

SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4361

(As amended May 12, 2011)

<<A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending the title and sections 2, 4, 6, 24, 26, 30, 30f, 36,
51, 52, 91, 102, 103, 105, 110, 115, 132, 195, 201, 251, 255,
256, 265, 266, 270, 271, 272, 278, 301, 311, 315, 322, 325,
402, 408, 451, 455, 471, 475, 508, 510, 512, 514, 520,
522, 526, 527a, 530, and 532 (MCL 206.2, 206.4, 206.6, 206.24,
206.26, 206.30, 206.30f, 206.36, 206.51, 206.52, 206.91, 206.102,
206.103, 206.105, 206.110, 206.115, 206.132, 206.195, 206.201, 206.251,
206.255, 206.256, 206.265, 206.266, 206.270, 206.271, 206.272, 206.278,
206.301, 206.311, 206.315, 206.322, 206.325, 206.402, 206.408, 206.451,
206.455, 206.471, 206.475, 206.508, 206.510, 206.512, 206.514, 206.520,
206.522, 206.526, 206.527a, 206.530, and 206.532), section 4 as
amended by 2003 PA 52, section 26 as amended by 2003 PA 50,

House Bill No. 4361 as amended May 12, 2011
 section 30 as amended by 2009 PA 134, section 30f as added by 2000
 PA 163, sections 51 and 270 as amended by 2007 PA 94, section 52
 as added by 1988 PA 1, section 110 as amended by 2003 PA 21,
 sections 255, 256, 301, and 475 as amended by 1996 PA 484, section
 265 as amended by 1998 PA 19, section 266 as amended by 2008
 PA 447, section 272 as added by 2006 PA 372, section 278 as added by
 2010 PA 235, section 311 as amended by 2004 PA 199, section 315
 as amended by 2003 PA 49, sections 325 and 514 as amended by 1987
 PA 254, section 402 as added and section 408 as amended by 1980
 PA 169, section 451 as amended by 2003 PA 46, section 471 as amended
 by 2002 PA 486, section 508 as amended by 1990 PA 283, sections 510
 and 520 as amended by 1995 PA 245, section 512 as amended by 2003
 PA 29, section 522 as amended by 2000 PA 41, section 527a as amended
 by 2004 PA 335, and section 530 as amended by 1982 PA 480, by
 designating sections 1 to 532 as part 1, and by adding parts 2 and 3;
 and to repeal acts and parts of acts.>>

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1

TITLE

2

An act to meet deficiencies in state funds by providing for

3

the imposition, levy, computation, collection, assessment,

4

REPORTING, PAYMENT, and enforcement by lien and otherwise of

5

taxes on or measured by net income **AND ON CERTAIN COMMERCIAL,**

6

BUSINESS, AND FINANCIAL ACTIVITIES; to prescribe the manner and

7

time of making reports and paying the taxes, and the functions of

1 public officers and others as to the taxes; to permit the
 2 inspection of the records of taxpayers; to provide for interest
 3 and penalties on unpaid taxes; to provide exemptions, credits and
 4 refunds of the taxes; to prescribe penalties for the violation of
 5 this act; to provide an appropriation; and to repeal ~~certain acts~~
 6 and parts of acts.

7 **PART 1**

8 Sec. 2. (1) For the purposes of this ~~act~~, **PART**, the words,
 9 terms and phrases set forth in this chapter and their derivations
 10 have the meaning given therein. When not inconsistent with the
 11 context, words used in the present tense include the future,
 12 words in the plural number include the singular number, and in
 13 the singular number include the plural. "Shall" is always
 14 mandatory and "may" is always discretionary.

15 (2) Any term used in this ~~act~~ **PART** shall have the same
 16 meaning as when used in comparable context in the laws of the
 17 United States relating to federal income taxes unless a different
 18 meaning is clearly required. Any reference in this ~~act~~ **PART** to
 19 the internal revenue code shall include other provisions of the
 20 laws of the United States relating to federal income taxes.

21 (3) It is the intention of this ~~act~~ **PART** that the income
 22 subject to tax be the same as taxable income as defined and
 23 applicable to the subject taxpayer in the internal revenue code,
 24 except as otherwise provided in this act.

25 Sec. 4. ~~(1) "Board" means the state board of tax appeals.~~
 26 ~~——(2) "Business income" means all income arising from~~
 27 transactions, activities, and sources in the regular course of

1 the taxpayer's trade or business and includes the following:

2 (a) All income from tangible and intangible property if the
3 acquisition, rental, management, or disposition of the property
4 constitutes integral parts of the taxpayer's regular trade or
5 business operations.

6 (b) Gains or losses from stock and securities of any foreign
7 or domestic corporation and dividend and interest income.

8 (c) Income derived from isolated sales, leases, assignment,
9 licenses, divisions, or other infrequently occurring
10 dispositions, transfers, or transactions involving property if
11 the property is or was used in the taxpayer's trade or business
12 operation.

13 (d) Income derived from the sale of a business.

14 ~~—— (3) Not later than 2 years after the effective date of the~~
15 ~~amendatory act that added subsection (2) (b), the department shall~~
16 ~~report the impact of the amendatory act that added subsection~~
17 ~~(2) (b) on the tax liability under this act of resident and~~
18 ~~nonresident taxpayers to the house tax policy committee and the~~
19 ~~senate finance committee.~~

20 Sec. 6. (1) "Commercial domicile" means the principal place
21 from which the trade or business of the taxpayer is directed or
22 managed.

23 ~~—— (2) "Commissioner" means the commissioner of the department.~~

24 (2) ~~(3)~~—"Compensation" means wages as defined in section
25 3401 and other payments as provided in section 3402 of the
26 internal revenue code.

27 (3) ~~(4)~~—"Corporation" means, in addition to an incorporated

1 entity, an association, trust or any unincorporated organization
2 which is defined as a corporation in the internal revenue code.

3 Sec. 24. "Tax year" or "taxable year" means the calendar
4 year, or the fiscal year ending during such calendar year, upon
5 the basis of which taxable income is computed under this ~~act~~
6 **PART**. In the case of a return made for a fractional part of a
7 year, the term shall mean the period for which such return is
8 made. Except for the first return required by this ~~act~~, **PART**, any
9 taxpayer's tax year shall be for the same period as is covered by
10 his federal income tax return.

11 Sec. 26. "Taxpayer" means any person subject to the taxes
12 imposed by this ~~act~~, **PART**, any employer required to withhold
13 taxes on salaries and wages, or any flow-through entity required
14 to withhold taxes on a nonresident member's share of income
15 available for distribution.

16 Sec. 30. (1) "Taxable income" means, for a person other than
17 a corporation, estate, or trust, adjusted gross income as defined
18 in the internal revenue code subject to the following adjustments
19 under this section:

20 (a) Add gross interest income and dividends derived from
21 obligations or securities of states other than Michigan, in the
22 same amount that has been excluded from adjusted gross income
23 less related expenses not deducted in computing adjusted gross
24 income because of section 265(a)(1) of the internal revenue code.

25 (b) Add taxes on or measured by income to the extent the
26 taxes have been deducted in arriving at adjusted gross income.

27 (c) Add losses on the sale or exchange of obligations of the

1 United States government, the income of which this state is
 2 prohibited from subjecting to a net income tax, to the extent
 3 that the loss has been deducted in arriving at adjusted gross
 4 income.

5 (d) Deduct, to the extent included in adjusted gross income,
 6 income derived from obligations, or the sale or exchange of
 7 obligations, of the United States government that this state is
 8 prohibited by law from subjecting to a net income tax, reduced by
 9 any interest on indebtedness incurred in carrying the obligations
 10 and by any expenses incurred in the production of that income to
 11 the extent that the expenses, including amortizable bond
 12 premiums, were deducted in arriving at adjusted gross income.

13 (e) Deduct, to the extent included in adjusted gross income,
 14 ~~compensation,~~ **THE FOLLOWING:**

15 (i) **COMPENSATION**, including retirement benefits, received for
 16 services in the armed forces of the United States.

17 (ii) **RETIREMENT OR PENSION BENEFITS UNDER THE RAILROAD**
 18 **RETIREMENT ACT OF 1974, 45 USC 231 TO 231V.**

19 (f) Deduct the following to the extent included in adjusted
 20 gross income **SUBJECT TO THE LIMITATIONS AND RESTRICTIONS SET**
 21 **FORTH IN SUBSECTION (9):**

22 (i) Retirement or pension benefits received from a federal
 23 public retirement system or from a public retirement system of or
 24 created by this state or a political subdivision of this state.

25 (ii) Retirement or pension benefits received from a public
 26 retirement system of or created by another state or any of its
 27 political subdivisions if the income tax laws of the other state

1 permit a similar deduction or exemption or a reciprocal deduction
2 or exemption of a retirement or pension benefit received from a
3 public retirement system of or created by this state or any of
4 the political subdivisions of this state.

5 (iii) Social security benefits as defined in section 86 of the
6 internal revenue code.

7 (iv) Beginning on and after January 1, 2007, retirement or
8 pension benefits not deductible under subparagraph (i) or
9 subdivision (e) from any other retirement or pension system or
10 benefits from a retirement annuity policy in which payments are
11 made for life to a senior citizen, to a maximum of \$42,240.00 for
12 a single return and \$84,480.00 for a joint return. The maximum
13 amounts allowed under this subparagraph shall be reduced by the
14 amount of the deduction for retirement or pension benefits
15 claimed under subparagraph (i) or subdivision (e) and by the
16 amount of a deduction claimed under subdivision ~~(r)~~—(P). For the
17 2008 tax year and each tax year after 2008, the maximum amounts
18 allowed under this subparagraph shall be adjusted by the
19 percentage increase in the United States consumer price index for
20 the immediately preceding calendar year. The department shall
21 annualize the amounts provided in this subparagraph as necessary.
22 As used in this subparagraph, "senior citizen" means that term as
23 defined in section 514.

24 (v) The amount determined to be the section 22 amount
25 eligible for the elderly and the permanently and totally disabled
26 credit provided in section 22 of the internal revenue code.

27 (g) Adjustments resulting from the application of section

1 271.

2 (h) Adjustments with respect to estate and trust income as
3 provided in section 36.

4 (i) Adjustments resulting from the allocation and
5 apportionment provisions of chapter 3.

6 ~~—— (j) Deduct political contributions as described in section 4
7 of the Michigan campaign finance act, 1976 PA 388, MCL 169.204,
8 or 2 USC 431, not in excess of \$50.00 per annum, or \$100.00 per
9 annum for a joint return.~~

10 ~~—— (k) Deduct, to the extent included in adjusted gross income,
11 wages not deductible under section 280C of the internal revenue
12 code.~~

13 (J) ~~(I)~~ Deduct the following payments made by the taxpayer in
14 the tax year:

15 (i) For the 2010 tax year and each tax year after 2010, the
16 amount of a charitable contribution made to the advance tuition
17 payment fund created under section 9 of the Michigan education
18 trust act, 1986 PA 316, MCL 390.1429.

19 (ii) The amount of payment made under an advance tuition
20 payment contract as provided in the Michigan education trust act,
21 1986 PA 316, MCL 390.1421 to 390.1442.

22 (iii) The amount of payment made under a contract with a
23 private sector investment manager that meets all of the following
24 criteria:

25 (A) The contract is certified and approved by the board of
26 directors of the Michigan education trust to provide equivalent
27 benefits and rights to purchasers and beneficiaries as an advance

1 tuition payment contract as described in subparagraph (ii).

2 (B) The contract applies only for a state institution of
3 higher education as defined in the Michigan education trust act,
4 1986 PA 316, MCL 390.1421 to 390.1442, or a community or junior
5 college in Michigan.

6 (C) The contract provides for enrollment by the contract's
7 qualified beneficiary in not less than 4 years after the date on
8 which the contract is entered into.

9 (D) The contract is entered into after either of the
10 following:

11 (I) The purchaser has had his or her offer to enter into an
12 advance tuition payment contract rejected by the board of
13 directors of the Michigan education trust, if the board
14 determines that the trust cannot accept an unlimited number of
15 enrollees upon an actuarially sound basis.

16 (II) The board of directors of the Michigan education trust
17 determines that the trust can accept an unlimited number of
18 enrollees upon an actuarially sound basis.

19 (K) ~~(m)~~—If an advance tuition payment contract under the
20 Michigan education trust act, 1986 PA 316, MCL 390.1421 to
21 390.1442, or another contract for which the payment was
22 deductible under subdivision ~~(l)~~—(J) is terminated and the
23 qualified beneficiary under that contract does not attend a
24 university, college, junior or community college, or other
25 institution of higher education, add the amount of a refund
26 received by the taxpayer as a result of that termination or the
27 amount of the deduction taken under subdivision ~~(l)~~—(J) for

1 payment made under that contract, whichever is less.

2 (I) ~~(n)~~—Deduct from the taxable income of a purchaser the
3 amount included as income to the purchaser under the internal
4 revenue code after the advance tuition payment contract entered
5 into under the Michigan education trust act, 1986 PA 316, MCL
6 390.1421 to 390.1442, is terminated because the qualified
7 beneficiary attends an institution of postsecondary education
8 other than either a state institution of higher education or an
9 institution of postsecondary education located outside this state
10 with which a state institution of higher education has
11 reciprocity.

12 (M) ~~(e)~~—Add, to the extent deducted in determining adjusted
13 gross income, the net operating loss deduction under section 172
14 of the internal revenue code.

15 (N) ~~(p)~~—Deduct a net operating loss deduction for the
16 taxable year as determined under section 172 of the internal
17 revenue code subject to the modifications under section 172(b)(2)
18 of the internal revenue code and subject to the allocation and
19 apportionment provisions of chapter 3 of this act ~~act~~ **PART** for the
20 taxable year in which the loss was incurred.

21 (O) ~~(q)~~—Deduct, to the extent included in adjusted gross
22 income, benefits from a discriminatory self-insurance medical
23 expense reimbursement plan.

24 (P) ~~(r)~~—Beginning on and after January 1, 2007, **SUBJECT TO**
25 **ANY LIMITATION PROVIDED IN THIS SUBDIVISION**, a taxpayer who is a
26 senior citizen may deduct to the extent included in adjusted
27 gross income, interest, dividends, and capital gains received in

1 the tax year not to exceed \$9,420.00 for a single return and
 2 \$18,840.00 for a joint return. The maximum amounts allowed under
 3 this subdivision shall be reduced by the amount of a deduction
 4 claimed for retirement benefits under subdivision (e) or a
 5 deduction claimed under subdivision (f) (i), (ii), (iv), or (v). For
 6 the 2008 tax year and each tax year after 2008, the maximum
 7 amounts allowed under this subdivision shall be adjusted by the
 8 percentage increase in the United States consumer price index for
 9 the immediately preceding calendar year. The department shall
 10 annualize the amounts provided in this subdivision as necessary.
 11 **BEGINNING JANUARY 1, 2012, THE DEDUCTION UNDER THIS SUBSECTION IS**
 12 **NOT AVAILABLE TO A SENIOR CITIZEN BORN AFTER 1945.** As used in
 13 this subdivision, "senior citizen" means that term as defined in
 14 section 514.

15 (Q) ~~(s)~~—Deduct, to the extent included in adjusted gross
 16 income, all of the following:

17 (i) The amount of a refund received in the tax year based on
 18 taxes paid under this ~~act~~ **PART**.

19 (ii) The amount of a refund received in the tax year based on
 20 taxes paid under the city income tax act, 1964 PA 284, MCL
 21 141.501 to 141.787.

22 (iii) The amount of a credit received in the tax year based on
 23 a claim filed under sections 520 and 522 to the extent that the
 24 taxes used to calculate the credit were not used to reduce
 25 adjusted gross income for a prior year.

26 (R) ~~(t)~~—Add the amount paid by the state on behalf of the
 27 taxpayer in the tax year to repay the outstanding principal on a

1 loan taken on which the taxpayer defaulted that was to fund an
2 advance tuition payment contract entered into under the Michigan
3 education trust act, 1986 PA 316, MCL 390.1421 to 390.1442, if
4 the cost of the advance tuition payment contract was deducted
5 under subdivision ~~(I)~~ **(J)** and was financed with a Michigan
6 education trust secured loan.

7 ~~——— (u) Deduct the amount calculated under section 30d.~~

8 **(S)** ~~(v)~~ Deduct, to the extent included in adjusted gross
9 income, any amount, and any interest earned on that amount,
10 received in the tax year by a taxpayer who is a Holocaust victim
11 as a result of a settlement of claims against any entity or
12 individual for any recovered asset pursuant to the German act
13 regulating unresolved property claims, also known as Gesetz zur
14 Regelung offener Vermögensfragen, as a result of the settlement
15 of the action entitled In re: Holocaust victim assets litigation,
16 CV-96-4849, CV-96-5161, and CV-97-0461 (E.D. NY), or as a result
17 of any similar action if the income and interest are not
18 commingled in any way with and are kept separate from all other
19 funds and assets of the taxpayer. As used in this subdivision:

20 (i) "Holocaust victim" means a person, or the heir or
21 beneficiary of that person, who was persecuted by Nazi Germany or
22 any Axis regime during any period from 1933 to 1945.

23 (ii) "Recovered asset" means any asset of any type and any
24 interest earned on that asset including, but not limited to, bank
25 deposits, insurance proceeds, or artwork owned by a Holocaust
26 victim during the period from 1920 to 1945, withheld from that
27 Holocaust victim from and after 1945, and not recovered,

1 returned, or otherwise compensated to the Holocaust victim until
2 after 1993.

