

**HOUSE SUBSTITUTE FOR  
SENATE BILL NO. 327**

A bill to amend 1941 PA 122, entitled

"An act to establish the revenue collection duties of the department of treasury; to prescribe its powers and duties as the revenue collection agency of this state; to prescribe certain powers and duties of the state treasurer; to establish the collection duties of certain other state departments for money or accounts owed to this state; to regulate the importation, stamping, and disposition of certain tobacco products; to provide for the transfer of powers and duties now vested in certain other state boards, commissions, departments, and offices; to prescribe certain duties of and require certain reports from the department of treasury; to provide procedures for the payment, administration, audit, assessment, levy of interests or penalties on, and appeals of taxes and tax liability; to prescribe its powers and duties if an agreement to act as agent for a city to administer, collect, and enforce the city income tax act on behalf of a city is entered into with any city; to provide an appropriation; to abolish the state board of tax administration; to prescribe penalties and provide remedies; and to declare the effect of this act,"

by amending section 4 (MCL 205.4), as amended by 2002 PA 657.

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

**1**           Sec. 4. (1) Not later than ~~1 year after the effective date of~~

1 ~~this section, APRIL 1, 1994,~~ the department of treasury shall  
2 submit rules for a public hearing pursuant to the administrative  
3 procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, that  
4 provide for all of the following:

5 (a) Standards to be followed by department officers and  
6 employees for the fair and courteous treatment of the public, and a  
7 system for monitoring compliance with those standards.

8 (b) The procedures governing an informal conference held under  
9 section 21. These procedures shall include at least all of the  
10 following:

11 (i) A method by which the department attempts to schedule the  
12 informal conference at a mutually convenient time and place.

13 (ii) A requirement that the department include in the notice  
14 for the informal conference the scope and nature of the subject of  
15 the informal conference.

16 (iii) Authorization for the taxpayer at whose request the  
17 informal conference is being held to make a sound recording of the  
18 informal conference with prior notice to the department and for the  
19 department to do the same with prior notice to the taxpayer.

20 (2) Not later than ~~1 year after the effective date of this~~  
21 ~~section, APRIL 1, 1994,~~ the department shall develop guidelines to  
22 govern departmental employee responses to inquiries from the public  
23 and standards for tax audit activities. The guidelines shall  
24 explicitly exclude the use of a collection goal or quota for  
25 evaluating an employee. The department shall assemble the  
26 guidelines required by this subsection into an employee handbook.  
27 However, the handbook shall not disclose information or parameters

1 excluded from disclosure under section 28(1)(f). The department  
2 shall distribute the handbook to all departmental employees  
3 involved in the collection or auditing of taxes and shall make the  
4 handbook available to the public.

5 (3) NOT LATER THAN JANUARY 1, 2015, THE DEPARTMENT SHALL  
6 ELECTRONICALLY FILE A REQUEST FOR RULE-MAKING UNDER SECTION 39(1)  
7 OF THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306, MCL  
8 24.239, WITH THE OFFICE OF REGULATORY REINVENTION. THE PROPOSED  
9 RULES SHALL PROVIDE FOR ALL OF THE FOLLOWING:

10 (A) STANDARDS FOR THE FAIR AND COURTEOUS TREATMENT OF THE  
11 PUBLIC TO BE FOLLOWED BY THE DEPARTMENT'S CONTRACTORS, CONSULTANTS,  
12 AND AGENTS AND A SYSTEM FOR MONITORING COMPLIANCE WITH THESE  
13 STANDARDS.

14 (B) STANDARDS THAT ENSURE THAT ALL STATUTES AND RULES SHALL BE  
15 FAIRLY AND CONSISTENTLY APPLIED TO ALL TAXPAYERS.

16 (C) A REQUIREMENT THAT THE DEPARTMENT SHALL NOT USE COLLECTION  
17 GOALS OR QUOTAS DURING THE CONDUCT OF AN AUDIT OF A TAX  
18 ADMINISTERED UNDER THIS ACT OR AN EXAMINATION OF RECORDS UNDER THE  
19 UNIFORM UNCLAIMED PROPERTY ACT, 1995 PA 29, MCL 567.221 TO 567.265.

20 (4) IF THE DEPARTMENT INTENTIONALLY USES A COLLECTION GOAL OR  
21 QUOTA IN THE CONDUCT OF AN AUDIT OF A TAX ADMINISTERED UNDER THIS  
22 ACT OR THE EXAMINATION OF RECORDS UNDER THE UNIFORM UNCLAIMED  
23 PROPERTY ACT, 1995 PA 29, MCL 567.221 TO 567.265, THE TAXPAYER MAY  
24 BE AWARDED ACTUAL DAMAGES, INCLUDING REASONABLE ATTORNEY FEES,  
25 SUSTAINED AS A RESULT OF THE DEPARTMENT'S ACTION. AN AWARD UNDER  
26 THIS SUBSECTION SHALL NOT EXCEED \$45,000.00. ACTUAL DAMAGES DO NOT  
27 INCLUDE TAXES OWED OR DELIVERABLE ABANDONED PROPERTY.

1           (5) ~~(3)~~—The department shall publish a handbook for taxpayers  
2 and tax preparers. The handbook shall be made available at a  
3 reasonable cost, not to exceed the actual cost of publication, and  
4 shall contain all of the following:

5           (a) The audit and collection procedures used by the department  
6 **AND AGENTS OF THE DEPARTMENT.**

7           (b) The procedures governing departmental communications with  
8 taxpayers in the audit and collection process.