

SB 1380, As Passed Senate, November 29, 2000

**SUBSTITUTE FOR
SENATE BILL NO. 1380**

A bill to amend 1975 PA 228, entitled
"Single business tax act,"
(MCL 208.1 to 208.145) by adding section 35b.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 35B. (1) NOTWITHSTANDING ANYTHING TO THE CONTRARY IN
2 SECTION 19, A FOREIGN PERSON THAT DOES NOT HAVE A PERMANENT
3 ESTABLISHMENT IN THE UNITED STATES AND WHOSE BUSINESS ACTIVITY
4 CONSISTS OF THE TRANSPORTATION OF PERSONS OR PROPERTY FOR OTHERS
5 BY MOTOR VEHICLE MAY ELECT, FOR PURPOSES OF SECTION 19, TO CALCU-
6 LATE COMPENSATION RELATED TO UNITED STATES BUSINESS ACTIVITY BY 1
7 OF THE FOLLOWING METHODS:

8 (A) CALCULATE COMPENSATION UNDER SECTION 19 AND REDUCE THE
9 FINAL CALCULATION BY 50%.

10 (B) CALCULATE COMPENSATION BY DETERMINING TOTAL COMPENSATION
11 EVERYWHERE, APPORTIONED TO THE UNITED STATES BY A FORMULA, THE

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1 NUMERATOR OF WHICH IS REVENUE MILES TRAVELED IN THE UNITED STATES
2 AND THE DENOMINATOR OF WHICH IS REVENUE MILES TRAVELED
3 EVERYWHERE.

4 (2) A PERSON THAT CALCULATES COMPENSATION RELATED TO UNITED
5 STATES BUSINESS ACTIVITY UNDER SUBSECTION (1)(A) SHALL NOT CLAIM
6 A REDUCTION UNDER SECTION 31(4).

7 (3) AS USED IN THIS SECTION:

8 (A) "PERMANENT ESTABLISHMENT" MEANS EITHER OF THE
9 FOLLOWING:

10 (i) IF AN INCOME TAX TREATY APPLIES TO THE FOREIGN PERSON,
11 THAT TERM AS DEFINED IN THAT INCOME TAX TREATY IN EFFECT BETWEEN
12 THE UNITED STATES AND ANOTHER NATION.

13 (ii) IF NO INCOME TAX TREATY APPLIES TO THE FOREIGN PERSON,
14 THAT TERM AS DEFINED IN THE UNITED STATES MODEL INCOME TAX
15 CONVENTION.

16 (B) "FOREIGN PERSON" MEANS THAT TERM AS DEFINED IN SECTION
17 19(6).

18 (C) "REVENUE MILES" MEANS THAT TERM AS DEFINED IN SECTION
19 57.