3 (T) ~~(w)~~—Deduct, to the extent not deducted in determining
4 adjusted gross income, both of the following:

5 (i) Contributions made by the taxpayer in the tax year less
6 qualified withdrawals made in the tax year from education savings
7 accounts, calculated on a per education savings account basis,
8 pursuant to the Michigan education savings program act, 2000 PA
9 161, MCL 390.1471 to 390.1486, not to exceed a total deduction of
10 \$5,000.00 for a single return or \$10,000.00 for a joint return
11 per tax year. The amount calculated under this subparagraph for
12 each education savings account shall not be less than zero.

13 (ii) The amount under section 30f.

14 (U) ~~(x)~~—Add, to the extent not included in adjusted gross
15 income, the amount of money withdrawn by the taxpayer in the tax
16 year from education savings accounts, not to exceed the total
17 amount deducted under subdivision ~~(w)~~—(T) in the tax year and all
18 previous tax years, if the withdrawal was not a qualified
19 withdrawal as provided in the Michigan education savings program
20 act, 2000 PA 161, MCL 390.1471 to 390.1486. This subdivision does
21 not apply to withdrawals that are less than the sum of all
22 contributions made to an education savings account in all
23 previous tax years for which no deduction was claimed under
24 subdivision ~~(w)~~—(T), less any contributions for which no
25 deduction was claimed under subdivision ~~(w)~~—(T) that were
26 withdrawn in all previous tax years.

27 ~~—(y) Deduct, to the extent included in adjusted gross income,~~

~~1 the amount of a distribution from individual retirement accounts
2 that qualify under section 408 of the internal revenue code if
3 the distribution is used to pay qualified higher education
4 expenses as that term is defined in the Michigan education
5 savings program act, 2000 PA 161, MCL 390.1471 to 390.1486.
6 ——— (z) Deduct, to the extent included in adjusted gross income,
7 an amount equal to the qualified charitable distribution made in
8 the tax year by a taxpayer to a charitable organization. The
9 amount allowed under this subdivision shall be equal to the
10 amount deductible by the taxpayer under section 170 of the
11 internal revenue code with respect to the qualified charitable
12 distribution in the tax year in which the taxpayer makes the
13 distribution to the qualified charitable organization, reduced by
14 both the amount of the deduction for retirement or pension
15 benefits claimed by the taxpayer under subdivision (f) (i), (ii),
16 (iv), or (v) and by 2 times the total amount of credits claimed
17 under sections 260 and 261 for the tax year. As used in this
18 subdivision, "qualified charitable distribution" means a
19 distribution of assets to a qualified charitable organization by
20 a taxpayer not more than 60 days after the date on which the
21 taxpayer received the assets as a distribution from a retirement
22 or pension plan described in subsection (8)(a). A distribution is
23 to a qualified charitable organization if the distribution is
24 made in any of the following circumstances:
25 ——— (i) To an organization described in section 501(c)(3) of the
26 internal revenue code except an organization that is controlled
27 by a political party, an elected official or a candidate for an~~

1 ~~elective office.~~
 2 ~~—— (ii) To a charitable remainder annuity trust or a charitable~~
 3 ~~remainder unitrust as defined in section 664(d) of the internal~~
 4 ~~revenue code; to a pooled income fund as defined in section~~
 5 ~~642(c)(5) of the internal revenue code; or for the issuance of a~~
 6 ~~charitable gift annuity as defined in section 501(m)(5) of the~~
 7 ~~internal revenue code. A trust, fund, or annuity described in~~
 8 ~~this subparagraph is a qualified charitable organization only if~~
 9 ~~no person holds any interest in the trust, fund, or annuity other~~
 10 ~~than 1 or more of the following:~~

11 ~~—— (A) The taxpayer who received the distribution from the~~
 12 ~~retirement or pension plan.~~

13 ~~—— (B) The spouse of an individual described in sub-~~
 14 ~~subparagraph (A).~~

15 ~~—— (C) An organization described in section 501(c)(3) of the~~
 16 ~~internal revenue code.~~

17 (V) ~~(aa)~~ A taxpayer who is a resident tribal member may
 18 deduct, to the extent included in adjusted gross income, all
 19 nonbusiness income earned or received in the tax year and during
 20 the period in which an agreement entered into between the
 21 taxpayer's tribe and this state pursuant to section 30c of 1941
 22 PA 122, MCL 205.30c, is in full force and effect. As used in this
 23 subdivision:

24 (i) "Business income" means business income as defined in
 25 section 4 and apportioned under chapter 3.

26 (ii) "Nonbusiness income" means nonbusiness income as defined
 27 in section 14 and, to the extent not included in business income,

- 1 all of the following:
- 2 (A) All income derived from wages whether the wages are
3 earned within the agreement area or outside of the agreement
4 area.
- 5 (B) All interest and passive dividends.
- 6 (C) All rents and royalties derived from real property
7 located within the agreement area.
- 8 (D) All rents and royalties derived from tangible personal
9 property, to the extent the personal property is utilized within
10 the agreement area.
- 11 (E) Capital gains from the sale or exchange of real property
12 located within the agreement area.
- 13 (F) Capital gains from the sale or exchange of tangible
14 personal property located within the agreement area at the time
15 of sale.
- 16 (G) Capital gains from the sale or exchange of intangible
17 personal property.
- 18 (H) All pension income and benefits including, but not
19 limited to, distributions from a 401(k) plan, individual
20 retirement accounts under section 408 of the internal revenue
21 code, or a defined contribution plan, or payments from a defined
22 benefit plan.
- 23 (I) All per capita payments by the tribe to resident tribal
24 members, without regard to the source of payment.
- 25 (J) All gaming winnings.
- 26 (iii) "Resident tribal member" means an individual who meets
27 all of the following criteria:

1 (A) Is an enrolled member of a federally recognized tribe.

2 (B) The individual's tribe has an agreement with this state
3 pursuant to section 30c of 1941 PA 122, MCL 205.30c, that is in
4 full force and effect.

5 (C) The individual's principal place of residence is located
6 within the agreement area as designated in the agreement under
7 sub-subparagraph (B).

8 ~~—— (bb) For tax years that begin after December 31, 2006,~~
9 ~~deduct, to the extent included in adjusted gross income, all or a~~
10 ~~portion of the gain, as determined under this section, realized~~
11 ~~from an initial equity investment of not less than \$100,000.00~~
12 ~~made by the taxpayer before December 31, 2009, in a qualified~~
13 ~~business, if an amount equal to the sum of the taxpayer's basis~~
14 ~~in the investment as determined under the internal revenue code~~
15 ~~plus the gain, or a portion of that amount, is reinvested in an~~
16 ~~equity investment in a qualified business within 1 year after the~~
17 ~~sale or disposition of the investment in the qualified business.~~
18 ~~If the amount of the subsequent investment is less than the sum~~
19 ~~of the taxpayer's basis from the prior equity investment plus the~~
20 ~~gain from the prior equity investment, the amount of a deduction~~
21 ~~under this section shall be reduced by the difference between the~~
22 ~~sum of the taxpayer's basis from the prior equity investment plus~~
23 ~~the gain from the prior equity investment and the subsequent~~
24 ~~investment. As used in this subdivision:~~

25 ~~—— (i) "Advanced automotive, manufacturing, and materials~~
26 ~~technology" means any technology that involves 1 or more of the~~
27 ~~following:~~

1 ~~—— (A) Materials with engineered properties created through the~~
2 ~~development of specialized process and synthesis technology.~~

3 ~~—— (B) Nanotechnology, including materials, devices, or systems~~
4 ~~at the atomic, molecular, or macromolecular level, with a scale~~
5 ~~measured in nanometers.~~

6 ~~—— (C) Microelectromechanical systems, including devices or~~
7 ~~systems integrating microelectronics with mechanical parts and a~~
8 ~~scale measured in micrometers.~~

9 ~~—— (D) Improvements to vehicle safety, vehicle performance,~~
10 ~~vehicle production, or environmental impact, including, but not~~
11 ~~limited to, vehicle equipment and component parts.~~

12 ~~—— (E) Any technology that involves an alternative energy~~
13 ~~vehicle or its components. "Alternative energy vehicle" means~~
14 ~~that term as defined in section 2 of the Michigan next energy~~
15 ~~authority act, 2002 PA 593, MCL 207.822.~~

16 ~~—— (F) A new technology, device, or system that enhances or~~
17 ~~improves the manufacturing process of wood, timber, or~~
18 ~~agricultural based products.~~

19 ~~—— (G) Advanced computing or electronic device technology~~
20 ~~related to technology described under this subparagraph.~~

21 ~~—— (H) Design, engineering, testing, or diagnostics related to~~
22 ~~technology described under this subparagraph.~~

23 ~~—— (I) Product research and development related to technology~~
24 ~~described under this subparagraph.~~

25 ~~—— (ii) "Advanced computing" means any technology used in the~~
26 ~~design and development of 1 or more of the following:~~

27 ~~—— (A) Computer hardware and software.~~

- 1 ~~—— (B) Data communications.~~
- 2 ~~—— (C) Information technologies.~~
- 3 ~~—— (iii) "Alternative energy technology" means applied research~~
4 ~~or commercialization of new or next generation technology in 1 or~~
5 ~~more of the following:~~
- 6 ~~—— (A) Alternative energy technology as that term is defined in~~
7 ~~section 2 of the Michigan next energy authority act, 2002 PA 593,~~
8 ~~MCL 207.822.~~
- 9 ~~—— (B) Devices or systems designed and used solely for the~~
10 ~~purpose of generating energy from agricultural crops, residue and~~
11 ~~waste generated from the production and processing of~~
12 ~~agricultural products, animal wastes, or food processing wastes,~~
13 ~~not including a conventional gasoline or diesel fuel engine or a~~
14 ~~retrofitted conventional gasoline or diesel fuel engine.~~
- 15 ~~—— (C) A new technology, product, or system that permits the~~
16 ~~utilization of biomass for the production of specialty,~~
17 ~~commodity, or foundational chemicals or of novel or economical~~
18 ~~commodity materials through the application of biotechnology that~~
19 ~~minimizes, complements, or replaces reliance on petroleum for the~~
20 ~~production.~~
- 21 ~~—— (D) Advanced computing or electronic device technology~~
22 ~~related to technology described under this subparagraph.~~
- 23 ~~—— (E) Design, engineering, testing, or diagnostics related to~~
24 ~~technology described under this subparagraph.~~
- 25 ~~—— (F) Product research and development related to a technology~~
26 ~~described under this subparagraph.~~
- 27 ~~—— (iv) "Competitive edge technology" means 1 or more of the~~

- 1 following:
- 2 ~~—— (A) Advanced automotive, manufacturing, and materials~~
3 ~~technology.~~
- 4 ~~—— (B) Alternative energy technology.~~
- 5 ~~—— (C) Homeland security and defense technology.~~
- 6 ~~—— (D) Life sciences technology.~~
- 7 ~~—— (v) "Electronic device technology" means any technology that~~
8 ~~involves microelectronics, semiconductors, electronic equipment,~~
9 ~~and instrumentation, radio frequency, microwave, and millimeter~~
10 ~~electronics, optical and optic electrical devices, or data and~~
11 ~~digital communications and imaging devices.~~
- 12 ~~—— (vi) "Homeland security and defense technology" means~~
13 ~~technology that assists in the assessment of threats or damage to~~
14 ~~the general population and critical infrastructure, protection~~
15 ~~of, defense against, or mitigation of the effects of foreign or~~
16 ~~domestic threats, disasters, or attacks, or support for crisis or~~
17 ~~response management, including, but not limited to, 1 or more of~~
18 ~~the following:~~
- 19 ~~—— (A) Sensors, systems, processes, or equipment for~~
20 ~~communications, identification and authentication, screening,~~
21 ~~surveillance, tracking, and data analysis.~~
- 22 ~~—— (B) Advanced computing or electronic device technology~~
23 ~~related to technology described under this subparagraph.~~
- 24 ~~—— (C) Aviation technology including, but not limited to,~~
25 ~~avionics, airframe design, sensors, early warning systems, and~~
26 ~~services related to the technology described in this~~
27 ~~subparagraph.~~

1 ~~—— (D) Design, engineering, testing, or diagnostics related to~~
2 ~~technology described under this subparagraph.~~

3 ~~—— (E) Product research and development related to technology~~
4 ~~described under this subparagraph.~~

5 ~~—— (vii) "Life sciences technology" means any technology derived~~
6 ~~from life sciences intended to improve human health or the~~
7 ~~overall quality of human life, including, but not limited to,~~
8 ~~systems, processes, or equipment for drug or gene therapies,~~
9 ~~biosensors, testing, medical devices or instrumentation with a~~
10 ~~therapeutic or diagnostic value, a pharmaceutical or other~~
11 ~~product that requires United States food and drug administration~~
12 ~~approval or registration prior to its introduction in the~~
13 ~~marketplace and is a drug or medical device as defined by the~~
14 ~~federal food, drug, and cosmetic act, 21 USC 301 to 399, or 1 or~~
15 ~~more of the following:~~

16 ~~—— (A) Advanced computing or electronic device technology~~
17 ~~related to technology described under this subparagraph.~~

18 ~~—— (B) Design, engineering, testing, or diagnostics related to~~
19 ~~technology or the commercial manufacturing of technology~~
20 ~~described under this subparagraph.~~

21 ~~—— (C) Product research and development related to technology~~
22 ~~described under this subparagraph.~~

23 ~~—— (viii) "Life sciences" means science for the examination or~~
24 ~~understanding of life or life processes, including, but not~~
25 ~~limited to, all of the following:~~

26 ~~—— (A) Bioengineering.~~

27 ~~—— (B) Biomedical engineering.~~

- 1 ~~—— (C) Genomics.~~
- 2 ~~—— (D) Proteomics.~~
- 3 ~~—— (E) Molecular and chemical ecology.~~
- 4 ~~—— (F) Biotechnology, including any technology that uses living~~
5 ~~organisms, cells, macromolecules, microorganisms, or substances~~
6 ~~from living organisms to make or modify a product for useful~~
7 ~~purposes. Biotechnology or life sciences do not include any of~~
8 ~~the following:~~
- 9 ~~—— (I) Activities prohibited under section 2685 of the public~~
10 ~~health code, 1978 PA 368, MCL 333.2685.~~
- 11 ~~—— (II) Activities prohibited under section 2688 of the public~~
12 ~~health code, 1978 PA 368, MCL 333.2688.~~
- 13 ~~—— (III) Activities prohibited under section 2690 of the public~~
14 ~~health code, 1978 PA 368, MCL 333.2690.~~
- 15 ~~—— (IV) Activities prohibited under section 16274 of the public~~
16 ~~health code, 1978 PA 368, MCL 333.16274.~~
- 17 ~~—— (V) Stem cell research with human embryonic tissue.~~
- 18 ~~—— (ix) "Qualified business" means a business that complies with~~
19 ~~all of the following:~~
- 20 ~~—— (A) The business is a seed or early stage business as~~
21 ~~defined in section 3 of the Michigan early stage venture~~
22 ~~investment act of 2003, 2003 PA 296, MCL 125.2233.~~
- 23 ~~—— (B) The business has its headquarters in this state, is~~
24 ~~domiciled in this state, or has a majority of its employees~~
25 ~~working a majority of their time in this state.~~
- 26 ~~—— (C) The business has a preinvestment valuation of less than~~
27 ~~\$10,000,000.00.~~

1 ~~—— (D) The business has been in existence less than 5 years.~~
2 ~~This sub-subparagraph does not apply to a business, the business~~
3 ~~activity of which is derived from research at an institution of~~
4 ~~higher education located within this state or an organization~~
5 ~~exempt from federal taxation under section 501c(3) of the~~
6 ~~internal revenue code and that is located within this state.~~

7 ~~—— (E) The business is engaged only in competitive edge~~
8 ~~technology.~~

9 ~~—— (F) The business is certified by the Michigan strategic fund~~
10 ~~as meeting the requirements of sub-subparagraphs (A) to (E) at~~
11 ~~the time of each proposed investment.~~

12 **(W) FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 2011,**
13 **ELIMINATE ALL OF THE FOLLOWING:**

14 **(i) INCOME FROM PRODUCING OIL AND GAS TO THE EXTENT INCLUDED**
15 **IN ADJUSTED GROSS INCOME.**

16 **(ii) EXPENSES OF PRODUCING OIL AND GAS TO THE EXTENT DEDUCTED**
17 **IN ARRIVING AT ADJUSTED GROSS INCOME.**

18 (2) Except as otherwise provided in subsection (7), a
19 personal exemption of ~~\$2,500.00~~ **\$3,700.00** multiplied by the
20 number of personal or dependency exemptions allowable on the
21 taxpayer's federal income tax return pursuant to the internal
22 revenue code shall be subtracted in the calculation that
23 determines taxable income.

