

SENATE BILL NO. 581

October 11, 2023, Introduced by Senators SINGH and CAVANAGH and referred to the Committee on Economic and Community Development.

A bill to amend 1967 PA 281, entitled "Income tax act of 1967," by amending sections 51f and 711 (MCL 206.51f and 206.711), section 51f as added by 2017 PA 110 and section 711 as amended by 2018 PA 118.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 51f. (1) In addition to the distributions under sections
2 51 and 51d, from the revenue collected from the tax levied under
3 section 51 an amount equal to that portion of the withholding tax

1 capture revenues attributable to certified new jobs and due to be
2 paid to an authorized business pursuant to a written agreement
3 entered into under chapter 8D of the Michigan strategic fund act,
4 1984 PA 270, MCL 125.2090g to 125.2090j, shall be deposited each
5 state fiscal year into the ~~good jobs for Michigan~~ **strategic tax**
6 **capture** fund created in section 90j of the Michigan strategic fund
7 act, 1984 PA 270, MCL 125.2090j.

8 (2) As used in this section, "authorized business", "certified
9 new jobs", "withholding tax capture revenues", and "written
10 agreement" mean those terms as defined in section 90g of the
11 Michigan strategic fund act, 1984 PA 270, MCL 125.2090g.

12 Sec. 711. (1) Every person required by this part to deduct and
13 withhold taxes for a tax year on income other than distributive
14 share of income from a flow-through entity shall furnish to the
15 person who received the income a statement in duplicate on or
16 before January 31 of the succeeding year of the total income paid
17 during the tax year and the amount deducted or withheld. However,
18 if employment is terminated before the close of a calendar year by
19 a person that goes out of business or permanently ceases to exist,
20 then the statement required by this subsection shall be issued
21 within 30 days after the last compensation, winnings, or payoff of
22 a winning ticket is paid. A duplicate of a statement made pursuant
23 to this section and an annual reconciliation return, MI-W3, shall
24 be filed with the department by February 28 of the succeeding year
25 for tax years before the 2018 tax year and by January 31 of the
26 succeeding year for the 2018 tax year and each tax year after 2018
27 except that a person that goes out of business or permanently
28 ceases to exist shall file the statement and the annual
29 reconciliation return within 30 days after going out of business or

1 permanently ceasing to exist. For tax years that begin before July
2 1, 2016, a flow-through entity that was required to withhold taxes
3 on distributive shares of business income shall file an annual
4 reconciliation return with the department no later than the last
5 day of the second month following the end of the flow-through
6 entity's federal tax year. The department may require a flow-
7 through entity to file an annual business income information return
8 with the department on the due date, including extensions, of its
9 annual federal information return.

10 (2) Every person required by this part to deduct or withhold
11 taxes shall make a return or report in form and content and at
12 times as prescribed by the department. An employer that has more
13 than 250 employees shall file its annual return or report required
14 under this section in electronic form. An employer that has entered
15 into an agreement with a community college pursuant to chapter 13
16 of the community college act of 1966, 1966 PA 331, MCL 389.161 to
17 389.166, and is required to deduct or withhold taxes from
18 compensation and make payments to a community college pursuant to
19 the agreement for a portion of those taxes withheld shall, for as
20 long as the agreement remains in effect, delineate in the return or
21 report required under this subsection between the amount deducted
22 or withheld and paid to the state and that amount paid to a
23 community college. An employer that has entered into a written
24 agreement ~~pursuant to the good jobs for Michigan program created~~
25 under section 90h of the Michigan strategic fund act, 1984 PA 270,
26 MCL 125.2090h, shall, for as long as the written agreement remains
27 in effect, delineate in the return or report required under this
28 subsection the portion of those taxes withheld and paid to the
29 state that are attributable to certified new jobs.

1 (3) Every person who receives income subject to withholding
2 under this part shall furnish to the person required by this part
3 to deduct and withhold taxes information required to make an
4 accurate withholding. A person who receives income subject to
5 withholding under this part shall file with the person required by
6 this part to deduct and withhold taxes revised information within
7 10 days after a decrease in the number of exemptions or a change in
8 status from a nonresident to a resident. The person who receives
9 income subject to withholding under this part may file revised
10 information when the number of exemptions increases or when a
11 change in status occurs from that of a resident of this state to a
12 nonresident of this state. Revised information shall not be given
13 retroactive effect for withholding purposes. A person required by
14 this part to deduct and withhold taxes shall rely on this
15 information for withholding purposes unless directed by the
16 department to withhold on some other basis. If a person who
17 receives income subject to withholding under this part fails or
18 refuses to furnish information, the person required by this part to
19 deduct and withhold taxes shall withhold at the full rate of tax
20 from the person's income subject to withholding under this part.

21 Enacting section 1. This amendatory act does not take effect
22 unless all of the following bills of the 102nd Legislature are
23 enacted into law:

24 (a) Senate Bill No. 579.

25

26 (b) Senate Bill No. 580.