

Act No. 277
Public Acts of 2014
Approved by the Governor
June 24, 2014
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**STATE OF MICHIGAN
97TH LEGISLATURE
REGULAR SESSION OF 2014**

Introduced by Senators Robertson, Moolenaar, Proos, Marleau, Brandenburg and Pavlov

ENROLLED SENATE BILL No. 327

AN ACT 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:

Sec. 4. (1) Not later than April 1, 1994, the department of treasury shall submit rules for a public hearing pursuant to the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, that provide for all of the following:

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

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

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

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

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

(2) Not later than April 1, 1994, the department shall develop guidelines to govern departmental employee responses to inquiries from the public and standards for tax audit activities. The guidelines shall explicitly exclude the use of a collection goal or quota for evaluating an employee. The department shall assemble the guidelines required by this subsection into an employee handbook. However, the handbook shall not disclose information or parameters excluded from disclosure under section 28(1)(f). The department shall distribute the handbook to all departmental employees involved in the collection or auditing of taxes and shall make the handbook available to the public.

(3) Not later than January 1, 2015, the department shall electronically file a request for rule-making under section 39(1) of the administrative procedures act of 1969, 1969 PA 306, MCL 24.239, with the office of regulatory reinvention. The proposed rules shall provide for all of the following:

(a) Standards for the fair and courteous treatment of the public to be followed by the department's contractors, consultants, and agents and a system for monitoring compliance with these standards.

(b) Standards that ensure that all statutes and rules shall be fairly and consistently applied to all taxpayers.

(c) A requirement that the department shall not use collection goals or quotas during the conduct of an audit of a tax administered under this act or an examination of records under the uniform unclaimed property act, 1995 PA 29, MCL 567.221 to 567.265.

(4) If the department intentionally uses a collection goal or quota in the conduct of an audit of a tax administered under this act or the examination of records under the uniform unclaimed property act, 1995 PA 29, MCL 567.221 to 567.265, the taxpayer may be awarded actual damages, including reasonable attorney fees, sustained as a result of the department's action. An award under this subsection shall not exceed \$45,000.00. Actual damages do not include taxes owed or deliverable abandoned property.

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

(a) The audit and collection procedures used by the department and agents of the department.

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

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate

Jay E. Randall

Clerk of the House of Representatives

Approved

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Governor