24 (3) Except as otherwise provided in subsection (7), a single
25 additional exemption determined as follows shall be subtracted in
26 the calculation that determines taxable income in each of the
27 following circumstances:

1 ~~—— (a) \$1,800.00 for each taxpayer and every dependent of the~~
 2 ~~taxpayer who is 65 years of age or older. When a dependent of a~~
 3 ~~taxpayer files an annual return under this act, the taxpayer or~~
 4 ~~dependent of the taxpayer, but not both, may claim the additional~~
 5 ~~exemption allowed under this subdivision. As used in this~~
 6 ~~subdivision and subdivision (c), "dependent" means that term as~~
 7 ~~defined in section 30e.~~

8 (A) ~~(b)~~ \$1,800.00 for each taxpayer and every dependent of
 9 the taxpayer who is a deaf person as defined in section 2 of the
 10 deaf persons' interpreters act, 1982 PA 204, MCL 393.502; a
 11 paraplegic, a quadriplegic, or a hemiplegic; a person who is
 12 blind as defined in section 504; or a person who is totally and
 13 permanently disabled as defined in section 522. When a dependent
 14 of a taxpayer files an annual return under this act, ~~PART~~, the
 15 taxpayer or dependent of the taxpayer, but not both, may claim
 16 the additional exemption allowed under this subdivision. **AS USED**
 17 **IN THIS SUBDIVISION, "DEPENDENT" MEANS THAT TERM AS DEFINED IN**
 18 **SECTION 30E.**

19 ~~—— (c) \$1,800.00 if the taxpayer's return includes unemployment~~
 20 ~~compensation that amounts to 50% or more of adjusted gross~~
 21 ~~income.~~

22 (B) ~~(d)~~ For tax years beginning after 2007, \$250.00 for each
 23 taxpayer and every dependent of the taxpayer who is a qualified
 24 disabled veteran. When a dependent of a taxpayer files an annual
 25 return under this act, ~~PART~~, the taxpayer or dependent of the
 26 taxpayer, but not both, may claim the additional exemption
 27 allowed under this subdivision. As used in this subdivision:

1 (i) "Qualified disabled veteran" means a veteran with a
2 service-connected disability.

3 (ii) "Service-connected disability" means a disability
4 incurred or aggravated in the line of duty in the active
5 military, naval, or air service as described in 38 USC 101(16).

6 (iii) "Veteran" means a person who served in the active
7 military, naval, marine, coast guard, or air service and who was
8 discharged or released from his or her service with an honorable
9 or general discharge.

10 (4) An individual with respect to whom a deduction under
11 section 151 of the internal revenue code is allowable to another
12 federal taxpayer during the tax year is not considered to have an
13 allowable federal exemption for purposes of subsection (2), but
14 may subtract \$1,500.00 in the calculation that determines taxable
15 income for a tax year.

16 (5) A nonresident or a part-year resident is allowed that
17 proportion of an exemption or deduction allowed under subsection
18 (2), (3), or (4) that the taxpayer's portion of adjusted gross
19 income from Michigan sources bears to the taxpayer's total
20 adjusted gross income.

21 (6) In calculating taxable income, a taxpayer shall not
22 subtract from adjusted gross income the amount of prizes won by
23 the taxpayer under the McCauley-Traxler-Law-Bowman-McNeely
24 lottery act, 1972 PA 239, MCL 432.1 to 432.47.

25 (7) For each tax year **BEGINNING ON AND AFTER JANUARY 1,**
26 **2013**, the personal exemption allowed under subsection (2) shall
27 be adjusted by multiplying the exemption for the tax year

1 beginning in ~~1997-2012~~ by a fraction, the numerator of which is
2 the United States consumer price index for the state fiscal year
3 ending in the tax year prior to the tax year for which the
4 adjustment is being made and the denominator of which is the
5 United States consumer price index for the ~~1995-96-2010-2011~~
6 state fiscal year. The resultant product shall be rounded to the
7 nearest \$100.00 increment. ~~The personal exemption for the tax~~
8 ~~year shall be determined by adding \$200.00 to that rounded~~
9 ~~amount.~~ As used in this section, "United States consumer price
10 index" means the United States consumer price index for all urban
11 consumers as defined and reported by the United States department
12 of labor, bureau of labor statistics. For each tax year, the
13 exemptions allowed under subsection (3) shall be adjusted by
14 multiplying the exemption amount under subsection (3) for the tax
15 year by a fraction, the numerator of which is the United States
16 consumer price index for the state fiscal year ending the tax
17 year prior to the tax year for which the adjustment is being made
18 and the denominator of which is the United States consumer price
19 index for the 1998-1999 state fiscal year. The resultant product
20 shall be rounded to the nearest \$100.00 increment. **FOR A TAXPAYER**
21 **WHOSE TOTAL HOUSEHOLD RESOURCES ARE \$75,000.00 OR MORE FOR A**
22 **SINGLE RETURN OR \$150,000.00 OR MORE FOR A JOINT RETURN, THE**
23 **PERSONAL EXEMPTION ALLOWED UNDER SUBSECTION (2) SHALL BE ADJUSTED**
24 **BY MULTIPLYING THE EXEMPTION FOR THE TAX YEAR FOR A SINGLE RETURN**
25 **BY A FRACTION, THE NUMERATOR OF WHICH IS \$100,000.00 MINUS THE**
26 **TAXPAYER'S TOTAL HOUSEHOLD RESOURCES, AND THE DENOMINATOR OF**
27 **WHICH IS \$25,000.00, AND FOR A JOINT RETURN BY A FRACTION, THE**

1 NUMERATOR OF WHICH IS \$200,000.00 MINUS THE TAXPAYER'S TOTAL
2 HOUSEHOLD RESOURCES, AND THE DENOMINATOR OF WHICH IS \$50,000.00.
3 THE PERSONAL EXEMPTION ALLOWED UNDER SUBSECTION (2) SHALL NOT BE
4 ALLOWED FOR A SINGLE TAXPAYER WHOSE TOTAL HOUSEHOLD RESOURCES
5 EXCEED \$100,000.00 OR FOR JOINT FILERS WHOSE TOTAL HOUSEHOLD
6 RESOURCES EXCEED \$200,000.00.

7 (8) As used in subsection (1)(f), "retirement or pension
8 benefits" means distributions from all of the following:

9 (a) Except as provided in subdivision (d), qualified pension
10 trusts and annuity plans that qualify under section 401(a) of the
11 internal revenue code, including all of the following:

12 (i) Plans for self-employed persons, commonly known as Keogh
13 or HR10 plans.

14 (ii) Individual retirement accounts that qualify under
15 section 408 of the internal revenue code if the distributions are
16 not made until the participant has reached 59-1/2 years of age,
17 except in the case of death, disability, or distributions
18 described by section 72(t)(2)(A)(iv) of the internal revenue code.

19 (iii) Employee annuities or tax-sheltered annuities purchased
20 under section 403(b) of the internal revenue code by
21 organizations exempt under section 501(c)(3) of the internal
22 revenue code, or by public school systems.

23 (iv) Distributions from a 401(k) plan attributable to
24 employee contributions mandated by the plan or attributable to
25 employer contributions.

26 (b) The following retirement and pension plans not qualified
27 under the internal revenue code:

1 (i) Plans of the United States, state governments other than
2 this state, and political subdivisions, agencies, or
3 instrumentalities of this state.

4 (ii) Plans maintained by a church or a convention or
5 association of churches.

6 (iii) All other unqualified pension plans that prescribe
7 eligibility for retirement and predetermine contributions and
8 benefits if the distributions are made from a pension trust.

9 (c) Retirement or pension benefits received by a surviving
10 spouse if those benefits qualified for a deduction prior to the
11 decedent's death. Benefits received by a surviving child are not
12 deductible.

13 (d) Retirement and pension benefits do not include:

14 (i) Amounts received from a plan that allows the employee to
15 set the amount of compensation to be deferred and does not
16 prescribe retirement age or years of service. These plans
17 include, but are not limited to, all of the following:

18 (A) Deferred compensation plans under section 457 of the
19 internal revenue code.

20 (B) Distributions from plans under section 401(k) of the
21 internal revenue code other than plans described in subdivision
22 (a) (iv) .

23 (C) Distributions from plans under section 403(b) of the
24 internal revenue code other than plans described in subdivision
25 (a) (iii) .

26 (ii) Premature distributions paid on separation, withdrawal,
27 or discontinuance of a plan prior to the earliest date the

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1 recipient could have retired under the provisions of the plan.

2 (iii) Payments received as an incentive to retire early unless
3 the distributions are from a pension trust.

4 (9) IN DETERMINING TAXABLE INCOME UNDER THIS SECTION, THE
5 FOLLOWING LIMITATIONS AND RESTRICTIONS APPLY:

6 (A) FOR A PERSON BORN BEFORE 1946, THIS SUBSECTION PROVIDES
7 NO ADDITIONAL RESTRICTIONS OR LIMITATIONS UNDER SUBSECTION

8 (1) (F) .

9 (B) FOR A PERSON BORN IN 1946 THROUGH 1952, THE SUM OF THE
10 DEDUCTIONS UNDER SUBSECTION (1) (F) (i) , (ii) , AND (iv) IS LIMITED TO
11 \$20,000.00 FOR A SINGLE RETURN AND \$40,000.00 FOR A JOINT RETURN.
12 AFTER THAT PERSON REACHES THE AGE OF 67, THE DEDUCTIONS UNDER
13 SUBSECTION (1) (F) (i) , (ii) , AND (iv) DO NOT APPLY AND THAT PERSON IS
14 ELIGIBLE FOR A DEDUCTION OF \$20,000.00 FOR A SINGLE RETURN AND
15 \$40,000.00 FOR A JOINT RETURN, WHICH DEDUCTION IS AVAILABLE
16 AGAINST ALL TYPES OF INCOME AND IS NOT RESTRICTED TO INCOME FROM
17 RETIREMENT OR PENSION BENEFITS. HOWEVER IF THAT PERSON'S TOTAL
18 HOUSEHOLD RESOURCES EXCEED \$75,000.00 FOR A SINGLE RETURN OR
19 \$150,000.00 FOR A JOINT RETURN, THAT PERSON IS NOT ELIGIBLE FOR A
20 DEDUCTION OF \$20,000.00 FOR A SINGLE RETURN AND \$40,000.00 FOR A
21 JOINT RETURN. A PERSON THAT TAKES THE DEDUCTION UNDER SUBSECTION
22 (1) (E) << >> IS NOT ELIGIBLE FOR THE UNRESTRICTED DEDUCTION OF
23 \$20,000.00 FOR A SINGLE RETURN AND \$40,000.00 FOR A JOINT RETURN
24 UNDER THIS SUBDIVISION.

25 (C) FOR A PERSON BORN AFTER 1952, THE DEDUCTION UNDER
26 SUBSECTION (1) (F) (i) , (ii) , OR (iv) DOES NOT APPLY. WHEN THAT PERSON
27 REACHES THE AGE OF 67, THAT PERSON IS ELIGIBLE FOR A DEDUCTION OF

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1 \$20,000.00 FOR A SINGLE RETURN AND \$40,000.00 FOR A JOINT RETURN,
2 WHICH DEDUCTION IS AVAILABLE AGAINST ALL TYPES OF INCOME AND IS
3 NOT RESTRICTED TO INCOME FROM RETIREMENT OR PENSION BENEFITS. IF
4 A PERSON TAKES THE DEDUCTION \$20,000.00 FOR A SINGLE RETURN AND
5 \$40,000.00 FOR A JOINT RETURN, THAT PERSON SHALL NOT TAKE THE
6 DEDUCTION UNDER SUBSECTION (1) (F) (iii) AND SHALL NOT TAKE THE
7 PERSONAL EXEMPTION UNDER SUBSECTION (2). THAT PERSON MAY ELECT
8 NOT TO TAKE THE DEDUCTION OF \$20,000.00 FOR A SINGLE RETURN AND
9 \$40,000.00 FOR A JOINT RETURN AND ELECT TO TAKE THE DEDUCTION
10 UNDER SUBSECTION (1) (F) (iii) AND THE PERSONAL EXEMPTION UNDER
11 SUBSECTION (2) IF THAT ELECTION WOULD REDUCE THAT PERSON'S TAX
12 LIABILITY. HOWEVER, IF THAT PERSON'S TOTAL HOUSEHOLD RESOURCES
13 EXCEED \$75,000.00 FOR A SINGLE RETURN OR \$150,000.00 FOR A JOINT
14 RETURN, THAT PERSON IS NOT ELIGIBLE FOR A DEDUCTION OF \$20,000.00
15 FOR A SINGLE RETURN AND \$40,000.00 FOR A JOINT RETURN. A PERSON
16 THAT TAKES THE DEDUCTION UNDER SUBSECTION (1) (E) << >> IS NOT
17 ELIGIBLE FOR THE UNRESTRICTED DEDUCTION OF \$20,000.00 FOR A
18 SINGLE RETURN AND \$40,000.00 FOR A JOINT RETURN UNDER THIS
19 SUBDIVISION.

20 (D) FOR A JOINT RETURN, THE LIMITATIONS AND RESTRICTIONS IN
21 THIS SUBSECTION SHALL BE APPLIED BASED ON THE AGE OF THE OLDER
22 SPOUSE FILING THE JOINT RETURN.

23 (10) AS USED IN THIS SECTION:

24 (A) "OIL AND GAS" MEANS OIL AND GAS THAT IS SUBJECT TO
25 SEVERANCE TAX UNDER 1929 PA 48, MCL 205.301 TO 205.317.

26 (B) "TOTAL HOUSEHOLD RESOURCES" MEANS THAT TERM AS DEFINED
27 IN CHAPTER 9.

1 Sec. 30f. For tax years that begin after December 31, 1999,
2 taxable income for purposes of this ~~act~~**PART** equals taxable
3 income as determined under section 30 with the following
4 adjustments:

5 (a) For tax years that begin after December 31, 1999,
6 deduct, to the extent not deducted in determining adjusted gross
7 income, interest earned in the tax year on the contributions to
8 the taxpayer's education savings accounts if the contributions
9 were deductible under section ~~30(1)(w)(i)~~**30(1)(T)(i)**.

10 (b) For tax years that begin after December 31, 1999,
11 deduct, to the extent included in adjusted gross income,
12 distributions that are qualified withdrawals from an education
13 savings account to the designated beneficiary of that education
14 savings account. As used in this subdivision, "qualified
15 withdrawal" means that term as defined in the Michigan education
16 savings program act, **2000 PA 161, MCL 390.1471 TO 390.1486.**

17 Sec. 36. (1) "Taxable income" in the case of a resident
18 estate or trust means federal taxable income as defined in the
19 internal revenue code subject to the following adjustments:

20 (a) Add gross interest income and dividends derived from
21 obligations or securities of states other than Michigan, in the
22 same amount which has been excluded from federal taxable income
23 less related expenses not deducted in computing federal taxable
24 income because of section 265 of the internal revenue code.

25 (b) Add taxes on or measured by income to the extent the
26 taxes have been deducted in arriving at federal taxable income.

27 (c) Add losses on the sale or exchange of obligations of the

1 United States government, the income of which this state is
2 prohibited from subjecting to a net income tax, to the extent
3 that the loss has been deducted in arriving at federal taxable
4 income.

5 (d) Deduct, to the extent included in federal taxable
6 income, income derived from obligations, or the sale or exchange
7 of obligations, of the United States government which this state
8 is prohibited by law from subjecting to a net income tax, reduced
9 by any interest on indebtedness incurred in carrying the
10 obligations, and by any expenses incurred in the production of
11 such income to the extent that the expenses, including
12 amortizable bond premiums, were deducted in arriving at federal
13 taxable income.

14 (e) Adjustments resulting from the application of section
15 271.

16 (f) Deduct an adjustment resulting from the allocation and
17 apportionment provisions of chapter 3.

18 **(G) FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 2011,**
19 **ELIMINATE ALL OF THE FOLLOWING:**

20 **(i) INCOME FROM PRODUCING OIL AND GAS TO THE EXTENT INCLUDED**
21 **IN FEDERAL TAXABLE INCOME.**

22 **(ii) EXPENSES OF PRODUCING OIL AND GAS TO THE EXTENT DEDUCTED**
23 **IN ARRIVING AT FEDERAL TAXABLE INCOME.**

24 (2) The respective shares of an estate or trust and its
25 beneficiaries, including, solely for the purpose of this
26 allocation, nonresident beneficiaries, in the additions and
27 subtractions to taxable income shall be in proportion to their

1 respective shares of distributable net income of the estate or
2 trust as defined in the internal revenue code. If the estate or
3 trust has no distributable net income for the taxable year, the
4 share of each beneficiary in the additions and subtractions shall
5 be in proportion to his **OR HER** share of the estate or trust
6 income for the year, under local law or the terms of the
7 instrument, which is required to be distributed currently and any
8 other amounts of such income distributed in the year. Any balance
9 of the additions and subtractions shall be allocated to the
10 estate or trust. If capital gains and losses are distributed or
11 distributable to a beneficiary or beneficiaries under the
12 internal revenue code, the fiduciary shall advise each
13 beneficiary of his **OR HER** share of the adjustment under section
14 271. The election or failure to elect under section 271 with
15 respect to capital gains and losses taxable to the estate or
16 trust shall not affect the beneficiary's right to elect or not to
17 elect under section 271.

18 (3) An addition or subtraction shall not be made under this
19 section which has the effect of duplicating an item of income or
20 deduction if the taxpayer establishes to the satisfaction of the
21 commissioner that the item is already reflected in federal
22 taxable income. If an addition or subtraction with respect to the
23 sale or exchange of obligations of the United States government
24 proper adjustment, in accordance with rules promulgated by the
25 ~~commissioner~~ **DEPARTMENT**, of the deduction for excess of capital
26 gains over capital losses shall be made.

