

HOUSE BILL No. 4590

April 27, 1999, Introduced by Reps. Cassis, Woronchak, Julian, Patterson, Richner, Rick Johnson, Garcia, Sheltroun, Hager, Gilbert, DeWeese, DeVuyst, Jellema, Kuipers, Allen, Pappageorge, Bishop, Ehardt, Caul, Gosselin, Voorhees, Rocca, DeRossett, Howell, Shackleton, LaSata, Green, Kukuk, Bisbee, Shulman and Scranton and referred to the Committee on Tax Policy.

A bill to amend 1975 PA 228, entitled
"Single business tax act,"
by amending section 31 (MCL 208.31), as amended by 1994 PA 247;
and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 31. (1) ~~There~~ EXCEPT AS PROVIDED IN SUBSECTION (2),
2 THERE is levied and imposed a specific tax ~~of 2.35% before~~
3 ~~October 1, 1994 and 2.30% after September 30, 1994 calculated as~~
4 ~~provided in section 31a~~ upon the adjusted tax base of every
5 person with business activity in this state that is allocated or
6 apportioned to this state ~~—~~ AT THE FOLLOWING RATES FOR THE
7 SPECIFIED PERIODS:
8 (A) BEFORE OCTOBER 1, 1994, 2.35%.
9 (B) AFTER SEPTEMBER 30, 1994 AND BEFORE JANUARY 1, 2000,
10 2.30%.

1 (C) ON AND AFTER JANUARY 1, 2000 AND BEFORE JANUARY 1, 2001,
2 2.25%.

3 (D) ON AND AFTER JANUARY 1, 2001, THE RATE UNDER SECTION
4 31B.

5 (2) THE DEPARTMENT SHALL ANNUALIZE THE RATE UNDER THIS SEC-
6 TION AS NECESSARY AND THE APPLICABLE ANNUALIZED RATE SHALL BE
7 IMPOSED.

8 (3) ~~-(2)-~~ As used in this section, "adjusted tax base" means
9 the tax base allocated or apportioned to this state pursuant to
10 chapter 3 with the adjustments prescribed by sections 23 and 23b
11 and the exemptions prescribed by section 35. If the adjusted tax
12 base exceeds 50% of the sum of gross receipts plus the adjust-
13 ments provided in section 23b(a) ~~-, (b), and (c)-~~ TO (G), appor-
14 tioned or allocated to Michigan with the apportionment fraction
15 calculated pursuant to chapter 3, the adjusted tax base may, at
16 the option of the taxpayer, be reduced by that excess. If a tax-
17 payer reduces the adjusted tax base under this subsection, the
18 taxpayer is not entitled to the adjustment provided in subsection
19 ~~-(4)-~~ (5) for the same taxable year. This subsection does not
20 apply to an adjusted tax base under section 22a.

21 (4) ~~-(3)-~~ The tax levied under this section and imposed is
22 upon the privilege of doing business and not upon income.

23 (5) ~~-(4)-~~ In lieu of the reduction provided in subsection
24 ~~-(2)-~~ (3), a person may elect to reduce the adjusted tax base by
25 the percentage that the compensation divided by the tax base
26 exceeds 63%. The deduction shall not exceed 37% of the adjusted
27 tax base. For purposes of computing the deduction allowed by

1 this subsection, as effective for the respective tax year,
2 compensation does not include amounts of compensation exempt from
3 tax under section 35(1)(e). This subsection does not apply to an
4 adjusted tax base under section 22a.

5 Enacting section 1. Section 31a of the single business tax
6 act, 1975 PA 228, MCL 208.31a, is repealed.

7 Enacting section 2. This amendatory act does not take
8 effect unless Senate Bill No. _____ or House Bill No. _____
9 (request no. 00380'99 *) of the 90th Legislature is enacted into
10 law.