

HOUSE BILL No. 5391

December 2, 1997, Introduced by Rep. Profit and referred to the Committee on Tax Policy.

A bill to amend 1964 PA 284, entitled "City income tax act," by amending section 13 of chapter 2 (MCL 141.613), as amended by 1988 PA 216.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 CHAPTER 2

2 Sec. 13. (1) ~~The~~ EXCEPT AS OTHERWISE PROVIDED IN THIS
3 SECTION, THE tax shall apply on the following types of income of
4 a nonresident individual to the same extent and on the same basis
5 that the income is subject to taxation under the federal internal
6 revenue code:

7 (a) On a salary, bonus, wage, commission, and other compen-
8 sation for services rendered as an employee for work done or
9 services performed in the city. Income that the nonresident
10 taxpayer receives as the result of disability and after

1 exhausting all vacation pay, holiday pay, and sick pay is not
2 compensation for services rendered as an employee for work done
3 or services performed in the city. Vacation pay, holiday pay,
4 sick pay, and a bonus paid by the employer are considered to have
5 the same tax situs as the work assignment or work location and
6 are taxable on the same ratio as the normal earnings of the
7 employee for work actually done or services actually performed.

8 (b) On a distributive share of the net profits of a nonresi-
9 dent owner of an unincorporated business, profession, enterprise,
10 undertaking, or other activity, as a result of work done, serv-
11 ices rendered, and other business activities conducted in the
12 city.

13 (c) On capital gains less capital losses from sales of, and
14 on the net profits from rentals of, real and tangible personal
15 property, if the capital gains arise from property located in the
16 city.

17 (2) THE INCOME OF A NONRESIDENT WHO IS NOT A FULL-TIME OR
18 PART-TIME EMPLOYEE OF A COURT LOCATED IN THE CITY IS EXEMPT FROM
19 THE TAX IMPOSED BY THIS ORDINANCE TO THE EXTENT THAT THE INCOME
20 WAS EARNED FOR SERVICES RENDERED BY THE NONRESIDENT THAT WERE
21 REQUIRED, BY STATE OR FEDERAL STATUTE OR COURT RULE, TO BE
22 RENDERED IN THE COURTS OF THE COUNTY IN WHICH THE CITY IS
23 LOCATED.