

Act No. 373  
Public Acts of 2000  
Approved by the Governor  
January 1, 2001  
Filed with the Secretary of State  
January 2, 2001  
EFFECTIVE DATE: January 2, 2001

**STATE OF MICHIGAN  
90TH LEGISLATURE  
REGULAR SESSION OF 2000**

Introduced by Senators Schuette and Steil

**ENROLLED SENATE BILL No. 1380**

AN ACT to amend 1975 PA 228, 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," (MCL 208.1 to 208.145) by adding section 35b.

*The People of the State of Michigan enact:*

Sec. 35b. (1) Notwithstanding anything to the contrary in section 19, a foreign person that does not have a permanent establishment in the United States and whose business activity consists of the transportation of persons or property for others by motor vehicle may elect, for purposes of section 19, to calculate compensation related to United States business activity by 1 of the following methods:

(a) Calculate compensation under section 19 and reduce the final calculation by 50%.

(b) Calculate compensation by determining total compensation everywhere, apportioned to the United States by a formula, the numerator of which is revenue miles traveled in the United States and the denominator of which is revenue miles traveled everywhere.

(2) A person that calculates compensation related to United States business activity under subsection (1)(a) shall not claim a reduction under section 31(4).

(3) As used in this section:

(a) "Permanent establishment" means either of the following:

(i) If an income tax treaty applies to the foreign person, that term as defined in that income tax treaty in effect between the United States and another nation.

(ii) If no income tax treaty applies to the foreign person, that term as defined in the United States model income tax convention.

(b) "Foreign person" means that term as defined in section 19(6).

(c) "Revenue miles" means that term as defined in section 57.

This act is ordered to take immediate effect.

*Carol Morey Viventi*

Secretary of the Senate.

*Jay E. Randall*

Clerk of the House of Representatives.

Approved .....

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Governor.