27 (4) **AS USED IN THIS SECTION, "OIL AND GAS" MEANS OIL AND GAS**

1 **THAT IS SUBJECT TO SEVERANCE TAX UNDER 1929 PA 48, MCL 205.301 TO**
 2 **205.317.**

3 Sec. 51. (1) For receiving, earning, or otherwise acquiring
 4 income from any source whatsoever, there is levied and imposed
 5 **UNDER THIS PART** upon the taxable income of every person other
 6 than a corporation a tax at the following rates in the following
 7 circumstances:

8 (a) Before May 1, 1994, 4.6%.

9 (b) After April 30, 1994 and before January 1, 2000, 4.4%.

10 (c) For tax years that begin on and after January 1, 2000
 11 and before January 1, 2002, 4.2%.

12 (d) For tax years that begin on and after January 1, 2002
 13 and before January 1, 2003, 4.1%.

14 (e) On and after January 1, 2003 and before July 1, 2004,
 15 4.0%.

16 (f) On and after July 1, 2004 and before October 1, 2007,
 17 3.9%.

18 (g) On and after October 1, 2007 and before ~~October 1, 2011,~~
 19 **JANUARY 1, 2013**, 4.35%.

20 (h) Beginning on ~~October 1, 2011 and each October 1 after~~
 21 ~~2011, the maximum rate under this subsection shall be reduced by~~
 22 ~~0.1 each year until the rate is 3.95%. **AND AFTER JANUARY 1, 2013,**~~
 23 **4.25%.**

24 ~~—— (i) On and after October 1, 2015, 3.9%.~~

25 (2) The following percentages of the net revenues collected
 26 under this section shall be deposited in the state school aid
 27 fund created in section 11 of article IX of the state

1 constitution of 1963:

2 (a) Beginning October 1, 1994 and before October 1, 1996,
3 14.4% of the gross collections before refunds from the tax levied
4 under this section.

5 (b) After September 30, 1996 and before January 1, 2000,
6 23.0% of the gross collections before refunds from the tax levied
7 under this section.

8 (c) Beginning January 1, 2000, that percentage of the gross
9 collections before refunds from the tax levied under this section
10 that is equal to 1.012% divided by the income tax rate levied
11 under this section.

12 (3) The department shall annualize rates provided in
13 subsection (1) as necessary for tax years that end after April
14 30, 1994. The applicable annualized rate shall be imposed upon
15 the taxable income of every person other than a corporation for
16 those tax years.

17 (4) The taxable income of a nonresident shall be computed in
18 the same manner that the taxable income of a resident is
19 computed, subject to the allocation and apportionment provisions
20 of this ~~act~~-**PART**.

21 (5) A resident beneficiary of a trust whose taxable income
22 includes all or part of an accumulation distribution by a trust,
23 as defined in section 665 of the internal revenue code, shall be
24 allowed a credit against the tax otherwise due under this ~~act~~
25 **PART**. The credit shall be all or a proportionate part of any tax
26 paid by the trust under this ~~act~~-**PART** for any preceding taxable
27 year that would not have been payable if the trust had in fact

1 made distribution to its beneficiaries at the times and in the
2 amounts specified in section 666 of the internal revenue code.
3 The credit shall not reduce the tax otherwise due from the
4 beneficiary to an amount less than would have been due if the
5 accumulation distribution were excluded from taxable income.

6 (6) The taxable income of a resident who is required to
7 include income from a trust in his or her federal income tax
8 return under the provisions of 26 USC 671 to 679, shall include
9 items of income and deductions from the trust in taxable income
10 to the extent required by this act ~~PART~~ with respect to property
11 owned outright.

12 (7) It is the intention of this section that the income
13 subject to tax of every person other than corporations shall be
14 computed in like manner and be the same as provided in the
15 internal revenue code subject to adjustments specifically
16 provided for in this act ~~PART~~.

17 ~~—— (8) There is appropriated to the department of treasury for~~
18 ~~the 2006-2007 state fiscal year the sum of \$100,000.00 to begin~~
19 ~~implementing the requirements of the amendatory act that added~~
20 ~~this subsection. Any portion of this amount under this section~~
21 ~~that is not expended in the 2006-2007 state fiscal year shall not~~
22 ~~lapse to the general fund but shall be carried forward in a work~~
23 ~~project account that is in compliance with section 451a of the~~
24 ~~management and budget act, 1984 PA 431, MCL 18.1451a, for the~~
25 ~~following state fiscal year.~~

26 (8) ~~(9)~~ As used in this section:

27 (a) "Person other than a corporation" means a resident or

1 nonresident individual or any of the following:

2 (i) A partner in a partnership as defined in the internal
3 revenue code.

4 (ii) A beneficiary of an estate or a trust as defined in the
5 internal revenue code.

6 (iii) An estate or trust as defined in the internal revenue
7 code.

8 (b) "Taxable income" means taxable income as defined in this
9 ~~act~~**PART** subject to the applicable source and attribution rules
10 contained in this ~~act~~**PART**.

11 Sec. 52. For tax years beginning after 1986, a person with
12 respect to whom a deduction under section 151 of the internal
13 revenue code is allowable to another federal taxpayer during the
14 tax year is not considered to have an allowable federal exemption
15 for purposes of section 30(2) and, notwithstanding sections 51
16 and 315, if that person has an adjusted gross income for that tax
17 year of \$1,500.00 or less, is exempt from the tax levied and
18 imposed in section 51 and is not required to file a return under
19 this ~~act~~**PART**.

20 Sec. 91. (1) A common trust fund meeting the requirements of
21 section 584 of the internal revenue code, shall not be subject to
22 tax under this ~~act~~**PART**.

23 (2) Each participant in the common trust fund shall, under
24 rules prescribed by the department, include its proportionate
25 share of the taxable income whether or not distributed and
26 whether or not distributable.

27 Sec. 102. In the case of taxable income of a taxpayer whose

1 income-producing activities are confined solely to this state,
2 the entire taxable income of such taxpayer shall be allocated to
3 this state, except as otherwise expressly provided in this ~~act~~
4 **PART.**

5 Sec. 103. Any taxpayer having income from business activity
6 which is taxable both within and without this state, other than
7 the rendering of purely personal services by an individual, shall
8 allocate and apportion his net income as provided in this ~~act~~
9 **PART.**

10 Sec. 105. For purposes of allocation and apportionment of
11 income from business activity under this ~~act~~**PART**, a taxpayer is
12 taxable in another state if (a) in that state he is subject to a
13 net income tax, a franchise tax measured by net income, a
14 franchise tax for the privilege of doing business or a corporate
15 stock tax, or (b) that state has jurisdiction to subject the
16 taxpayer to a net income tax regardless of whether, in fact, the
17 state does or does not.

18 Sec. 110. (1) For a resident individual, estate, or trust,
19 all taxable income from any source whatsoever, except that
20 attributable to another state under sections 111 to 115 and
21 subject to section 255, is allocated to this state.

22 (2) For a nonresident individual, estate, or trust, all
23 taxable income is allocated to this state to the extent it is
24 earned, received, or acquired in 1 or more of the following ways:

25 (a) For the rendition of personal services performed in this
26 state.

27 (b) As a distributive share of the net profits of a

1 business, profession, enterprise, undertaking, or other activity
2 as the result of work done, services rendered, or other business
3 activities conducted in this state, except as allocated to
4 another state pursuant to sections 111 to 114 and subject to
5 section 256.

6 (c) For tax years beginning after 1996, as a prize won by
7 the taxpayer under the McCauley-Traxler-Law-Bowman-McNeely
8 lottery act, 1972 PA 239, MCL 432.1 to 432.47.

9 (d) As winnings that are proceeds of a wagering transaction
10 paid on or after October 1, 2003 by a casino or as a payoff price
11 on a winning ticket that is the result of pari-mutuel wagering at
12 a licensed race meeting if the casino or licensed race meeting is
13 located in this state. As used in this ~~section~~ **SUBDIVISION:**

14 (i) "Casino" means a casino regulated by this state under the
15 Michigan gaming control and revenue act, ~~the Initiated Law of~~
16 ~~1996,~~ **1996 IL 1**, MCL 432.201 to 432.226, or a building on Native
17 American land or land held in trust by the United States for a
18 federally recognized Indian tribe on which gaming is conducted
19 under the Indian gaming regulatory act, Public Law 100-497, 102
20 ~~Stat.~~ **STAT** 2467.

21 (ii) "Pari-mutuel wagering" and "licensed race meeting" mean
22 those terms as used in the horse racing law of 1995, 1995 PA 279,
23 MCL 431.301 to 431.336.

24 (3) The respective shares of a nonresident estate or trust
25 and its beneficiaries, including, solely for purposes of
26 allocation, resident and nonresident beneficiaries, in the income
27 attributable to this state shall be in proportion to the

1 respective shares of distributable net income of the
2 beneficiaries under the internal revenue code. If the estate or
3 trust has no distributable net income for the tax year, the share
4 of each beneficiary in the income attributable to this state
5 shall be in proportion to his or her share of the estate or trust
6 income for that year, under local law or the terms of the
7 instrument, that is required to be distributed currently and
8 other amounts of the income distributed in the year. Any balance
9 of the income attributable to this state shall be allocated to
10 the estate or trust.

11 ~~—— (4) A nonresident estate or trust is allowed the credit~~
12 ~~provided in section 256, except that the limitation shall be~~
13 ~~computed by reference to the taxable income of the estate or~~
14 ~~trust.~~

15 (4) ~~(5)~~—Rents and royalties from real or tangible personal
16 property, capital gains, interest, dividends, or patent or
17 copyright royalties, to the extent that they constitute a
18 nonbusiness income, shall be allocated as provided in sections
19 111 to 114.

20 Sec. 115. (1) ~~All~~ **BEFORE JANUARY 1, 2011, ALL** business
21 income, other than income from transportation services, shall be
22 apportioned to this state by multiplying the income by a
23 fraction, the numerator of which is the property factor plus the
24 payroll factor plus the sales factor, and the denominator of
25 which is 3.

26 (2) **AFTER DECEMBER 31, 2010, ALL BUSINESS INCOME, OTHER THAN**
27 **INCOME FROM TRANSPORTATION SERVICES, SHALL BE APPORTIONED TO THIS**

1 **STATE BY MULTIPLYING THE INCOME BY THE SALES FACTOR CALCULATED**
2 **UNDER SECTION 121.**

3 Sec. 132. In the case of ~~such~~ taxable income other than that
4 derived from the transportation of oil or gas by pipeline, that
5 portion of the net income of the taxpayer derived from
6 transportation services wherever performed that the revenue miles
7 of the taxpayer in Michigan bear to the revenue miles of the
8 taxpayer everywhere. A revenue mile means the transportation for
9 a consideration or 1 net ton in weight or 1 passenger the
10 distance of 1 mile. The taxable income attributable to Michigan
11 sources in the case of a taxpayer engaged in the transportation
12 both of property and of individuals shall be that portion of the
13 entire net income of the taxpayer which is equal to the average
14 of his passenger miles and ton mile fractions, separately
15 computed and individually weighted by the ratio of gross receipts
16 from passenger transportation to total gross receipts from all
17 transportation, and by the ratio of gross receipts from freight
18 transportation to total gross receipts from all transportation,
19 respectively. If it is shown to the satisfaction of the
20 ~~commissioner~~ **DEPARTMENT** that the foregoing information is not
21 available or cannot be obtained without unreasonable expense to
22 the taxpayer, the commissioner may use such other data which may
23 be available and which in the opinion of the ~~commissioner~~
24 **DEPARTMENT** will result in an equitable allocation of such
25 receipts to this state.

26 Sec. 195. (1) If the allocation and apportionment provisions
27 of this ~~act~~ **PART** do not fairly represent the extent of the

1 taxpayer's business activity in this state, the taxpayer may
 2 petition for or the ~~commissioner~~**DEPARTMENT** may require, in
 3 respect to all or any part of the taxpayer's business activity,
 4 if reasonable:

5 (a) Separate accounting;

6 ~~—(b) The exclusion of any one or more of the factors;~~

7 **(B)** ~~(e)~~The inclusion of 1 or more additional factors which
 8 will fairly represent the taxpayer's business activity in this
 9 state. ~~or~~

10 **(C)** ~~(d)~~The employment of any other method to effectuate an
 11 equitable allocation and apportionment of the taxpayer's taxable
 12 income.

13 **(2)** An alternative method will be effective only with
 14 approval by the ~~commissioner~~**DEPARTMENT**.

15 Sec. 201. (1) A person who is exempt from federal income tax
 16 pursuant to the provisions of the internal revenue code shall be
 17 exempt from the tax imposed by this ~~act~~**PART** except the unrelated
 18 taxable business income of an exempt person as determined under
 19 the internal revenue code.

20 (2) Nothing in this section shall exempt a person from the
 21 withholding and information return provisions of this ~~act~~**PART**.

22 Sec. 251. (1) The amount withheld under section 351 shall be
 23 allowed to the recipient of the compensation as a credit against
 24 the tax imposed on him **OR HER** by this ~~act~~**PART**.

25 (2) The amount so withheld during any calendar year shall be
 26 allowed as a credit for the taxable year beginning in such
 27 calendar year. If more than 1 taxable year begins in a calendar

1 year, such amount shall be allowed as a credit for the last
2 taxable year so beginning.

3 Sec. 255. (1) A resident individual or resident estate or
4 trust is allowed a credit against the tax due under this ~~act~~**PART**
5 for the amount of an income tax imposed on the resident
6 individual or resident estate or trust for the tax year by
7 another state of the United States, a political subdivision of
8 another state of the United States, the District of Columbia, or
9 a Canadian province, on income derived from sources outside this
10 state that is also subject to tax under this ~~act~~**PART** or the
11 amount determined under subsection (3), whichever is less. For
12 purposes of the Canadian provincial credit, the credit is allowed
13 for only that portion of the provincial tax not claimed as a
14 credit for federal income tax purposes. It is presumed that the
15 Canadian federal income tax is claimed first. The provincial tax
16 claimed as a carryover deduction as provided in the internal
17 revenue code is not allowed as a credit under this section.

18 (2) The Canadian provincial credit shall be allowed for the
19 1978 tax year and for each tax year after 1978.

20 (3) The credit under this section shall not exceed an amount
21 determined by dividing income that is subject to taxation both in
22 this state and in another jurisdiction by taxable income and then
23 multiplying that result by the taxpayer's tax liability before
24 any credits are deducted.

25 Sec. 256. For a nonresident individual, estate, or trust, if
26 the laws of the state of residence exempt a resident of this
27 state from liability for the payment of income taxes on income

1 earned for personal services performed in that state, the
2 ~~commissioner~~**DEPARTMENT** may enter into a reciprocal agreement
3 with that state to provide a similar tax exemption for that
4 state's residents on income earned for personal services
5 performed in this state.

6 Sec. 265. (1) For the 1989 tax year and each tax year after
7 1989, a taxpayer may credit against the tax imposed by this ~~act~~
8 **PART** for the tax year an amount equal to the tax paid in any
9 prior tax year attributable to income received by the taxpayer in
10 any prior tax year and repaid by the taxpayer during the tax year
11 if the taxpayer is eligible for a deduction or credit against his
12 or her federal tax liability pursuant to section 1341 of the
13 internal revenue code based on the repayment for the tax year. A
14 credit under this section for a tax year is allowed only if the
15 repayment for which a deduction or credit was taken pursuant to
16 section 1341 of the internal revenue code is not deducted in
17 calculating the taxpayer's adjusted gross income for the tax
18 year.

19 (2) If the credit allowed under this section exceeds the tax
20 liability of the taxpayer for the tax year, that portion of the
21 credit that exceeds the tax liability shall be refunded.

22 Sec. 266. (1) A qualified taxpayer with a rehabilitation
23 plan certified after December 31, 1998 **AND BEFORE JANUARY 1, 2012**
24 may credit against the tax imposed by this ~~act~~**PART** the amount
25 determined pursuant to subsection (2) for the qualified
26 expenditures for the rehabilitation of a historic resource
27 pursuant to the rehabilitation plan in the year in which the

1 certification of completed rehabilitation of the historic
2 resource is issued. Only those expenditures that are paid or
3 incurred during the time periods prescribed for the credit under
4 section 47(a)(2) of the internal revenue code and any related
5 treasury regulations shall be considered qualified expenditures.

6 (2) The credit allowed under this section shall be 25% of
7 the qualified expenditures that are eligible, or would have been
8 eligible except that the taxpayer elected to transfer the credit
9 under subsection (12), for the credit under section 47(a)(2) of
10 the internal revenue code if the taxpayer is eligible for the
11 credit under section 47(a)(2) of the internal revenue code or, if
12 the taxpayer is not eligible for the credit under section
13 47(a)(2) of the internal revenue code, 25% of the qualified
14 expenditures that would qualify under section 47(a)(2) of the
15 internal revenue code except that the expenditures are made to a
16 historic resource that is not eligible for the credit under
17 section 47(a)(2) of the internal revenue code, subject to both of
18 the following:

19 (a) A taxpayer with qualified expenditures that are eligible
20 for the credit under section 47(a)(2) of the internal revenue
21 code may not claim a credit under this section for those
22 qualified expenditures unless the taxpayer has claimed and
23 received a credit for those qualified expenditures under section
24 47(a)(2) of the internal revenue code or the taxpayer has elected
25 to transfer the credit under subsection (12).

26 (b) A credit under this section shall be reduced by the
27 amount of a credit received by the taxpayer for the same

1 qualified expenditures under section 47(a)(2) of the internal
2 revenue code.

