

# HOUSE BILL No. 5736

February 14, 2008, Introduced by Reps. Mayes and Bieda and referred to the Committee on Tax Policy.

A bill to amend 2007 PA 36, entitled  
"Michigan business tax act,"  
by amending section 115 (MCL 208.1115).

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 115. (1) "Sale" or "sales" means, except as provided in  
2       subdivision (e), the amounts received by the taxpayer as  
3       consideration from the following:

4       (a) The transfer of title to, or possession of, property that  
5       is stock in trade or other property of a kind that would properly  
6       be included in the inventory of the taxpayer if on hand at the  
7       close of the tax period or property held by the taxpayer primarily  
8       for sale to customers in the ordinary course of the taxpayer's  
9       trade or business. For intangible property, the amounts received  
10      shall be limited to any gain received from the disposition of that  
11      property.

1 (b) The performance of services that constitute business  
2 activities.

3 (c) The rental, lease, licensing, or use of tangible or  
4 intangible property, including interest, that constitutes business  
5 activity.

6 (d) Any combination of business activities described in  
7 subdivisions (a), (b), and (c).

8 (e) For taxpayers not engaged in any other business  
9 activities, sales include interest, dividends, and other income  
10 from investment assets and activities and from trading assets and  
11 activities.

12 (2) "Shareholder" means a person who owns outstanding stock in  
13 a business or is a member of a business entity that files as a  
14 corporation for federal income tax purposes. An individual is  
15 considered as the owner of the stock owned, directly or indirectly,  
16 by or for family members as defined by section 318(a)(1) of the  
17 internal revenue code.

18 (3) "State" means any state of the United States, the District  
19 of Columbia, ~~the Commonwealth of Puerto Rico,~~ **AND** any territory or  
20 possession of the United States **EXCEPT THE COMMONWEALTH OF PUERTO**  
21 **RICO,** ~~and any foreign country,~~ or a political subdivision of any of  
22 the foregoing.

23 (4) "Subchapter S corporation" means a corporation electing  
24 taxation under subchapter S or chapter 1 of subtitle A of the  
25 internal revenue code, sections 1361 to 1379 of the internal  
26 revenue code.