

Act No. 65
Public Acts of 1990
Approved by the Governor
April 23, 1990
Filed with the Secretary of State
April 24, 1990

**STATE OF MICHIGAN
85TH LEGISLATURE
REGULAR SESSION OF 1990**

Introduced by Rep. Bennane

ENROLLED HOUSE BILL No. 5362

AN ACT to amend section 21 of Act No. 228 of the Public Acts of 1975, entitled "An act to provide for the imposition, levy, computation, collection, assessment and enforcement, by lien or otherwise, of taxes on certain commercial, business, and financial activities; to prescribe the manner and times of making certain reports and paying taxes; to prescribe the powers and duties of public officers and state departments; to permit the inspection of records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits, and refunds; to provide penalties; to provide for the disposition of funds; to provide for the interrelation of this act with other acts; and to provide an appropriation," as amended by Act No. 360 of the Public Acts of 1984, being section 208.21 of the Michigan Compiled Laws.

The People of the State of Michigan enact:

Section 1. Section 21 of Act No. 228 of the Public Acts of 1975, as amended by Act No. 360 of the Public Acts of 1984, being section 208.21 of the Michigan Compiled Laws, is amended to read as follows:

Sec. 21. (1) Except as otherwise provided in this act, the tax base of a financial organization is business income subject to the adjustments provided in section 9, with the exception of section 9(4)(f) and (7)(b), plus the following adjustments:

(a) Deduct, to the extent included in federal taxable income, interest income derived from obligations of the United States which this state is by federal law prohibited from subjecting to taxation, other than nondiscriminatory franchise or nonproperty taxes.

(b) For tax years ending after 1984, add expenses deducted from federal taxable income, to the extent not included in the tax base under this act, multiplied by a fraction, the numerator of which is the sum of interest income deducted under subdivision (a) plus interest from Michigan obligations and the denominator of which is total interest income. For tax years ending in 1985, in addition, add expenses deducted from federal taxable income in tax year 1984, to the extent not included in the tax base under this act, multiplied by a fraction, the numerator of which is the sum of interest income deducted in tax year 1984 under subdivision (a) plus interest income from Michigan obligations in tax year 1984 and the denominator of which is total interest income in tax year 1984. For tax years after 1984, the amount of an addition under this subdivision shall not exceed the amount of a deduction under subdivision (a), except for tax years ending in 1985 in which the addition shall not exceed the amount deducted under subdivision (a) in tax year 1984 plus the amount deducted under subdivision (a) in tax year 1985.

(2) In calculating its tax base, a financial organization that is defined or treated as a regulated investment company under the internal revenue code is not subject to the adjustments provided in section 9(2), (4)(d), and (7)(a).

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.