

HOUSE BILL NO. 5425

October 20, 2021, Introduced by Reps. Witwer and Tisdell and referred to the Committee on Commerce and Tourism.

A bill to amend 1967 PA 281, entitled "Income tax act of 1967," by amending sections 51f and 711 (MCL 206.51f and 206.711), section 51f as added by 2017 PA 110 and section 711 as amended by 2018 PA 118.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 51f. (1) In addition to the distributions under sections
2 51 and 51d, from the revenue collected from the tax levied under
3 section 51 ~~an~~ **the following amounts shall be distributed as**

1 follows:

2 (a) An amount equal to that portion of the withholding tax
3 capture revenues attributable to certified new jobs and due to be
4 paid to an authorized business pursuant to a written agreement
5 entered into under chapter 8D of the Michigan strategic fund act,
6 1984 PA 270, MCL 125.2090g to 125.2090j, shall be deposited each
7 state fiscal year into the good jobs for Michigan fund created in
8 section 90j of the Michigan strategic fund act, 1984 PA 270, MCL
9 125.2090j.

10 (b) An amount equal to that portion of the withholding tax
11 capture revenues attributable to certified new jobs and due to be
12 paid to an authorized business pursuant to a written agreement
13 entered into under chapter 8F of the Michigan strategic fund act,
14 1984 PA 270, MCL 125.2090t to 125.2090w, shall be deposited each
15 state fiscal year into the employment opportunity fund created in
16 section 90w of the Michigan strategic fund act, 1984 PA 270, MCL
17 125.2090w.

18 (2) As used in this section, "authorized business", "certified
19 new jobs", "withholding tax capture revenues", and "written
20 agreement" mean those terms as defined in section 90g or 90t,
21 whichever is applicable, of the Michigan strategic fund act, 1984
22 PA 270, MCL 125.2090g or 125.2090t.

23 Sec. 711. (1) Every person required by this part to deduct and
24 withhold taxes for a tax year on income other than distributive
25 share of income from a flow-through entity shall furnish to the
26 person who received the income a statement in duplicate on or
27 before January 31 of the succeeding year of the total income paid
28 during the tax year and the amount deducted or withheld. However,
29 if employment is terminated before the close of a calendar year by

1 a person that goes out of business or permanently ceases to exist,
2 then the statement required by this subsection shall be issued
3 within 30 days after the last compensation, winnings, or payoff of
4 a winning ticket is paid. A duplicate of a statement made pursuant
5 to this section and an annual reconciliation return, MI-W3, shall
6 be filed with the department by February 28 of the succeeding year
7 for tax years before the 2018 tax year and by January 31 of the
8 succeeding year for the 2018 tax year and each tax year after 2018
9 except that a person that goes out of business or permanently
10 ceases to exist shall file the statement and the annual
11 reconciliation return within 30 days after going out of business or
12 permanently ceasing to exist. For tax years that begin before July
13 1, 2016, a flow-through entity that was required to withhold taxes
14 on distributive shares of business income shall file an annual
15 reconciliation return with the department no later than the last
16 day of the second month following the end of the flow-through
17 entity's federal tax year. The department may require a flow-
18 through entity to file an annual business income information return
19 with the department on the due date, including extensions, of its
20 annual federal information return.

21 (2) Every person required by this part to deduct or withhold
22 taxes shall make a return or report in form and content and at
23 times as prescribed by the department. An employer that has more
24 than 250 employees shall file its annual return or report required
25 under this section in electronic form. An employer that has entered
26 into an agreement with a community college pursuant to chapter 13
27 of the community college act of 1966, 1966 PA 331, MCL 389.161 to
28 389.166, and is required to deduct or withhold taxes from
29 compensation and make payments to a community college pursuant to

1 the agreement for a portion of those taxes withheld shall, for as
2 long as the agreement remains in effect, delineate in the return or
3 report required under this subsection between the amount deducted
4 or withheld and paid to the state and that amount paid to a
5 community college. An employer that has entered into a written
6 agreement pursuant to the good jobs for Michigan program created
7 under section 90h of the Michigan strategic fund act, 1984 PA 270,
8 MCL 125.2090h, **or pursuant to the Michigan employment opportunity**
9 **program created under section 90u of the Michigan strategic fund**
10 **act, 1984 PA 270, MCL 125.2090u**, shall, for as long as the written
11 agreement remains in effect, delineate in the return or report
12 required under this subsection the portion of those taxes withheld
13 and paid to the state that are attributable to certified new jobs.

14 (3) Every person who receives income subject to withholding
15 under this part shall furnish to the person required by this part
16 to deduct and withhold taxes information required to make an
17 accurate withholding. A person who receives income subject to
18 withholding under this part shall file with the person required by
19 this part to deduct and withhold taxes revised information within
20 10 days after a decrease in the number of exemptions or a change in
21 status from a nonresident to a resident. The person who receives
22 income subject to withholding under this part may file revised
23 information when the number of exemptions increases or when a
24 change in status occurs from that of a resident of this state to a
25 nonresident of this state. Revised information shall not be given
26 retroactive effect for withholding purposes. A person required by
27 this part to deduct and withhold taxes shall rely on this
28 information for withholding purposes unless directed by the
29 department to withhold on some other basis. If a person who

1 receives income subject to withholding under this part fails or
2 refuses to furnish information, the person required by this part to
3 deduct and withhold taxes shall withhold at the full rate of tax
4 from the person's income subject to withholding under this part.

5 Enacting section 1. This amendatory act does not take effect
6 unless Senate Bill No. _____ or House Bill No. 5426 (request no.
7 02430'21) of the 101st Legislature is enacted into law.