

# HOUSE BILL No. 5362

December 12, 1989, Introduced by Rep. Bennane and referred to the Committee on Taxation.

A bill to amend section 21 of Act No. 228 of the Public Acts of 1975, entitled  
"Single business tax act,"  
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:

1 Section 1. Section 21 of Act No. 228 of the Public Acts of  
2 1975, as amended by Act No. 360 of the Public Acts of 1984, being  
3 section 208.21 of the Michigan Compiled Laws, is amended to read  
4 as follows:

5 Sec. 21. (1) ~~The~~ EXCEPT AS OTHERWISE PROVIDED IN THIS  
6 ACT, THE tax base of a financial organization ~~shall be the sum~~  
7 ~~of~~ IS business income ~~and~~ SUBJECT TO the adjustments provided  
8 in section 9, with the exception of section 9(4)(f) and (7)(b),  
9 plus the following adjustments:

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

6 (b) For tax years ending after 1984, add expenses deducted  
7 from federal taxable income, to the extent not included in the  
8 tax base under this act, multiplied by a fraction, the numerator  
9 of which is the sum of interest income deducted under subdivision  
10 (a) plus interest from Michigan obligations and the denominator  
11 of which is total interest income. For tax years ending in 1985,  
12 in addition, add expenses deducted from federal taxable income in  
13 tax year 1984, to the extent not included in the tax base under  
14 this act, multiplied by a fraction, the numerator of which is the  
15 sum of interest income deducted in tax year 1984 under subdivi-  
16 sion (a) plus interest income from Michigan obligations in tax  
17 year 1984 and the denominator of which is total interest income  
18 in tax year 1984. For tax years after 1984, the amount of an  
19 addition under this subdivision shall not exceed the amount of a  
20 deduction under subdivision (a), except for tax years ending in  
21 1985 ~~where~~ IN WHICH the addition shall not exceed the amount  
22 deducted under subdivision (a) in tax year 1984 plus the amount  
23 deducted under subdivision (a) in tax year 1985.

24 (2) IN CALCULATING ITS TAX BASE, A FINANCIAL ORGANIZATION  
25 THAT IS DEFINED OR TREATED AS A REGULATED INVESTMENT COMPANY  
26 UNDER THE INTERNAL REVENUE CODE IS NOT SUBJECT TO THE ADJUSTMENTS  
27 PROVIDED IN SECTION 9(2), (4)(D), AND (7)(A).