3 (3) To be eligible for the credit under this section, the
4 taxpayer shall apply to and receive from the Michigan ~~historical~~
5 ~~center certification~~ **STATE HOUSING DEVELOPMENT AUTHORITY** that the
6 historic significance, the rehabilitation plan, and the completed
7 rehabilitation of the historic resource meet the criteria under
8 subsection (6) and either of the following:

9 (a) All of the following criteria:

10 (i) The historic resource contributes to the significance of
11 the historic district in which it is located.

12 (ii) Both the rehabilitation plan and completed
13 rehabilitation of the historic resource meet the federal
14 secretary of the interior's standards for rehabilitation and
15 guidelines for rehabilitating historic buildings, 36 CFR part 67.

16 (iii) All rehabilitation work has been done to or within the
17 walls, boundaries, or structures of the historic resource or to
18 historic resources located within the property boundaries of the
19 resource.

20 (b) The taxpayer has received certification from the
21 national park service that the historic resource's significance,
22 the rehabilitation plan, and the completed rehabilitation qualify
23 for the credit allowed under section 47(a)(2) of the internal
24 revenue code.

25 (4) If a qualified taxpayer is eligible for the credit
26 allowed under section 47(a)(2) of the internal revenue code, the
27 qualified taxpayer shall file for certification with the ~~center~~

1 **AUTHORITY** to qualify for the credit allowed under section
2 47(a)(2) of the internal revenue code. If the qualified taxpayer
3 has previously filed for certification with the ~~center~~**AUTHORITY**
4 to qualify for the credit allowed under section 47(a)(2) of the
5 internal revenue code, additional filing for the credit allowed
6 under this section is not required.

7 (5) The ~~center~~**AUTHORITY** may inspect a historic resource at
8 any time during the rehabilitation process and may revoke
9 certification of completed rehabilitation if the rehabilitation
10 was not undertaken as represented in the rehabilitation plan or
11 if unapproved alterations to the completed rehabilitation are
12 made during the 5 years after the tax year in which the credit
13 was claimed. The ~~center~~**AUTHORITY** shall promptly notify the
14 department of a revocation.

15 (6) Qualified expenditures for the rehabilitation of a
16 historic resource may be used to calculate the credit under this
17 section if the historic resource meets 1 of the criteria listed
18 in subdivision (a) and 1 of the criteria listed in subdivision
19 (b):

20 (a) The resource is 1 of the following during the tax year
21 in which a credit under this section is claimed for those
22 qualified expenditures:

23 (i) Individually listed on the national register of historic
24 places or state register of historic sites.

25 (ii) A contributing resource located within a historic
26 district listed on the national register of historic places or
27 the state register of historic sites.

1 (iii) A contributing resource located within a historic
2 district designated by a local unit pursuant to an ordinance
3 adopted under the local historic districts act, 1970 PA 169, MCL
4 399.201 to 399.215.

5 (b) The resource meets 1 of the following criteria during
6 the tax year in which a credit under this section is claimed for
7 those qualified expenditures:

8 (i) The historic resource is located in a designated historic
9 district in a local unit of government with an existing ordinance
10 under the local historic districts act, 1970 PA 169, MCL 399.201
11 to 399.215.

12 (ii) The historic resource is located in an incorporated
13 local unit of government that does not have an ordinance under
14 the local historic districts act, 1970 PA 169, MCL 399.201 to
15 399.215, and has a population of less than 5,000.

16 (iii) The historic resource is located in an unincorporated
17 local unit of government.

18 (iv) The historic resource is located in an incorporated
19 local unit of government that does not have an ordinance under
20 the local historic districts act, 1970 PA 169, MCL 399.201 to
21 399.215, and is located within the boundaries of an association
22 that has been chartered under 1889 PA 39, MCL 455.51 to 455.72.

23 (v) The historic resource is subject to a historic
24 preservation easement.

25 (7) A credit amount assigned under section 39c(7) of former
26 1975 PA 228 or section 435 of the Michigan business tax act, 2007
27 PA 36, MCL 208.1435, may be claimed against the partner's,

1 member's, or shareholder's tax liability under this act—**PART** as
2 provided in section 39c(7) of former 1975 PA 228 or section 435
3 of the Michigan business tax act, 2007 PA 36, MCL 208.1435.

4 (8) If the credit allowed under this section for the tax
5 year and any unused carryforward of the credit allowed by this
6 section exceed the taxpayer's tax liability for the tax year,
7 that portion that exceeds the tax liability for the tax year
8 shall not be refunded but may be carried forward to offset tax
9 liability in subsequent tax years for 10 years or until used up,
10 whichever occurs first. For projects for which a certificate of
11 completed rehabilitation is issued for a tax year beginning after
12 December 31, 2008 and for which the credit amount allowed is less
13 than \$250,000.00, a qualified taxpayer may elect to forgo the
14 carryover period and receive a refund of the amount of the credit
15 that exceeds the qualified taxpayer's tax liability. The amount
16 of the refund shall be equal to 90% of the amount of the credit
17 that exceeds the qualified taxpayer's tax liability. An election
18 under this subsection shall be made in the year that a
19 certificate of completed rehabilitation is issued and shall be
20 irrevocable.

21 (9) For tax years beginning before January 1, 2009, if a
22 taxpayer sells a historic resource for which a credit under this
23 section was claimed less than 5 years after the year in which the
24 credit was claimed, the following percentage of the credit amount
25 previously claimed relative to that historic resource shall be
26 added back to the tax liability of the taxpayer in the year of
27 the sale:

1 (a) If the sale is less than 1 year after the year in which
2 the credit was claimed, 100%.

3 (b) If the sale is at least 1 year but less than 2 years
4 after the year in which the credit was claimed, 80%.

5 (c) If the sale is at least 2 years but less than 3 years
6 after the year in which the credit was claimed, 60%.

7 (d) If the sale is at least 3 years but less than 4 years
8 after the year in which the credit was claimed, 40%.

9 (e) If the sale is at least 4 years but less than 5 years
10 after the year in which the credit was claimed, 20%.

11 (f) If the sale is 5 years or more after the year in which
12 the credit was claimed, an addback to the taxpayer's tax
13 liability shall not be made.

14 (10) For tax years beginning before January 1, 2009, if a
15 certification of completed rehabilitation is revoked under
16 subsection (5) less than 5 years after the year in which a credit
17 was claimed, the following percentage of the credit amount
18 previously claimed relative to that historic resource shall be
19 added back to the tax liability of the taxpayer in the year of
20 the revocation:

21 (a) If the revocation is less than 1 year after the year in
22 which the credit was claimed, 100%.

23 (b) If the revocation is at least 1 year but less than 2
24 years after the year in which the credit was claimed, 80%.

25 (c) If the revocation is at least 2 years but less than 3
26 years after the year in which the credit was claimed, 60%.

27 (d) If the revocation is at least 3 years but less than 4

1 years after the year in which the credit was claimed, 40%.

2 (e) If the revocation is at least 4 years but less than 5
3 years after the year in which the credit was claimed, 20%.

4 (f) If the revocation is 5 years or more after the year in
5 which the credit was claimed, an addback to the taxpayer's tax
6 liability shall not be made.

7 (11) For tax years beginning after December 31, 2008, if a
8 certificate of completed rehabilitation is revoked under
9 subsection (5) or if the historic resource is sold or disposed of
10 less than 5 years after being placed in service as defined in
11 section 47(b)(1) of the internal revenue code and related
12 treasury regulations, the following percentage of the credit
13 amount previously claimed relative to that historic resource
14 shall be added back to the tax liability of the qualified
15 taxpayer that received the certificate of completed
16 rehabilitation and not the assignee in the year of the
17 revocation:

18 (a) If the revocation is less than 1 year after the historic
19 resource is placed in service, 100%.

20 (b) If the revocation is at least 1 year but less than 2
21 years after the historic resource is placed in service, 80%.

22 (c) If the revocation is at least 2 years but less than 3
23 years after the historic resource is placed in service, 60%.

24 (d) If the revocation is at least 3 years but less than 4
25 years after the historic resource is placed in service, 40%.

26 (e) If the revocation is at least 4 years but less than 5
27 years after the historic resource is placed in service, 20%.

1 (f) If the revocation is at least 5 years or more after the
2 historic resource is placed in service, an addback to the
3 qualified taxpayer tax liability shall not be required.

4 (12) A qualified taxpayer who receives a certificate of
5 completed rehabilitation after December 31, 2008 may elect to
6 forgo claiming the credit and transfer the credit along with the
7 ownership of the property for which the credit may be claimed to
8 a new owner. The new owner shall be treated as the qualified
9 taxpayer having incurred the rehabilitation costs and shall be
10 subject to the recapture provisions under subsection (11) if the
11 new owner sells or disposes of the property within 5 years after
12 the new owner acquired the property. For purposes of this
13 subsection and subsection (11), the placed in service date for a
14 new owner is the date the new owner acquired the property for
15 which the credit is claimed.

16 (13) ~~The department of history, arts, and libraries through~~
17 ~~the Michigan historical center~~ **AUTHORITY** may impose a fee to
18 cover the administrative cost of implementing the program under
19 this section.

20 (14) The qualified taxpayer shall attach all of the
21 following to the qualified taxpayer's annual return under this
22 act **PART:**

23 (a) Certification of completed rehabilitation.

24 (b) Certification of historic significance related to the
25 historic resource and the qualified expenditures used to claim a
26 credit under this section.

27 (c) A completed assignment form if the qualified taxpayer is

1 an assignee under section 39c of former 1975 PA 228 or section
2 435 of the Michigan business tax act, 2007 PA 36, MCL 208.1435,
3 of any portion of a credit allowed under that section.

4 (15) ~~The department of history, arts, and libraries shall~~
5 **AUTHORITY MAY** promulgate rules to implement this section pursuant
6 to the administrative procedures act of 1969, 1969 PA 306, MCL
7 24.201 to 24.328.

8 (16) The total of the credits claimed under this section and
9 section 39c of former 1975 PA 228 or section 435 of the Michigan
10 business tax act, 2007 PA 36, MCL 208.1435, for a rehabilitation
11 project shall not exceed 25% of the total qualified expenditures
12 eligible for the credit under this section for that
13 rehabilitation project.

14 (17) ~~The department of history, arts, and libraries through~~
15 ~~the Michigan historical center~~ **AUTHORITY** shall report all of the
16 following to the legislature annually for the immediately
17 preceding state fiscal year:

18 (a) The fee schedule used by the center and the total amount
19 of fees collected.

20 (b) A description of each rehabilitation project certified.

21 (c) The location of each new and ongoing rehabilitation
22 project.

23 (18) As used in this section:

24 (a) "Contributing resource" means a historic resource that
25 contributes to the significance of the historic district in which
26 it is located.

27 (b) "Historic district" means an area, or group of areas not

1 necessarily having contiguous boundaries, that contains 1
2 resource or a group of resources that are related by history,
3 architecture, archaeology, engineering, or culture.

4 (c) "Historic resource" means a publicly or privately owned
5 historic building, structure, site, object, feature, or open
6 space located within a historic district designated by the
7 national register of historic places, the state register of
8 historic sites, or a local unit acting under the local historic
9 districts act, 1970 PA 169, MCL 399.201 to 399.215; or that is
10 individually listed on the state register of historic sites or
11 national register of historic places and includes all of the
12 following:

13 (i) An owner-occupied personal residence or a historic
14 resource located within the property boundaries of that personal
15 residence.

16 (ii) An income-producing commercial, industrial, or
17 residential resource or a historic resource located within the
18 property boundaries of that resource.

19 (iii) A resource owned by a governmental body, nonprofit
20 organization, or tax-exempt entity that is used primarily by a
21 taxpayer lessee in a trade or business unrelated to the
22 governmental body, nonprofit organization, or tax-exempt entity
23 and that is subject to tax under this ~~act~~**PART**.

24 (iv) A resource that is occupied or utilized by a
25 governmental body, nonprofit organization, or tax-exempt entity
26 pursuant to a long-term lease or lease with option to buy
27 agreement.

1 (v) Any other resource that could benefit from
2 rehabilitation.

3 (d) "Local unit" means a county, city, village, or township.

4 (e) "Long-term lease" means a lease term of at least 27.5
5 years for a residential resource or at least 31.5 years for a
6 nonresidential resource.

7 ~~(f) "Michigan historical center" or "center" means the state~~
8 ~~historic preservation office of the Michigan historical center of~~
9 ~~the department of history, arts, and libraries or its successor~~
10 ~~agency.~~ **"MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY" OR**
11 **"AUTHORITY" MEANS THE PUBLIC BODY CORPORATE AND POLITIC CREATED**
12 **BY SECTION 21 OF THE STATE HOUSING DEVELOPMENT AUTHORITY ACT OF**
13 **1966, MCL 1966 PA 346, MCL 125.1421.**

14 (g) "Open space" means undeveloped land, a naturally
15 landscaped area, or a formal or man-made landscaped area that
16 provides a connective link or a buffer between other resources.

17 (h) "Person" means an individual, partnership, corporation,
18 association, governmental entity, or other legal entity.

19 (i) "Qualified expenditures" means capital expenditures that
20 qualify, or would qualify except that the taxpayer elected to
21 transfer the credit under subsection (12), for a rehabilitation
22 credit under section 47(a)(2) of the internal revenue code if the
23 taxpayer is eligible for the credit under section 47(a)(2) of the
24 internal revenue code or, if the taxpayer is not eligible for the
25 credit under section 47(a)(2) of the internal revenue code, the
26 qualified expenditures that would qualify under section 47(a)(2)
27 of the internal revenue code except that the expenditures are

1 made to a historic resource that is not eligible for the credit
2 under section 47(a)(2) of the internal revenue code, that were
3 paid. Qualified expenditures do not include capital expenditures
4 for nonhistoric additions to a historic resource except an
5 addition that is required by state or federal regulations that
6 relate to historic preservation, safety, or accessibility.

7 (j) "Qualified taxpayer" means a person that is an assignee
8 under section 39c of former 1975 PA 228 or section 435 of the
9 Michigan business tax act, 2007 PA 36, MCL 208.1435, or either
10 owns the resource to be rehabilitated or has a long-term lease
11 agreement with the owner of the historic resource and that has
12 qualified expenditures for the rehabilitation of the historic
13 resource equal to or greater than 10% of the state equalized
14 valuation of the property. If the historic resource to be
15 rehabilitated is a portion of a historic or nonhistoric resource,
16 the state equalized valuation of only that portion of the
17 property shall be used for purposes of this subdivision. If the
18 assessor for the local tax collecting unit in which the historic
19 resource is located determines the state equalized valuation of
20 that portion, that assessor's determination shall be used for
21 purposes of this subdivision. If the assessor does not determine
22 that state equalized valuation of that portion, qualified
23 expenditures, for purposes of this subdivision, shall be equal to
24 or greater than 5% of the appraised value as determined by a
25 certified appraiser. If the historic resource to be rehabilitated
26 does not have a state equalized valuation, qualified expenditures
27 for purposes of this subdivision shall be equal to or greater

1 than 5% of the appraised value of the resource as determined by a
2 certified appraiser.

3 (k) "Rehabilitation plan" means a plan for the
4 rehabilitation of a historic resource that meets the federal
5 secretary of the interior's standards for rehabilitation and
6 guidelines for rehabilitation of historic buildings under 36 CFR
7 part 67.

8 Sec. 270. (1) For tax years that begin after December 31,
9 2008, a taxpayer to whom a tax voucher certificate is issued
10 **UNDER AN AGREEMENT ENTERED INTO BEFORE JANUARY 1, 2012** or a
11 taxpayer that is the transferee of a tax voucher certificate **THAT**
12 **IS ISSUED UNDER AN AGREEMENT ENTERED INTO BEFORE JANUARY 1, 2012**
13 may use the tax voucher certificate to pay any liability of the
14 taxpayer under section 51 or to pay any amount owed by the
15 taxpayer under section 351.

16 (2) A tax voucher certificate shall be used for the purposes
17 allowed under subsection (1) and only in a tax year that begins
18 after December 31, 2008.

19 (3) The amount of the tax voucher that may be used to pay a
20 liability due under this ~~act~~-**PART** in any tax year shall not
21 exceed the lesser of the following:

22 (a) The amount of the tax voucher stated in the tax voucher
23 certificate held by the taxpayer.

24 (b) The amount authorized to be used in the tax year under
25 the terms of the tax voucher certificate.

26 (c) The taxpayer's liability under this ~~act~~-**PART** for the tax
27 year for which the tax voucher is used.

1 (4) If the amount of any tax voucher certificate held by a
2 taxpayer or transferee exceeds the amount the taxpayer may use
3 under subsection (3)(b) or (c) in a tax year, that excess may be
4 used by the taxpayer or transferee to pay, subject to the
5 limitations of subsection (3), any future liability of the
6 taxpayer or transferee under this ~~act~~**PART**.

7 (5) The tax voucher certificate, and any completed transfer
8 form that was issued pursuant to the Michigan early stage venture
9 investment act of 2003, 2003 PA 296, MCL 125.2231 to 125.2263,
10 shall be attached to the annual return under this ~~act~~**PART**. The
11 department may prescribe and implement alternative methods of
12 reporting and recording ownership, transfer, and utilization of
13 tax voucher certificates that are not inconsistent with the
14 provisions of this act. The department shall administer this
15 section to assure that any amount of a tax voucher certificate
16 used to pay any liability under this ~~act~~**PART** shall not also be
17 applied to pay any liability of the taxpayer or any other person
18 under the Michigan business tax act, 2007 PA 36, MCL 208.1101 to
19 208.1601. The department shall take any action necessary to
20 enforce and effectuate the permissible issuance and use of tax
21 voucher certificates in a manner authorized under this section
22 and the Michigan early stage venture investment act of 2003, 2003
23 PA 296, MCL 125.2231 to 125.2263.

