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Amnesty is defined as an act of a governmental authority to grant a pardon to a group of individuals. In the 1980s many states declared tax amnesty periods that resulted in large one-time revenue gains for some states. Forty states, including the District of Columbia, have had at least one tax amnesty since 1982. Ten states, including Michigan, have decided to conduct a second tax amnesty. Part of the lure to encourage legislative bodies to enact tax amnesty programs was the prospect of large amounts of revenue being generated. It is not surprising that tax amnesty initiatives began in the early 1980s when state revenues were suffering due to a lagging economy. Michigan now is officially in a recession, and once again the legislature has found enactment of a tax amnesty attractive to generate revenues to help balance the budget. Other states are also turning to tax amnesty programs to generate needed revenues. Ohio is conducting its first tax amnesty from October 15, 2001, to January 5, 2002, and New Hampshire is conducting a tax amnesty from December 1, 2001, to February 15, 2002.

Between 1981 and 1990, 28 states with state income taxes held tax amnesty programs. Returns on state tax amnesty programs ranged from $150,000 in North Dakota to $401 million in New York. Two states held tax amnesty twice during the 1980s: New Jersey and New York. Some of the states that had larger revenue returns from tax amnesty programs had significant enhancements in enforcement programs to persuade taxpayers that a credible threat awaited them if they did not pay up and file returns during the amnesty period.

Michigan held its first tax amnesty in 1986 and will conduct the second tax amnesty in 2002, 16 years later. State Treasurer Douglas Roberts announced that a Michigan tax amnesty will be conducted May 15, 2002, through June 30, 2002. Governor John Engler signed Public Act No. 168 of 2001 on November 26, 2001, that amends the revenue act, Public Act No. 122 of 1941 and directs State Treasurer Roberts to conduct a tax amnesty for at least 30 and not more than 60 days before September 30, 2002. The Treasury Department was given an appropriation of $1,500,000 to administer the amnesty program to be financed from general-purpose revenues generated by the tax amnesty. In other words, the tax amnesty must generate sufficient general fund monies to support the expenditures approved up to $1,500,000.

What is a tax amnesty? Who is pardoned and what is forgiven? Any taxpayer that has a Michigan tax obligation due before June 1, 2001—and all taxes administered under the revenue act are eligible, such as individual income tax, single business tax, and sales and use tax. Businesses or individuals who have fallen behind on their tax filing or payment obligations should consider the tax amnesty period during May 15 to June 30, 2002, as a chance to wipe the slate clean and get up to date on their Michigan tax obligations. Interest rates are currently very low, so this tax amnesty presents a window of opportunity for taxpayers to eradicate penalties and possible criminal sanctions for failing to file and pay their Michigan taxes, even if the taxpayer has to borrow to do so.

This is the second tax amnesty offered by Michigan. The first Michigan tax amnesty was held May 12 through June 30, 1986, and generated $109.8 million that enabled the individual income tax rate to be cut a half-percent from 5.1% to 4.6%. The first Michigan tax amnesty borrowed the California advertising campaign theme, “Get to us before we get to you.” Significant changes in interest and penalties were also made at the same time and additional auditors and other enforcement resources were appropriated. A new Discovery Division was created in the Michigan Department of Treasury with the primary objective of using data available to the state to identify underreporting and non-filers and to use letters rather than in-person audits to increase compliance. This Discovery Division used a wide variety of information from 1099s to other state databases to identify and contact taxpayers who may have been underreporting income or failing to file proper Michigan returns. During and immediately following the first Michigan tax amnesty, the Discovery Division used occupational information to detect non-filers and by 1988 had examined 100,252 taxpayers in 15 licensed professions (including CPAs) and issued $7,851,250 in tax assessments and also used computerized matching of data to issue 63,438 taxpayers $20.1 million in tax assessments. The stepped-up enforcement measures delivered the message that those who failed to participate in the tax amnesty would be detected and enforcement action would be taken. The four states (Michigan, Illinois, California, and New York) that generated the highest revenues from tax amnesty in the 1980s conducted similar

...continued on page 15
and assessment of the reliability and conceptual coherency of the indicated factors/strategies, it appears that the four factors/strategies identified below represent a likely list of strategies underpinning market orientation in the West Michigan small business sector.

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<th>Factors/Strategies</th>
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<td>Awareness of market environment</td>
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<tr>
<td>Concern for staff</td>
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<td>Profitability</td>
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<td>Staff motivation</td>
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Conclusions
This study has examined the factors underpinning market orientation in the small business sector of West Michigan. The study provides support for the application of the adapted market orientation framework and it appears that small businesses in West Michigan are applying the market orientation concept. However, this result is contrary to Stokes and Blackburn's contention that small businesses typically have a problem with marketing. There are four key factors/strategies found in the results:

- Awareness of the environment comprises four strategies considered by owner-managers to represent issues pertaining to the awareness and a proactive willingness to assess changes in the market place.
- Concern for staff is supported by three strategies aimed at providing good working environment and where concern for staff problems and their remuneration appear to be considered as important.
- Profitability consists of three strategies which, collectively, portray issues geared toward ensuring the profitability and longevity of running the business.
- Staff motivation strategy incorporates three sub-strategies pertaining to issues ascribed to motivation among staff members.

In the context of these results, small business owners-managers may want to reappraise their strategies based on their goals within their specific environment.

Michigan Declares Second Tax Amnesty
Continued from page 11

enhanced enforcement campaigns to incite taxpayers into action to file for amnesty. In fact, Illinois conducted two tax amnesty programs in the 1980s. The first time Illinois conducted a tax amnesty in 1981–82 it was not successful in generating much revenue or many returns from taxpayers. The second time Illinois conducted a tax amnesty in 1984, it learned from the success of New York in generating $401 million; and Illinois engaged in a strong advertising campaign combined with enhanced enforcement measures to generate $160 million.

The 1986 Michigan tax amnesty generated 128,000 tax returns from 75,000 individuals generating $109.8 million in delinquent tax and interest. About $69 million or 63% of the total was received from new filers and accounts receivable that would not likely have been collected otherwise. Over 45,000 new taxpayers either previously “unknown” or identified by the Treasury Department filed 77,971 tax returns during the 1986 amnesty. Individual income tax filers who came in under amnesty in 1986 typically filed on average 1.5 years of taxes and paid $664.82 in tax and $108.46 in interest. The profile of the “typical” individual income tax filer in amnesty was a male, self-employed professional in the occupation of management or executive or sales with an adjusted gross income of over $56,000. About 2,500 new business tax filers came in during the 1986 amnesty and paid $12 million in back taxes and interest with an average of $6,079 for 2.1 years.

It will be interesting to see if the 2002 Michigan tax amnesty is as successful as the 1986 tax amnesty was in generating a large amount of revenue from a large number of taxpayer participants. The decline in IRS enforcement efforts during the past few years creates a ripe opportunity to bring in underreporting and non-filing taxpayers. However, the Illinois experience with its two amnesty programs in the 1980s demonstrates that tax amnesty programs that are not combined with a credible threat of enhanced enforcement or consequences for non-filing or payment of taxes are not very successful.

2 Michigan Tax Amnesty Report, issued by Robert A. Bowman and Susan W. Martin, Michigan Department of Treasury, July 1987 including a research report by Ronald C. Fisher and John H. Goddeeris, Department of Economics, Michigan State University.