



Romney Building, 10th Floor
Lansing, Michigan 48909
Phone: 517/373-6466

INCOME TAX RATE REDUCTION

House Bill 4033

Sponsor: Rep. Larry Julian

House Bill 4034

Sponsor: Rep. Randy Richardville

House Bill 4035

Sponsor: Rep. Gerald VanWoerkom

House Bill 4036

Sponsor: Rep. Jim Howell

House Bill 4037

Sponsor: Rep. Gary Woronchak

House Bill 4038

Sponsor: Rep. Nancy Cassis

Committee: Tax Policy

Complete to 1-26-99

House Bills 4033-4038 (1-26-99)

A SUMMARY OF HOUSE BILLS 4033-4038 AS INTRODUCED 1-26-99

The bills would amend the Income Tax Act to reduce the state income tax rate from 4.4 percent to 3.9 percent over a five-year period, beginning in 2000. That is, the income tax rate would be 4.3 percent in 2000 (House Bill 4034); 4.2 percent in 2001 (House Bill 4033); 4.1 percent in 2002 (House Bill 4036); 4.0 percent in 2003 (House Bill 4037); and 3.9 percent on and after January 1, 2004 (House Bill 4038).

Currently, 23 percent of gross income tax collections before refunds are required to be deposited in the State School Aid Fund. House Bill 4035 would specify instead that, beginning January 1, 2000, the percentage of gross collections before refunds dedicated to the State School Aid Fund would have to be equal to 1.012 percent divided by the income tax rate, multiplied by 100. (Note: 23 percent of 4.4 equals 1.012, so income tax revenues dedicated to the School Aid Fund would not be reduced as the tax rate decreases.)

MCL 206.51 et al.

Analyst: C. Couch

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.