24 (6) As used in this section:

25 (a) "Certificate" or "tax voucher certificate" means the tax
26 voucher certificate issued under section 23 of the Michigan early
27 stage venture capital investment act of 2003, 2003 PA 296, MCL

1 125.2253, or any replacement tax voucher certificate issued under
2 former section 37e(9)(b) or (d) of the single business tax act,
3 1975 PA 228, or section 419 of the Michigan business tax act,
4 2007 PA 36, MCL 208.1419.

5 (b) "Transferee" means a taxpayer to whom a tax voucher
6 certificate has been transferred under section 23 of the Michigan
7 early stage venture investment act of 2003, 2003 PA 296, MCL
8 125.2253, and former section 37e of the single business tax act,
9 1975 PA 228, or section 419 of the Michigan business tax act,
10 2007 PA 36, MCL 208.1419.

11 Sec. 271. (1) A taxpayer subject to the tax levied by
12 section 51 and whose income received after September 30, 1967 is
13 increased or diminished by the disposition of property acquired
14 before October 1, 1967, which is described in and subject to
15 subchapter P of the internal revenue code, may elect to recompute
16 taxable income by excluding therefrom the proportional gain or
17 loss incurred before October 1, 1967. Taxpayers so electing shall
18 be subject to a tax on taxable income thus recomputed at the
19 rates imposed by this ~~act~~**PART**. An election so made shall include
20 all items of gains or losses realized during the taxable year.

21 (2) The proportion of gain or loss occurring after September
22 30, 1967, to total gain or loss is equal to the proportion the
23 number of months after September 30, 1967, to date of disposition
24 bears to the number of months from date of acquisition to date of
25 disposition.

26 Sec. 272. (1) For the following tax years that begin after
27 December 31, 2007, a taxpayer may credit against the tax imposed

1 by this act an amount equal to the specified percentages of the
2 credit the taxpayer is allowed to claim as a credit under section
3 32 of the internal revenue code for a tax year on a return filed
4 under this act for the same tax year:

5 (a) For tax years that begin after December 31, 2007 and
6 before January 1, 2009, 10%.

7 (b) For tax years that begin after December 31, 2008 **AND**
8 **BEFORE JANUARY 1, 2012**, 20%.

9 **(C) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2011, 6%.**

10 (2) If the credit allowed by this section exceeds the tax
11 liability of the taxpayer for the tax year, the state treasurer
12 shall refund the excess to the taxpayer without interest, except
13 as provided in section 30 of 1941 PA 122, MCL 205.30.

14 Sec. 278. (1) Subject to the limitations provided under this
15 section, a taxpayer that makes a qualified investment after
16 December 31, 2010 and before January 1, ~~2013~~ **2012** in a qualified
17 business may claim a credit against the tax imposed by this act
18 equal to 25% of the qualified investment made during the tax
19 year.

20 (2) To qualify for the credit under this section, the
21 taxpayer shall request certification from the Michigan strategic
22 fund within 60 days of making the investment. A taxpayer shall
23 not claim a credit under this section unless the Michigan
24 strategic fund has issued a certificate to the taxpayer. The
25 board shall not approve a credit under this section for a
26 taxpayer who has been convicted of a felony involving a fiduciary
27 obligation or the conversion or misappropriation of funds or

1 insurance accounts, theft, deceit, fraud, misrepresentation, or
2 corruption. The Michigan strategic fund shall forward a copy of
3 each certificate received pursuant to this subsection to the
4 governor, the president of the Michigan strategic fund, the
5 chairperson of the senate finance committee, the chairperson of
6 the house tax policy committee, the director of the senate fiscal
7 agency, and the director of the house fiscal agency. The
8 requirements of section 28(1)(f) of 1941 PA 122, MCL 205.28, do
9 not apply to the disclosure required by this subsection. The
10 Michigan strategic fund shall not certify more than \$1,000,000.00
11 in qualified investments in any 1 qualified business. The
12 taxpayer shall attach the certificate to the annual return filed
13 under this act on which a credit under this section is claimed.
14 The certificate required under this subsection shall specify all
15 of the following:

16 (a) The total amount of investment made during the tax year
17 by the taxpayer in each qualified business.

18 (b) The total amount of qualified investments made in each
19 qualified business if different from the previous amount.

20 (c) The total amount of the credit under this section that
21 the taxpayer is allowed to claim for the designated tax year.

22 (3) A taxpayer shall not claim a credit of more than
23 \$250,000.00 based on an investment in any 1 qualified business
24 and shall not claim a credit of more than \$250,000.00 for
25 qualified investments in all qualified businesses in any 1 year.
26 The credit allowed under this section shall be taken by the
27 taxpayer in equal installments over 2 years beginning with the

1 tax year in which the certification was issued.

2 (4) The total amount of credits that the Michigan strategic
3 fund may certify under this section ~~per calendar year~~ shall not
4 exceed \$9,000,000.00.

5 (5) If the amount of the credit allowed under this section
6 exceeds the tax liability of the taxpayer for the tax year, that
7 portion of the credit that exceeds the tax liability of the
8 taxpayer for the tax year shall not be refunded but may be
9 carried forward to offset tax liability under this act in
10 subsequent tax years for a period not to exceed 5 tax years or
11 until used up, whichever occurs first.

12 (6) The board shall develop an application and approval
13 process in order to certify investments under this section and
14 adopt a program describing parameters and criteria to be used for
15 approving investments. As part of that program adoption, the
16 board may determine and describe the conditions to be met to be
17 considered an investment alongside or through an approved angel
18 group, seed capital firm, or venture capital firm.

19 (7) A taxpayer who has not paid or entered into an
20 installment agreement regarding a final assessment of an unpaid
21 liability for a state tax for which all rights of appeal have
22 been exhausted or who is currently in a bankruptcy proceeding is
23 not eligible to claim a credit under this section.

24 (8) As used in this section:

25 (a) "Board" means the board of directors of the Michigan
26 strategic fund.

27 (b) "Michigan strategic fund" means the Michigan strategic

1 fund as described in the Michigan strategic fund act, 1984 PA
2 270, MCL 125.2001 to ~~125.2093~~-125.2094.

3 (c) "Qualified business" means a business that the board
4 certifies as in compliance with all of the following at the time
5 of the investment:

6 (i) The business is a seed or early stage business as defined
7 in section 3 of the Michigan early stage venture investment act
8 of 2003, 2003 PA 296, MCL 125.2233.

9 (ii) The business has its headquarters in this state, is
10 domiciled in this state, and has a majority of its employees
11 working in this state.

12 (iii) The business has a preinvestment valuation of less than
13 \$10,000,000.00 and has fewer than 100 full-time equivalent
14 employees.

15 (iv) Except as otherwise provided under this subparagraph,
16 the business has been in existence less than 5 years; or, for a
17 business in which the business activity is derived from research
18 at an institution of higher education located within this state
19 or an organization exempt from federal taxation under section
20 501(c)(3) of the internal revenue code and that is located within
21 this state, the business has been in existence less than 10
22 years. As used in this subparagraph, a public or private college
23 or university that awards a bachelor's degree or other degrees is
24 an institution of higher education.

25 (v) The business is not a retail establishment as described
26 in section 44-45 - retail trade, of the North American industry
27 classification system, United States, 1997, published by the

1 office of management and budget.

2 (vi) The business has not claimed a credit under section 431,
3 455, 457, or 459 of the Michigan business tax act, 2007 PA 36,
4 MCL 208.1431, 208.1455, 208.1457, and 208.1459.

5 (d) "Qualified investment" means, except as otherwise
6 provided under this subdivision, an investment of at least
7 \$20,000.00 certified by the Michigan strategic fund that is made
8 alongside of, or through, a seed venture capital or angel
9 investor group that is registered with the Michigan strategic
10 fund and is not in a business in which any member of the
11 investor's family is an employee or owner of the business or in
12 which the investor or any member of the investor's family has a
13 preexisting fiduciary relationship with the business. Qualified
14 investment does not include an investment in a business that
15 engages in life sciences technology unless those activities are
16 included in the definition of life sciences as that term is
17 defined under section 88a of the Michigan strategic fund act,
18 1984 PA 270, MCL 125.2088a.

19 Sec. 301. (1) Every person on a calendar year basis, if the
20 person's annual tax can reasonably be expected to exceed the
21 amount withheld under section 351 and the credits allowed under
22 this ~~act~~**PART** by more than \$500.00, shall pay to the department
23 installments of estimated tax under this ~~act~~**PART** on or before
24 April 15, June 15, and September 15 of the person's tax year and
25 January 15 in the following year. Subject to subsection (3), each
26 installment shall be equal to 1/4 the taxpayer's estimated tax
27 under this ~~act~~**PART** after first deducting the amount estimated to

1 be withheld under section 351.

2 (2) For a taxpayer on other than a calendar year basis,
3 there shall be substituted for the due dates provided in
4 subsection (1) the appropriate due dates in the taxpayer's fiscal
5 year that correspond to those in the calendar year.

6 (3) For a taxpayer that pays estimated tax for the
7 taxpayer's first tax year of less than 12 months, the amount paid
8 shall be that fraction of the estimated tax that is obtained by
9 dividing the total amount of estimated tax by the number of
10 payments to be made with respect to the tax year.

11 (4) There shall be allowed as a credit against the tax
12 imposed by this ~~act~~**PART** the amounts paid to the department
13 pursuant to this section.

14 (5) Instead of quarterly payments, a person subject to this
15 section may pay an estimated annual tax for the succeeding tax
16 year. The payment shall be made at the same time the person files
17 the annual return for the previous full tax year.

18 (6) A farmer or fisherman who elects to file and pay his or
19 her federal income tax under an alternative schedule provided in
20 section 6654 of the internal revenue code may file and pay the
21 tax imposed by this ~~act~~**PART** in the same manner. A seafarer may
22 file and pay the tax imposed by this ~~act~~**PART** in the same manner
23 as a farmer or fisherman under this subsection. As used in this
24 subsection, "seafarer" means an individual whose wages may not be
25 withheld for taxes by the state or a political subdivision of the
26 state as provided in section 11108 of title 46 of the United
27 States code, 46 ~~U.S.C.~~**USC** 11108.

1 (7) A bank or financial institution that submits quarterly
2 estimated income tax payment information through the federal tax
3 deposit system on magnetic tape and acts as fiduciary for 200 or
4 more taxable trusts shall submit Michigan quarterly tax payment
5 information on magnetic tape to the department.

6 (8) A bank or financial institution that acts as fiduciary
7 for more than 49 and fewer than 200 taxable trusts may enter into
8 an irrevocable agreement with the department to submit estimated
9 income tax payment information on magnetic tape to the
10 department.

11 (9) The payment of tax based on the information required
12 under subsections (7) and (8) shall be made through a wire
13 transfer to the state of Michigan contractual deposit account.

14 (10) A payment of estimated tax shall be computed on the
15 basis of the annualized rate established under section 51 for the
16 appropriate tax year to which the estimated tax payment is
17 applicable.

18 (11) Except as provided in subsection (1), the amount of an
19 estimated tax installment shall be computed, payment of estimated
20 tax shall be credited, and a period of underpayment shall be
21 determined in the same manner as provided in the internal revenue
22 code.

23 (12) As used in this section, "taxable trust" means a trust
24 required to make payments of estimated tax pursuant to subsection
25 (1).

26 Sec. 311. (1) The taxpayer on or before the due date set for
27 the filing of a return or the payment of the tax, except as

1 otherwise provided in this ~~act~~-**PART**, shall make out a return in
2 the form and content as prescribed by the ~~commissioner~~
3 **DEPARTMENT**, verify the return, and transmit it, together with a
4 remittance of the amount of the tax, to the department.

5 (2) Except as otherwise provided in subsection (5), the
6 department, upon application of the taxpayer and for good cause
7 shown, may extend under prescribed conditions the time for filing
8 the annual or final return required by this ~~act~~-**PART**. Before the
9 original due date, the taxpayer shall remit with an application
10 for extension the estimated tax due. In computing the tax due for
11 the tax year, interest at the rate established in, and penalties
12 imposed by, section 23 of 1941 PA 122, MCL 205.23, shall be added
13 to the amount of tax unpaid for the period of the extension. The
14 department may require a tentative return and payment of an
15 estimated tax.

16 (3) Taxpayers who are husband and wife and who file a joint
17 federal income tax return pursuant to the internal revenue code
18 shall file a joint return.

19 (4) Except as provided in subsection (5), if the taxpayer
20 has been granted an extension or extensions of time within which
21 to file a final federal return for a taxable year, the filing of
22 a copy of the extension or extensions automatically extends the
23 due date of the final return under this ~~act~~-**PART** for an
24 equivalent period. The taxpayer shall remit with the copy of the
25 extension or extensions the estimated tax due. In computing the
26 tax due for the tax year, interest at the rate established in,
27 and penalties imposed by, section 23 of 1941 PA 122, MCL 205.23,

1 shall be added to the amount of tax unpaid for the period of the
2 extension.

3 (5) If the taxpayer is eligible for an automatic extension
4 of time within which to file a federal return based on service in
5 a combat zone, the due date for filing an annual or final return
6 or a return and payment of an estimated tax under this ~~act~~-**PART**
7 is automatically extended for an equivalent period of time. The
8 taxpayer is not required to file a copy of any federal extension,
9 but shall print "COMBAT ZONE" in red ink at the top of his or her
10 return when the return is filed. The taxpayer is not required to
11 pay the amount of tax due at the time the return is originally
12 due, and the department shall not impose any interest or
13 penalties for the amount of tax unpaid for the period of the
14 extension.

15 Sec. 315. (1) Every person, other than a corporation,
16 required to make a return for any taxable period under the
17 internal revenue code, except as otherwise specifically provided
18 in this ~~act~~-**PART**, if his or her adjusted gross income is in
19 excess of the personal exemptions allowed by this ~~act~~-**PART** shall
20 render on or before the fifteenth day of the fourth month
21 following the close of that taxable period to the department a
22 return setting forth all of the following:

23 (a) The amount of adjusted gross income on the return made
24 to the United States internal revenue service for federal income
25 tax purposes and as provided in the definitions contained in this
26 ~~act~~-**PART** and the rules issued under this ~~act~~-**PART**.

27 (b) The personal and dependency exemptions as allowed by

1 this ~~act~~-PART.

2 (c) The amount of tax due under this ~~act~~-PART, less credits
3 claimed against the tax.

4 (d) Other information for the purposes of carrying out this
5 ~~act~~-PART as may be prescribed by the department.

6 (e) The balance of the tax shown to be due on the return is
7 due and shall be paid by the date fixed for filing the return
8 unless the balance is less than \$1.00, in which event payment is
9 not required.

10 (2) A nonresident member who has income in this state from 1
11 or more flow-through entities may elect to be included in the
12 composite income tax return of a flow-through entity of which the
13 nonresident member is a member.

14 (3) A flow-through entity may file a composite income tax
15 return on behalf of electing nonresident members and report and
16 pay the tax due based on the electing nonresident members' shares
17 of income available for distribution from the flow-through entity
18 for doing business in, or deriving income from, sources within
19 this state.

20 (4) A nonresident member that has been included in a
21 composite income tax return and also files an individual income
22 tax return for the same taxable period may claim a credit against
23 the tax imposed by this ~~act~~-PART on that individual income tax
24 return for the amount of taxes paid on behalf of the nonresident
25 member by the flow-through entity on that composite income tax
26 return.

27 (5) A composite income tax return is due on or before each

1 April 15 and shall report the information required by the
2 department for the immediately preceding calendar year.

3 Sec. 322. Any person electing to use "whole dollar amounts"
4 under the provisions of section 6102 of the internal revenue code
5 may use "whole dollar amounts" in the same manner for the
6 purposes of this ~~act~~-**PART**.

7 Sec. 325. (1) A taxpayer required to file a return under
8 this ~~act~~-**PART** may be required to furnish a true and correct copy
9 of any tax return or portion of any tax return and supporting
10 schedules that the taxpayer has filed under the provisions of the
11 internal revenue code.

12 (2) A taxpayer shall file an amended return with the
13 department showing any final alteration in, or modification of,
14 the taxpayer's federal income tax return that affects the
15 taxpayer's taxable income under this ~~act~~-**PART** and of any
16 similarly related recomputation of tax or determination of
17 deficiency under the internal revenue code. If an increase in
18 taxable income results from a federal audit that increases the
19 taxpayer's federal income tax by less than \$500.00, the
20 requirement under this subsection to file an amended return does
21 not apply but the department may assess an increase in tax
22 resulting from the audit. The amended return shall be filed
23 within 120 days after the final alteration, modification,
24 recomputation, or determination of deficiency. If the
25 ~~commissioner~~-**DEPARTMENT** finds upon all the facts that an
26 additional tax under this ~~act~~-**PART** is owing, the taxpayer shall
27 immediately pay the additional tax. If the ~~commissioner~~

House Bill No. 4361 as amended May 12, 2011

1 **DEPARTMENT** finds that the taxpayer has overpaid the tax imposed
2 by this act ~~act~~**PART**, a credit or refund of the overpayment shall
3 immediately be made as provided in section 30 of ~~Act No. 122 of~~
4 ~~the Public Acts of 1941, being section 205.30 of the Michigan~~
5 ~~Compiled Laws 1941 PA 122, MCL 205.30.~~

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18 Sec. 402. The tax imposed by this ~~act~~**PART** shall be
19 administered by the department in accordance with ~~Act No. 122 of~~
20 ~~the Public Acts of 1941, as amended, and this act~~**1941 PA 122,**
21 **MCL 205.1 TO 205.31, AND THIS PART.** In case of conflict between
22 the provisions of ~~Act No. 122 of the Public Acts of 1941, as~~
23 ~~amended, and this act,~~**1941 PA 122, MCL 205.1 TO 205.31, AND THIS**
24 **PART,** the provisions of this ~~act~~**PART** shall prevail.

