FOR  
3 A STATE TAX LIEN UNDER THE STATE TAX LIEN REGISTRATION ACT, 1968 PA  
4 203, MCL 211.681 TO 211.687, NOT MORE THAN 20 BUSINESS DAYS AFTER  
5 FUNDS TO SATISFY THE TAX LIABILITY OUT OF WHICH THE LIEN AROSE HAVE  
6 BEEN APPLIED TO THE TAXPAYER'S ACCOUNT.

7 (2) IF THE CITY FILES FOR RECORDING A LIEN IMPOSED PURSUANT TO  
8 THIS ORDINANCE AGAINST PROPERTY OR RIGHTS OF PROPERTY TO SATISFY A  
9 TAX LIABILITY AND UPON REQUEST THE CITY DETERMINES THAT THE  
10 TAXPAYER NAMED ON THE RECORDED LIEN DOES NOT HAVE ANY INTEREST IN  
11 CERTAIN PROPERTIES OWNED BY ANOTHER PERSON, THE CITY SHALL FILE FOR  
12 RECORDING A CERTIFICATE OF NONATTACHMENT REGARDING THE PROPERTY OR  
13 RIGHTS OF PROPERTY, IN THE SAME MANNER AS REQUIRED FOR A STATE TAX  
14 LIEN UNDER THE STATE TAX LIEN REGISTRATION ACT, 1968 PA 203, MCL  
15 211.681 TO 211.687, WITH ALL DUE HASTE BUT NOT MORE THAN 5 BUSINESS  
16 DAYS AFTER THE CITY DETERMINES THAT THE LIEN IS RECORDED OR FILED  
17 AGAINST PROPERTY OR RIGHTS OF PROPERTY TO WHICH THE CITY DOES NOT  
18 HAVE A LIEN INTEREST UNDER SECTION 86A. THE CITY SHALL CLEARLY  
19 INDICATE ON THE CERTIFICATE OF NONATTACHMENT THAT THE TAXPAYER  
20 NAMED ON THE RECORDED LIEN DOES NOT HAVE ANY INTEREST IN THE  
21 PROPERTY OR RIGHTS OF PROPERTY OF THE OTHER PERSON.

22 (3) IF A WARRANT OR WARRANT-NOTICE OF LEVY IS ISSUED AND  
23 SERVED UPON A PERSON TO LEVY ON PROPERTY OR RIGHTS OF PROPERTY TO  
24 SATISFY A TAX LIABILITY AND THE CITY DETERMINES THAT THE TAX  
25 LIABILITY OUT OF WHICH THE WARRANT OR WARRANT-NOTICE OF LEVY AROSE  
26 IS SATISFIED, THE CITY SHALL SERVE A RELEASE OF LEVY REGARDING THE  
27 PROPERTY OR RIGHTS OF PROPERTY ON THE PERSON THAT WAS SERVED THE



1 WARRANT OR WARRANT-NOTICE OF LEVY NOT MORE THAN 10 BUSINESS DAYS  
2 AFTER FUNDS TO SATISFY THE TAX LIABILITY OUT OF WHICH THE WARRANT  
3 OR WARRANT-NOTICE OF LEVY AROSE HAVE BEEN APPLIED TO THE TAXPAYER'S  
4 ACCOUNT.

