

**SENATE BILL NO. 740**

September 23, 1999, Introduced by Senators JAYE, SHUGARS,  
GOUGEON, NORTH and BULLARD and referred to the Committee  
on Finance.

A bill to amend 1964 PA 284, entitled  
"City income tax act,"  
by amending section 32 of chapter 2 (MCL 141.632).

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

1 CHAPTER 2

2 Sec. 32. The following payments and benefits received by  
3 any person are not subject to the tax:

4 (a) Gifts and bequests.

5 (b) Proceeds of insurance, annuities, pensions, and retire-  
6 ment benefits. Amounts received for personal injuries, sickness,  
7 or disability are excluded from taxable income only to the extent  
8 ~~provided~~ THOSE AMOUNTS ARE EXCLUDED by the federal internal  
9 revenue code.

1 (c) Welfare relief, unemployment benefits including  
2 supplemental unemployment benefits, and workmen's compensation or  
3 similar payments from whatever source derived.

4 (d) Amounts received by charitable, religious, educational,  
5 ~~and~~ OR other similar nonprofit organizations ~~which~~ THAT are  
6 exempt from taxation under the federal internal revenue code.

7 (e) Amounts received by supplemental unemployment benefit  
8 trusts or pension, profit sharing, ~~and~~ OR stock bonus trusts  
9 THAT ARE qualified and exempt under the federal internal revenue  
10 code.

11 (f) Interest from obligations of the United States, the  
12 states, or subordinate units of government of the states and  
13 gains or losses on the sales of obligations of the United  
14 States.

15 (g) Net profits of financial institutions and insurance  
16 companies.

17 (h) Amounts paid to an employee as reimbursement for  
18 expenses necessarily and actually incurred by ~~him~~ THE EMPLOYEE  
19 in the actual performance of his OR HER services and deductible  
20 as such by the employer.

21 (i) Compensation received for service in the armed forces of  
22 the United States.

23 (J) FOR TAX YEARS BEGINNING AFTER 1999, INCOME RECEIVED AS A  
24 COMMISSION FROM THE SALE OF REAL PROPERTY.