25 Sec. 408. A person liable for any tax imposed under this ~~act~~
26 **PART** shall keep and maintain accurate records in a form as to
27 make it possible to determine the tax due under this ~~act~~**PART.**

1 Sec. 451. (1) A domestic corporation, a foreign corporation,
2 or other business entity authorized to transact business in this
3 state that submits a certificate of dissolution or requests a
4 certificate of withdrawal from this state shall request a
5 certificate from the department stating that taxes are not due
6 under section 27a of 1941 PA 122, MCL 205.27a, not more than 60
7 days after submitting the certificate of dissolution or
8 requesting the certificate of withdrawal. A corporation or other
9 business entity that does not request a certificate stating that
10 taxes are not due is subject to the same penalties under section
11 24 of 1941 PA 122, MCL 205.24, that a taxpayer would be subject
12 to for failure to file a return.

13 (2) An estate of a person subject to tax under this ~~act~~**PART**
14 shall not be closed without the payment of the tax levied by this
15 ~~act~~**PART**, both in respect to the liability of the estate and
16 decedent prior to his or her death.

17 Sec. 455. Every person shall keep such records, books and
18 accounts as may be necessary to determine the amount of tax for
19 which it is liable under the provisions of this ~~act~~**PART** and as
20 the department may require for a period of 6 years. The records,
21 books and accounts shall be open for examination at any time
22 during regular business hours of the taxpayer by the department
23 and its agents. Any person who violates any provision of this
24 section is guilty of a misdemeanor and shall be fined not more
25 than \$1,000.00 or imprisoned not more than 1 year in the county
26 jail, or both.

27 Sec. 471. (1) The tax imposed by this ~~act~~**PART** shall be

1 administered by the department. The department shall prescribe
2 forms for use by taxpayers and may promulgate rules for all of
3 the following:

4 (a) The maintenance by taxpayers of records, books, and
5 accounts.

6 (b) The computation of the tax.

7 (c) The manner and time of changing or electing accounting
8 methods and of exercising the accounting method options contained
9 in this ~~act~~**PART**.

10 (d) The making of returns, the payment of tax due, and the
11 ascertainment, assessment, and collection of the tax.

12 (2) The rules shall follow the rulings of the United States
13 internal revenue service with respect to the federal income tax
14 if those rulings are not inconsistent with this ~~act~~**PART**, and the
15 department may adopt as a part of the rules any portions of the
16 internal revenue code or rulings, in whole or in part.

17 (3) A summary of state expenditures and revenues by major
18 category, in dollar amounts and percentage of total, for the most
19 recent state fiscal year that the information is available, shall
20 be printed in the instruction booklet accompanying each state
21 income tax return.

22 (4) Each state income tax return shall contain a space for
23 the taxpayer to indicate the school district in which the
24 taxpayer resides.

25 (5) The department may provide information in the
26 instruction booklet about the purchase of an annual state park
27 motor vehicle permit pursuant to part 741 of the natural

1 resources and environmental protection act, 1994 PA 451, MCL
2 324.74101 to 324.74125.

3 (6) In the instruction booklet that accompanies the annual
4 return required under this ~~act~~-**PART**, the department shall provide
5 a clear and concise listing of each credit and each deduction
6 allowed under this ~~act~~-**PART** and a reference to a detailed
7 explanation.

8 (7) The department shall post the list described in
9 subsection (6) on the department's official website.

10 Sec. 475. (1) The tax imposed by this ~~act~~-**PART** is in
11 addition to all other taxes for which the taxpayer is liable and
12 the proceeds derived from the tax shall be credited to the
13 general fund to be allocated and distributed as provided in this
14 ~~act~~-**PART**.

15 (2) Each year that the contribution designation program
16 established in section 440 is in effect, an amount equal to the
17 cumulative designations made under section 440 less the annual
18 amount appropriated to the department of treasury for the purpose
19 of administering the children's trust fund and implementing
20 section 440, shall be appropriated from the general fund to the
21 children's trust fund in the department of treasury for use
22 solely in support of the purposes provided in the act that
23 created the children's trust fund.

24 Sec. 508. (1) "Gross rent" means the total rent contracted
25 to be paid by the renter or lessee of a homestead pursuant to
26 dealing at arms' length with the landlord of the homestead. When
27 the landlord and tenant have not dealt with each other at arms'

1 length and the department believes that the gross rent charged is
2 excessive, the department may adjust the gross rent to a
3 reasonable amount for the purposes of this chapter.

4 (2) "Homestead" means a dwelling or unit in a multiple-unit
5 dwelling that is subject to ad valorem taxes, or a service charge
6 in lieu of taxes as provided by section 15a of ~~Act No. 346 of the~~
7 ~~Public Acts of 1966, as amended, being section 125.1415a of the~~
8 ~~Michigan Compiled Laws,~~ **THE STATE HOUSING DEVELOPMENT AUTHORITY**
9 **ACT OF 1966, 1966 PA 346, MCL 125.1415A,** owned and occupied as a
10 home by the owner of the dwelling or unit, or occupied as the
11 dwelling of the renter or lessee, including all unoccupied real
12 property not classified for ad valorem tax purposes as
13 commercial, industrial, residential, or timber-cut over, owned by
14 the owner of the homestead. Beginning in the 1990 tax year, a
15 homestead does not include unoccupied real property that is
16 leased or rented by the owner to another person and that is not
17 adjacent and contiguous to the home of the owner. Additionally,
18 the following apply:

19 (a) If a homestead is an integral part of a larger unit of
20 assessment such as commercial, industrial, residential, timber-
21 cut over, or a multipurpose or multidwelling building, the tax on
22 the homestead shall be the same proportion of the total property
23 tax as the proportion of the value of the homestead is to the
24 total value of the assessed property.

25 (b) If the gross receipts of the agricultural or
26 horticultural operations do not exceed the household income, or
27 if there are no gross receipts, the following apply:

1 (i) If the claimant has lived on the land 10 years or more,
 2 all of the adjacent and contiguous agricultural or horticultural
 3 lands shall be considered a homestead and the credit is allowed
 4 for all the land.

5 (ii) If the claimant has lived on the land less than 10
 6 years, not more than 5 acres of adjacent and contiguous
 7 agricultural or horticultural land shall be considered a part of
 8 the homestead and the credit is allowed for that part of the
 9 land.

10 (c) A mobile home or trailer coach in a trailer coach park
 11 is a homestead and the site rent for space is considered the rent
 12 of a homestead. The specific tax levied by section 41 of ~~Act No.~~
 13 ~~243 of the Public Acts of 1959, being section 125.1041 of the~~
 14 ~~Michigan Compiled Laws, 1959 PA 243, MCL 125.1041,~~ is considered
 15 a property tax.

16 (3) "Household" means a claimant and spouse.

17 (4) ~~Household income~~ **TOTAL HOUSEHOLD RESOURCES** means all
 18 income received by all persons of a household in a tax year while
 19 members of a household, **PLUS ANY NET BUSINESS LOSS AFTER NETTING**
 20 **ALL BUSINESS INCOME AND LOSS, PLUS ANY NET RENTAL OR ROYALTY**
 21 **LOSS, PLUS ANY DEDUCTION FROM FEDERAL ADJUSTED GROSS INCOME FOR A**
 22 **CARRYBACK OR CARRYFORWARD OF A NET OPERATING LOSS AS DEFINED IN**
 23 **SECTION 172(B)(2) OF THE INTERNAL REVENUE CODE.**

24 Sec. 510. (1) "Income" means the sum of federal adjusted
 25 gross income as defined in the internal revenue code plus all
 26 income specifically excluded or exempt from the computations of
 27 the federal adjusted gross income except that beginning with the

1 1988 tax year, a deduction for a carryback or carryover of a net
2 operating loss shall not exceed federal modified taxable income
3 as defined in section 172(b)(2) of the internal revenue code.

4 Also, a person who is enrolled in an accident or health insurance
5 plan may deduct from income the amount that person paid in
6 premiums in the tax year for that insurance plan for the person's
7 family. Income does not include any of the following:

8 (a) The first \$300.00 of gifts in cash or kind from
9 nongovernmental sources.

10 (b) The first \$300.00 received from awards, prizes, lottery,
11 bingo, or other gambling winnings.

12 (c) Surplus foods.

13 (d) Relief in kind supplied by a governmental agency.

14 (e) Payments or credits under this ~~act~~**PART**.

15 (f) A governmental grant that has to be used by the claimant
16 for rehabilitation of the claimant's homestead.

17 (g) Stipends received by a person 60 years of age or older
18 who is acting as a foster grandparent under the foster
19 grandparent program authorized pursuant to section 211 of part B
20 of title II of the domestic volunteer service act of 1973, Public
21 Law 93-113, 42 ~~U.S.C.~~**USC** 5011, or who is acting as a senior
22 companion pursuant to section 213 of part C of title II of the
23 domestic volunteer service act of 1973, Public Law 93-113, 42
24 ~~U.S.C.~~**USC** 5013.

25 (h) Amounts deducted from monthly social security or
26 railroad retirement benefits for medicare premiums.

27 (i) Contributions by an employer to life, accident, or

1 health insurance plans.

2 (j) Energy assistance grants and energy assistance tax
3 credits.

4 (2) "Owner" means a natural person who owns or is purchasing
5 a homestead under a mortgage or land contract, who owns or is
6 purchasing a dwelling situated on the leased lands of another, or
7 who is a tenant-stockholder of a cooperative housing corporation.

8 Sec. 512. (1) "Paraplegic, hemiplegic, or quadriplegic"
9 means an individual, or either 1 of 2 persons filing a joint tax
10 return under this ~~act~~**PART**, who is a paraplegic, hemiplegic, or
11 quadriplegic at the end of the tax year.

12 (2) "Property taxes" means, for tax years before the 2003
13 tax year, general ad valorem taxes due and payable, levied on a
14 homestead within this state including property tax administration
15 fees, but does not include penalties, interest, or special
16 assessments unless assessed in the entire city, village, or
17 township, levied using a uniform millage rate on all real
18 property not exempt by state law from the levy of the special
19 assessment, and levied and based on state equalized valuation or
20 taxable value.

21 (3) "Qualified person" means a claimant and any person,
22 domiciled in Michigan, who can be claimed as a dependent under
23 the internal revenue code and who does not file a claim under
24 this ~~act~~**PART** for the same tax year. The term does not include
25 the additional exemptions allowed for age or blindness.

26 (4) "Renter" means a person who rents or leases a homestead.

27 Sec. 514. (1) "Senior citizen" means an individual, or

1 either 1 of 2 persons filing a joint tax return under this act
2 **PART**, who is 65 years of age or older at the close of the tax
3 year. The term also includes the unremarried surviving spouse of
4 a person who was 65 years of age or older at the time of death.

5 (2) "Serviceperson" means a person who is currently serving
6 in the armed forces of the United States or is separated from the
7 armed forces for less than a year, and who was a resident of this
8 state at least 6 months prior to the time of entering the armed
9 forces or was a resident of this state at least 5 years prior to
10 filing a claim under this chapter.

11 (3) "State income tax" or "state income tax act" means the
12 tax levied by this ~~act~~**PART**.

13 Sec. 520. (1) Subject to the limitations and the definitions
14 in this chapter, a claimant may claim against the tax due under
15 this ~~act~~**PART** for the tax year a credit for the property taxes on
16 the taxpayer's homestead deductible for federal income tax
17 purposes pursuant to section 164 of the internal revenue code, or
18 that would have been deductible if the claimant had not elected
19 the zero bracket amount or if the claimant had been subject to
20 the federal income tax. The property taxes used for the credit
21 computation shall not be greater than the amount levied for 1 tax
22 year. **A PERSON IS NOT ELIGIBLE FOR A CREDIT UNDER THIS SECTION IF**
23 **THE TAXABLE VALUE OF HIS OR HER HOMESTEAD IN THE YEAR FOR WHICH**
24 **THE CREDIT IS CLAIMED IS GREATER THAN \$135,000.00. AS USED IN**
25 **THIS SUBSECTION, "TAXABLE VALUE" MEANS THAT VALUE DETERMINED**
26 **UNDER SECTION 27A OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206,**
27 **MCL 211.27A.**

1 (2) A person who rents or leases a homestead may claim a
2 similar credit computed under this section and section 522 based
3 upon 17% of the gross rent paid for tax years before the 1994 tax
4 year, or 20% of the gross rent paid for tax years after the 1993
5 tax year. A person who rents or leases a homestead subject to a
6 service charge in lieu of ad valorem taxes as provided by section
7 15a of the state housing development authority act of 1966, ~~Act~~
8 ~~No. 346 of the Public Acts of 1966, being section 125.1415a of~~
9 ~~the Michigan Compiled Laws 1966 PA 346, MCL 125.1415A~~, may claim
10 a similar credit computed under this section and section 522
11 based upon 10% of the gross rent paid.

12 (3) If the credit claimed under this section and section 522
13 exceeds the tax liability for the tax year or if there is no tax
14 liability for the tax year, the amount of the claim not used as
15 an offset against the tax liability shall, after examination and
16 review, be approved for payment, without interest, to the
17 claimant. In determining the amount of the payment under this
18 subsection, withholdings and other credits shall be used first to
19 offset any tax liabilities.

20 (4) If the homestead is an integral part of a multipurpose
21 or multidwelling building that is federally aided housing or
22 state aided housing, a claimant who is a senior citizen entitled
23 to a payment under subsection (2) may assign the right to that
24 payment to a mortgagor if the mortgagor reduces the rent charged
25 and collected on the claimant's homestead in an amount equal to
26 the tax credit payment provided in this chapter. The assignment
27 of the claim is valid only if the Michigan state housing

1 development authority, by affidavit, verifies that the claimant's
2 rent has been so reduced.

3 (5) Only the renter or lessee shall claim a credit on
4 property that is rented or leased as a homestead.

5 (6) A person who discriminates in the charging or collection
6 of rent on a homestead by increasing the rent charged or
7 collected because the renter or lessee claims and receives a
8 credit or payment under this chapter is guilty of a misdemeanor.
9 Discrimination against a renter who claims and receives the
10 credit under this section and section 522 by a reduction of the
11 rent on the homestead of a person who does not claim and receive
12 the credit is a misdemeanor. If discriminatory rents are charged
13 or collected, each charge or collection of the higher or lower
14 payment is a separate offense. Each acceptance of a payment of
15 rent is a separate offense.

16 (7) A person who received aid to families with dependent
17 children, state family assistance, or state disability assistance
18 pursuant to the social welfare act, ~~Act No. 280 of the Public~~
19 ~~Acts of 1939, as amended, being sections 400.1 to 400.119b of the~~
20 ~~Michigan Compiled Laws 1939 PA 280, MCL 400.1 TO 400.119B~~, in the
21 tax year for which the person is filing a return shall have a
22 credit that is authorized and computed under this section and
23 section 522 reduced by an amount equal to the product of the
24 claimant's credit multiplied by the quotient of the sum of the
25 claimant's aid to families with dependent children, state family
26 assistance, and state disability assistance for the tax year
27 divided by the claimant's ~~household income.~~ **TOTAL HOUSEHOLD**

1 **RESOURCES.** The reduction of credit shall not exceed the sum of
2 the aid to families with dependent children, state family
3 assistance, and state disability assistance for the tax year. For
4 the purposes of this subsection, aid to families with dependent
5 children does not include child support payments that offset or
6 reduce payments made to the claimant.

7 (8) A credit under subsection (1) or (2) shall be reduced by
8 10% for each claimant whose ~~household income exceeds \$73,650.00~~
9 **TOTAL HOUSEHOLD RESOURCES EXCEED \$41,000.00** and by an additional
10 10% for each increment of \$1,000.00 of ~~household income~~ **TOTAL**
11 **HOUSEHOLD RESOURCES** in excess of ~~\$73,650.00~~ **\$41,000.00**.

12 (9) If the credit authorized and calculated under this
13 section and section 522 and adjusted under subsection (7) or (8)
14 does not provide to a senior citizen who rents or leases a
15 homestead that amount attributable to rent that constitutes more
16 than 40% of the ~~household income~~ **TOTAL HOUSEHOLD RESOURCES** of the
17 senior citizen, the senior citizen may claim a credit based upon
18 the amount of ~~household income~~ **TOTAL HOUSEHOLD RESOURCES**
19 attributable to rent as provided by this section.

20 (10) A senior citizen whose gross rent paid for the tax year
21 is more than the percentage of ~~household income~~ **TOTAL HOUSEHOLD**
22 **RESOURCES** specified in subsection (9) for the respective tax year
23 may claim a credit for the amount of rent paid that constitutes
24 more than the percentage of the ~~household income~~ **TOTAL HOUSEHOLD**
25 **RESOURCES** of the senior citizen specified in subsection (9) and
26 that was not provided to the senior citizen by the credit
27 computed pursuant to this section and section 522 and adjusted

1 pursuant to subsection (7) or (8).