5 (4) IF A WARRANT OR WARRANT-NOTICE OF LEVY IS ISSUED AND  
6 SERVED UPON A PERSON TO LEVY ON PROPERTY OR RIGHTS OF PROPERTY TO  
7 SATISFY A TAX LIABILITY AND THE CITY DETERMINES THAT THE PROPERTY  
8 OR RIGHTS OF PROPERTY ARE NOT SUBJECT TO LEVY UNDER SECTION 86A,  
9 THE CITY SHALL SERVE A RELEASE OF LEVY REGARDING THE PROPERTY OR  
10 RIGHTS OF PROPERTY ON THE PERSON THAT WAS SERVED THE WARRANT OR  
11 WARRANT-NOTICE OF LEVY WITH ALL DUE HASTE BUT NOT MORE THAN 5  
12 BUSINESS DAYS AFTER THE CITY DETERMINES THAT THE PROPERTY OR RIGHTS  
13 OF PROPERTY ARE NOT SUBJECT TO LEVY UNDER SECTION 86A, THE CITY  
14 SHALL CLEARLY INDICATE ON THE RELEASE OF LEVY THAT THE PROPERTY OR  
15 RIGHTS OF PROPERTY WERE NOT SUBJECT TO LEVY UNDER SECTION 86A.

16 (5) IF A PERSON IS REQUIRED TO PAY A FEE TO THE CITY, A BANK,  
17 OR OTHER FINANCIAL INSTITUTION AS THE RESULT OF AN ERRONEOUS  
18 RECORDING OR FILING OF A LIEN AS DESCRIBED IN SUBSECTION (2), OR AN  
19 ERRONEOUS ISSUANCE AND SERVICE OF A WARRANT OR WARRANT-NOTICE OF  
20 LEVY AS DESCRIBED IN SUBSECTION (4), THE CITY SHALL REIMBURSE THE  
21 FEE TO THAT PERSON.

22 (6) IF THE CITY RECEIVES MONEY TO SATISFY A TAX LIABILITY OR  
23 LIABILITIES OR RECEIVES INFORMATION THAT WOULD CANCEL THAT TAX  
24 LIABILITY OR THOSE LIABILITIES AND SUBSEQUENTLY FILES A LIEN FOR  
25 RECORDING SPECIFYING THAT TAX LIABILITY OR THOSE LIABILITIES, THE  
26 CITY, UPON REQUEST AND UPON A DETERMINATION BY THE CITY THAT THE  
27 LIEN WAS FILED AND RECORDED IN ERROR, WITH ALL DUE HASTE, BUT NOT

1 MORE THAN 5 BUSINESS DAYS AFTER THE CITY DETERMINES THAT IT HAS  
2 ERRONEOUSLY FILED A LIEN FOR RECORDING, SHALL FILE FOR RECORDING A  
3 CERTIFICATE OF WITHDRAWAL FOR THAT TAX LIABILITY OR THOSE  
4 LIABILITIES WHICH WERE SATISFIED WHICH STATES THAT THE RECORDED  
5 LIEN FOR THAT TAX LIABILITY OR THOSE LIABILITIES WAS FILED IN  
6 ERROR.

7 (7) IF THE CITY RECEIVES MONEY TO SATISFY A TAX LIABILITY OR  
8 LIABILITIES OR RECEIVES INFORMATION THAT WOULD CANCEL THAT TAX  
9 LIABILITY OR THOSE LIABILITIES AND SUBSEQUENTLY ISSUES A WARRANT OR  
10 WARRANT-NOTICE OF LEVY SPECIFYING THAT LIABILITY OR THOSE  
11 LIABILITIES PURSUANT TO THIS ORDINANCE, UPON REQUEST AND UPON A  
12 DETERMINATION BY THE CITY THAT THE WARRANT OR WARRANT-NOTICE OF  
13 LEVY WAS ISSUED IN ERROR, WITH ALL DUE HASTE, BUT NOT MORE THAN 5  
14 BUSINESS DAYS AFTER THE DEPARTMENT DETERMINES THAT IT HAS  
15 ERRONEOUSLY ISSUED A WARRANT OR WARRANT-NOTICE OF LEVY, THE CITY  
16 SHALL ISSUE A RELEASE OF LEVY FOR THAT TAX LIABILITY OR THOSE  
17 LIABILITIES WHICH WERE SATISFIED WHICH STATES THAT THE LEVY FOR  
18 THAT TAX LIABILITY OR THOSE LIABILITIES WAS ISSUED IN ERROR.