

Act No. 223  
Public Acts of 2012  
Approved by the Governor  
June 27, 2012  
Filed with the Secretary of State  
June 29, 2012  
EFFECTIVE DATE: June 29, 2012

**STATE OF MICHIGAN  
96TH LEGISLATURE  
REGULAR SESSION OF 2012**

**Introduced by Reps. McBroom, Hughes, Heise, Bumstead, Horn, MacMaster, Denby, Graves, Cotter,  
Gardon, Gilbert and Price**

# **ENROLLED HOUSE BILL No. 5699**

AN ACT to amend 1967 PA 281, entitled "An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, reporting, payment, and enforcement by lien and otherwise of taxes on or measured by net income and on certain commercial, business, and financial activities; to prescribe the manner and time of making reports and paying the taxes, and the functions of public officers and others as to the taxes; to permit the inspection of the records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits and refunds of the taxes; to prescribe penalties for the violation of this act; to provide an appropriation; and to repeal acts and parts of acts," by amending section 51 (MCL 206.51), as amended by 2011 PA 38.

*The People of the State of Michigan enact:*

Sec. 51. (1) For receiving, earning, or otherwise acquiring income from any source whatsoever, there is levied and imposed under this part upon the taxable income of every person other than a corporation a tax at the following rates in the following circumstances:

- (a) Before May 1, 1994, 4.6%.
- (b) After April 30, 1994 and before January 1, 2000, 4.4%.
- (c) For tax years that begin on and after January 1, 2000 and before January 1, 2002, 4.2%.
- (d) For tax years that begin on and after January 1, 2002 and before January 1, 2003, 4.1%.
- (e) On and after January 1, 2003 and before July 1, 2004, 4.0%.
- (f) On and after July 1, 2004 and before October 1, 2007, 3.9%.
- (g) On and after October 1, 2007 and before October 1, 2012, 4.35%.
- (h) Beginning on and after October 1, 2012, 4.25%.

(2) The following percentages of the net revenues collected under this section shall be deposited in the state school aid fund created in section 11 of article IX of the state constitution of 1963:

(a) Beginning October 1, 1994 and before October 1, 1996, 14.4% of the gross collections before refunds from the tax levied under this section.

(b) After September 30, 1996 and before January 1, 2000, 23.0% of the gross collections before refunds from the tax levied under this section.

(c) Beginning January 1, 2000, that percentage of the gross collections before refunds from the tax levied under this section that is equal to 1.012% divided by the income tax rate levied under this section.

(3) The department shall annualize rates provided in subsection (1) as necessary for tax years that end after April 30, 1994. The applicable annualized rate shall be imposed upon the taxable income of every person other than a corporation for those tax years.

(4) The taxable income of a nonresident shall be computed in the same manner that the taxable income of a resident is computed, subject to the allocation and apportionment provisions of this part.

(5) A resident beneficiary of a trust whose taxable income includes all or part of an accumulation distribution by a trust, as defined in section 665 of the internal revenue code, shall be allowed a credit against the tax otherwise due under this part. The credit shall be all or a proportionate part of any tax paid by the trust under this part for any preceding taxable year that would not have been payable if the trust had in fact made distribution to its beneficiaries at the times and in the amounts specified in section 666 of the internal revenue code. The credit shall not reduce the tax otherwise due from the beneficiary to an amount less than would have been due if the accumulation distribution were excluded from taxable income.

(6) The taxable income of a resident who is required to include income from a trust in his or her federal income tax return under the provisions of 26 USC 671 to 679, shall include items of income and deductions from the trust in taxable income to the extent required by this part with respect to property owned outright.

(7) It is the intention of this section that the income subject to tax of every person other than corporations shall be computed in like manner and be the same as provided in the internal revenue code subject to adjustments specifically provided for in this part.

(8) As used in this section:

(a) "Person other than a corporation" means a resident or nonresident individual or any of the following:

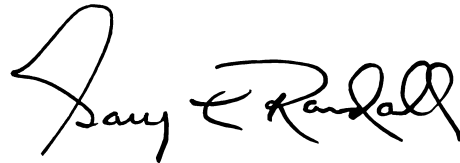
(i) A partner in a partnership as defined in the internal revenue code.

(ii) A beneficiary of an estate or a trust as defined in the internal revenue code.


(iii) An estate or trust as defined in the internal revenue code.

(b) "Taxable income" means taxable income as defined in this part subject to the applicable source and attribution rules contained in this part.

This act is ordered to take immediate effect.



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Clerk of the House of Representatives



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Secretary of the Senate

Approved .....

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Governor