

SENATE BILL No. 1014

January 16, 2008, Introduced by Senators CASSIS, PAPPAGEORGE, GARCIA and KUIPERS and referred to the Committee on Finance.

A bill to amend 2007 PA 36, entitled
"Michigan business tax act,"
by amending section 117 (MCL 208.1117).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 117. (1) "Tangible personal property" means that term as
2 defined in section 2 of the use tax act, 1937 PA 94, MCL 205.92.

3 (2) "Tax" means the tax imposed under this act, including
4 interest and penalties under this act, unless the term is given a
5 more limited meaning in the context of this act or a provision of
6 this act.

7 (3) "Tax-exempt person" means an organization that is exempt
8 from federal income tax under section 501(a) of the internal
9 revenue code, and a partnership, limited liability company, joint

1 venture, unincorporated association, or other group or combination
2 of organizations acting as a unit if all such organizations are
3 exempt from federal income tax under section 501(a) of the internal
4 revenue code and if all activities of the unit are exclusively
5 related to the charitable, educational, or other purposes or
6 functions that are the basis for the exemption of such
7 organizations from federal income tax, except the following:

8 (a) An organization exempt under section 501(c)(12) or (16) of
9 the internal revenue code.

10 (b) An organization exempt under section 501(c)(4) of the
11 internal revenue code that would be exempt under section 501(c)(12)
12 of the internal revenue code but for its failure to meet the
13 requirement in section 501(c)(12) that 85% or more of its income
14 must consist of amounts collected from members.

15 (4) "Tax year" means the calendar year, or the fiscal year
16 ending during the calendar year, upon the basis of which the tax
17 base of a taxpayer is computed under this act. If a return is made
18 for a fractional part of a year, tax year means the period for
19 which the return is made. Except for the first return required by
20 this act, a taxpayer's tax year is for the same period as is
21 covered by its federal income tax return. A taxpayer that has a 52-
22 or 53-week tax year beginning not more than 7 days before December
23 31 of any year is considered to have a tax year beginning after
24 December of that tax year.

25 (5) "Taxpayer" means a person or a unitary business group
26 liable for a tax, interest, or penalty under this act.

27 (6) "Unitary business group" means a group of United States

1 persons, other than a foreign operating entity **OR AN INDIVIDUAL NOT**
2 **ENGAGED IN A TRADE OR BUSINESS**, 1 of which owns or controls,
3 directly or indirectly, more than 50% of the ownership interest
4 with voting rights or ownership interests that confer comparable
5 rights to voting rights of the other United States persons, and
6 that has business activities or operations which result in a flow
7 of value between or among persons included in the unitary business
8 group or has business activities or operations that are integrated
9 with, are dependent upon, or contribute to each other. For purposes
10 of this subsection, flow of value is determined by reviewing the
11 totality of facts and circumstances of business activities and
12 operations.

13 (7) "United States person" means that term as defined in
14 section 7701(a)(30) of the internal revenue code.

15 (8) "Unrelated business activity" means, for a tax-exempt
16 person, business activity directly connected with an unrelated
17 trade or business as defined in section 513 of the internal revenue
18 code.

19 Enacting section 1. This amendatory act is retroactive and
20 effective for taxes levied on and after January 1, 2008 and applies
21 to all business activity occurring after December 31, 2007.