2 (11) The department may promulgate rules to implement
3 subsections (9) to ~~(16)~~—(15) and may prescribe a table to allow a
4 claimant to determine the credit provided under this section and
5 section 522 in the instruction booklet that accompanies the
6 respective income tax or property tax credit forms used by
7 claimants.

8 (12) A senior citizen may claim the credit under subsections
9 (9) to ~~(16)~~—(15) on the same form as the property tax credit
10 permitted by subsection (2). The department shall adjust the
11 forms accordingly.

12 (13) A senior citizen who moves to a different rented or
13 leased homestead shall determine, for 2 tax years after the move,
14 both his or her qualification to claim a credit under subsections
15 (9) to ~~(16)~~—(15) and the amount of a credit under subsections (9)
16 to ~~(16)~~—(15) on the basis of the annualized final monthly rental
17 payment at his or her previous homestead, if this annualized
18 rental is less than the senior citizen's actual annual rental
19 payments.

20 (14) For a return of less than 12 months, the claim for a
21 credit under subsections (9) to ~~(16)~~—(15) shall be reduced
22 proportionately.

23 ~~—— (15) The Michigan state housing development authority shall~~
24 ~~report on the effect of the credit provided by subsections (9) to~~
25 ~~(16) on the price of rented and leased homesteads. If the~~
26 ~~authority determines that the price of rented and leased~~
27 ~~homesteads has increased as a result of the credit provided by~~

1 ~~subsections (9) to (16), the authority shall make recommendations~~
 2 ~~to the legislature to remedy this situation. The report shall be~~
 3 ~~made to the chairpersons of the house and senate committees that~~
 4 ~~have primary responsibility for taxation legislation 2 years~~
 5 ~~after the credit provided by subsections (9) to (16) is in~~
 6 ~~effect.~~

7 (15) ~~(16)~~ The total credit allowed by this section and
 8 section 522 shall not exceed \$1,200.00 per year.

9 Sec. 522. (1) The amount of a claim made pursuant to this
 10 chapter shall be determined as follows:

11 (a) A claimant **WHO IS NOT A SENIOR CITIZEN** is entitled to a
 12 credit against the state income tax liability **UNDER THIS PART**
 13 equal to 60% of the amount by which the property taxes on the
 14 homestead, or the credit for rental of the homestead for the tax
 15 year, exceeds 3.5% of the claimant's ~~household income~~ **TOTAL**
 16 **HOUSEHOLD RESOURCES** for that tax year.

17 (b) **A CLAIMANT WHO IS A SENIOR CITIZEN IS ENTITLED TO A**
 18 **CREDIT AGAINST THE STATE INCOME TAX LIABILITY UNDER THIS PART**
 19 **EQUAL TO THE FOLLOWING:**

20 (i) **FOR A CLAIMANT WITH TOTAL HOUSEHOLD RESOURCES OF**
 21 **\$21,000.00 OR LESS, AN AMOUNT EQUAL TO 100% OF THE DIFFERENCE**
 22 **BETWEEN THE PROPERTY TAXES ON THE HOMESTEAD OR THE CREDIT FOR**
 23 **RENTAL OF THE HOMESTEAD FOR THE TAX YEAR AND 3.5% OF TOTAL**
 24 **HOUSEHOLD RESOURCES.**

25 (ii) **FOR A CLAIMANT WITH TOTAL HOUSEHOLD RESOURCES OF MORE**
 26 **THAN \$21,000.00 AND LESS THAN OR EQUAL TO \$22,000.00, AN AMOUNT**
 27 **EQUAL TO 96% OF THE DIFFERENCE BETWEEN THE PROPERTY TAXES ON THE**

1 HOMESTEAD OR THE CREDIT FOR RENTAL OF THE HOMESTEAD FOR THE TAX
2 YEAR AND 3.5% OF TOTAL HOUSEHOLD RESOURCES.

3 (iii) FOR A CLAIMANT WITH TOTAL HOUSEHOLD RESOURCES OF MORE
4 THAN \$22,000.00 AND LESS THAN OR EQUAL TO \$23,000.00, AN AMOUNT
5 EQUAL TO 92% OF THE DIFFERENCE BETWEEN THE PROPERTY TAXES ON THE
6 HOMESTEAD OR THE CREDIT FOR RENTAL OF THE HOMESTEAD FOR THE TAX
7 YEAR AND 3.5% OF TOTAL HOUSEHOLD RESOURCES.

8 (iv) FOR A CLAIMANT WITH TOTAL HOUSEHOLD RESOURCES OF MORE
9 THAN \$23,000.00 AND LESS THAN OR EQUAL TO \$24,000.00, AN AMOUNT
10 EQUAL TO 88% OF THE DIFFERENCE BETWEEN THE PROPERTY TAXES ON THE
11 HOMESTEAD OR THE CREDIT FOR RENTAL OF THE HOMESTEAD FOR THE TAX
12 YEAR AND 3.5% OF TOTAL HOUSEHOLD RESOURCES.

13 (v) FOR A CLAIMANT WITH TOTAL HOUSEHOLD RESOURCES OF MORE
14 THAN \$24,000.00 AND LESS THAN OR EQUAL TO \$25,000.00, AN AMOUNT
15 EQUAL TO 84% OF THE DIFFERENCE BETWEEN THE PROPERTY TAXES ON THE
16 HOMESTEAD OR THE CREDIT FOR RENTAL OF THE HOMESTEAD FOR THE TAX
17 YEAR AND 3.5% OF TOTAL HOUSEHOLD RESOURCES.

18 (vi) FOR A CLAIMANT WITH TOTAL HOUSEHOLD RESOURCES OF MORE
19 THAN \$25,000.00 AND LESS THAN OR EQUAL TO \$26,000.00, AN AMOUNT
20 EQUAL TO 80% OF THE DIFFERENCE BETWEEN THE PROPERTY TAXES ON THE
21 HOMESTEAD OR THE CREDIT FOR RENTAL OF THE HOMESTEAD FOR THE TAX
22 YEAR AND 3.5% OF TOTAL HOUSEHOLD RESOURCES.

23 (vii) FOR A CLAIMANT WITH TOTAL HOUSEHOLD RESOURCES OF MORE
24 THAN \$26,000.00 AND LESS THAN OR EQUAL TO \$27,000.00, AN AMOUNT
25 EQUAL TO 76% OF THE DIFFERENCE BETWEEN THE PROPERTY TAXES ON THE
26 HOMESTEAD OR THE CREDIT FOR RENTAL OF THE HOMESTEAD FOR THE TAX
27 YEAR AND 3.5% OF TOTAL HOUSEHOLD RESOURCES.

1 (viii) FOR A CLAIMANT WITH TOTAL HOUSEHOLD RESOURCES OF MORE
2 THAN \$27,000.00 AND LESS THAN OR EQUAL TO \$28,000.00, AN AMOUNT
3 EQUAL TO 72% OF THE DIFFERENCE BETWEEN THE PROPERTY TAXES ON THE
4 HOMESTEAD OR THE CREDIT FOR RENTAL OF THE HOMESTEAD FOR THE TAX
5 YEAR AND 3.5% OF TOTAL HOUSEHOLD RESOURCES.

6 (ix) FOR A CLAIMANT WITH TOTAL HOUSEHOLD RESOURCES OF MORE
7 THAN \$28,000.00 AND LESS THAN OR EQUAL TO \$29,000.00, AN AMOUNT
8 EQUAL TO 68% OF THE DIFFERENCE BETWEEN THE PROPERTY TAXES ON THE
9 HOMESTEAD OR THE CREDIT FOR RENTAL OF THE HOMESTEAD FOR THE TAX
10 YEAR AND 3.5% OF TOTAL HOUSEHOLD RESOURCES.

11 (x) FOR A CLAIMANT WITH TOTAL HOUSEHOLD RESOURCES OF MORE
12 THAN \$29,000.00 AND LESS THAN OR EQUAL TO \$30,000.00, AN AMOUNT
13 EQUAL TO 64% OF THE DIFFERENCE BETWEEN THE PROPERTY TAXES ON THE
14 HOMESTEAD OR THE CREDIT FOR RENTAL OF THE HOMESTEAD FOR THE TAX
15 YEAR AND 3.5% OF TOTAL HOUSEHOLD RESOURCES.

16 (xi) FOR A CLAIMANT WITH TOTAL HOUSEHOLD RESOURCES OF MORE
17 THAN \$30,000.00, AN AMOUNT EQUAL TO 60% OF THE DIFFERENCE BETWEEN
18 THE PROPERTY TAXES ON THE HOMESTEAD OR THE CREDIT FOR RENTAL OF
19 THE HOMESTEAD FOR THE TAX YEAR AND 3.5% OF TOTAL HOUSEHOLD
20 RESOURCES.

21 (C) ~~(b)~~—A claimant who is a senior citizen or a paraplegic,
22 hemiplegic, or quadriplegic and for tax years that begin after
23 December 31, 1999, a claimant who is totally and permanently
24 disabled or deaf is entitled to a credit against the state income
25 tax liability for the amount by which the property taxes on the
26 homestead, the credit for rental of the homestead, or a service
27 charge in lieu of ad valorem taxes as provided by section 15a of

1 the state housing development authority act of 1966, 1966 PA 346,
 2 MCL 125.1415a, for the tax year exceeds the percentage of the
 3 claimant's ~~household income~~ **TOTAL HOUSEHOLD RESOURCES** for that
 4 tax year computed as follows:

5	Household income	Percentage
6	Not over \$3,000.00	.0%
7	Over \$3,000.00 but not over \$4,000.00	1.0%
8	Over \$4,000.00 but not over \$5,000.00	2.0%
9	Over \$5,000.00 but not over \$6,000.00	3.0%
10	Over \$6,000.00	3.5%

11 ~~—— (c) For a tax year that begins before January 1, 2000, a~~
 12 ~~claimant who is totally and permanently disabled is entitled to a~~
 13 ~~credit against the state income tax liability equal to 60% of the~~
 14 ~~amount by which the property taxes on the homestead, or the~~
 15 ~~credit for rental of the homestead or for a service charge in~~
 16 ~~lieu of ad valorem taxes as provided in section 15a of the state~~
 17 ~~housing development authority act of 1966, 1966 PA 346, MCL~~
 18 ~~125.1415a, for the tax year, exceeds the percentage of the~~
 19 ~~claimant's household income for that tax year based on the~~
 20 ~~schedule in subdivision (b).~~

21 (d) A claimant who is an eligible serviceperson, eligible
 22 veteran, or eligible widow or widower is entitled to a credit
 23 against the state income tax liability for a percentage of the
 24 property taxes on the homestead for the tax year not in excess of
 25 100% determined as follows:

26 (i) Divide the taxable value allowance specified in section

1 506 by the taxable value of the homestead or, if the eligible
2 serviceperson, eligible veteran, or eligible widow or widower
3 leases or rents a homestead, divide 17% of the total annual rent
4 paid for tax years before the 1994 tax year, or 20% of the total
5 annual rent paid for tax years after the 1993 tax year on the
6 property by the property tax rate on the property.

7 (ii) Multiply the property taxes on the homestead by the
8 percentage computed in subparagraph (i).

9 (e) A claimant who is blind is entitled to a credit against
10 the state income tax liability for a percentage of the property
11 taxes on the homestead for the tax year determined as follows:

12 (i) If the taxable value of the homestead is \$3,500.00 or
13 less, 100% of the property taxes.

14 (ii) If the taxable value of the homestead is more than
15 \$3,500.00, the percentage that \$3,500.00 bears to the taxable
16 value of the homestead.

17 (2) A person who is qualified to make a claim under more
18 than 1 classification shall elect the classification under which
19 the claim is made.

20 (3) Only 1 claimant per household for a tax year is entitled
21 to the credit, unless both the husband and wife filing a joint
22 return are blind, then each shall be considered a claimant.

23 (4) As used in this section, "totally and permanently
24 disabled" means disability as defined in section 216 of title II
25 of the social security act, 42 U.S.C.—USC 416.

26 (5) A senior citizen who has a ~~total household income~~ **TOTAL**
27 **HOUSEHOLD RESOURCES** for the tax year of \$6,000.00 or less and who

1 for 1973 received a senior citizen homestead exemption under
2 former section 7c of the general property tax act, ~~Act No. 206 of~~
3 ~~the Public Acts of 1893~~ **1893 PA 206**, may compute the credit
4 against the state income tax liability for a percentage of the
5 property taxes on the homestead for the tax year determined as
6 follows:

7 (a) If the taxable value of the homestead is \$2,500.00 or
8 less, 100% of the property taxes.

9 (b) If the taxable value of the homestead is more than
10 \$2,500.00, the percentage that \$2,500.00 bears to the taxable
11 value of the homestead.

12 (6) For a return of less than 12 months, the claim shall be
13 reduced proportionately.

14 (7) The ~~commissioner~~ **DEPARTMENT** may prescribe tables that
15 may be used to determine the amount of the claim.

16 (8) The total credit allowed in this section for each year
17 after December 31, 1975 shall not exceed \$1,200.00 per year.

18 (9) The total credit allowable under this ~~act~~ **PART** and part
19 361 of the natural resources and environmental protection act,
20 1994 PA 451, MCL 324.36101 to 324.36117, shall not exceed the
21 total property tax due and payable by the claimant in that year.
22 The amount by which the credit exceeds the property tax due and
23 payable shall be deducted from the credit claimed under part 361
24 of the natural resources and environmental protection act, 1994
25 PA 451, MCL 324.36101 to 324.36117.

26 Sec. 526. The right to file a claim is personal to the
27 claimant. The right may be exercised on behalf of a claimant by

1 an agent, guardian, attorney-in-fact, executor or administrator,
2 or other persons charged with the care of the person or property
3 of a claimant. When a claimant dies before he could have filed or
4 after having filed a timely claim, the amount thereof may be paid
5 to another member of the household or to the mortgagor of the
6 state or federally aided housing, which is a multipurpose of
7 multidwelling building, who has reduced the rent on the
8 claimant's homestead because of the tax credit and payment
9 provided in this chapter as determined by the ~~commissioner~~
10 **DEPARTMENT**. If the claimant was the only member of his household
11 and was not renting his homestead in a multipurpose or
12 multidwelling building that is state or federally aided housing,
13 the claim shall be paid to his executor or administrator, but if
14 neither is appointed within 2 years after the filing of the
15 claim, the amount ~~thereof~~ **OF THE CLAIM** shall escheat to the
16 state.

17 Sec. 527a. (1) ~~For tax years 1985 through 1994, a claimant~~
18 ~~may claim a credit against the state income tax for heating fuel~~
19 ~~costs for the claimant's homestead in this state. For the 1996~~
20 ~~tax year and each tax year after the 1996 tax year and subject~~
21 **SUBJECT** to subsections (18) and (19), a claimant may claim a
22 credit for heating fuel costs for the claimant's homestead in
23 this state. An adult foster care home, nursing home, home for the
24 aged, or substance abuse center is not a homestead for purposes
25 of this section. The credit shall be determined in the following
26 manner:

27 (a) ~~For the 1988 tax year through the 1994 tax year and,~~

1 ~~subject~~ **SUBJECT** to subsections (18) and (19), ~~for the 1996 tax~~
 2 ~~year and each tax year after the 1996 tax year,~~ the following
 3 table shall be used for the computation of a credit as computed
 4 under subdivision (c):

5 Exemptions	0 or 1	2	3	4	5	6 or more
6 Credit	\$272	\$326	\$379	\$450	\$525	\$601 + \$76 for each
7						exemption over 6

8 (b) ~~For tax years after the 1988 tax year,~~ ~~the~~ **THE** amounts
 9 in the table in subdivision (a) shall be adjusted each year as
 10 necessary by the department so that a claimant with a ~~household~~
 11 ~~income~~ **TOTAL HOUSEHOLD RESOURCES OF** less than 110% of the federal
 12 poverty income standards as defined and determined annually by
 13 the United States office of management and budget is not denied a
 14 credit.

15 (c) A claimant shall receive the greater of the credit
 16 amount as determined in subparagraph (i) or (ii):

17 (i) Subtract 3.5% of the claimant's ~~household income~~ **TOTAL**
 18 **HOUSEHOLD RESOURCES** from the amount specified in subdivision (a)
 19 that corresponds with the number of exemptions claimed in the
 20 return filed under this ~~act,~~ **PART**, except that the number of
 21 exemptions for purposes of this subdivision shall not exceed the
 22 actual number of persons living in the household plus the
 23 additional personal exemptions allowed under section 30, and any
 24 dependency exemptions for a person or persons living in the
 25 household under a custodial arrangement, even if the exemptions
 26 may not be claimed for other income tax purposes. For a claimant

1 whose heating costs are included in his or her rent, multiply the
 2 result of the preceding calculation by 50%.

3 (ii) Subject to subsection (2), for a claimant whose
 4 ~~household income does~~ **TOTAL HOUSEHOLD RESOURCES DO** not exceed the
 5 maximum specified in the following table, as adjusted, that
 6 corresponds with the number of exemptions claimed in the return
 7 filed under this act ~~PART~~, subtract 11% of claimant's ~~household~~
 8 ~~income~~ **TOTAL HOUSEHOLD RESOURCES** from the total cost incurred by
 9 a claimant for heating fuel from a heating fuel provider during
 10 the 12 consecutive monthly billing periods ending in October of
 11 the tax year, and multiply the resulting amount by 70%:

12 Exemptions	0 or 1	2	3	4	5	For each
13						exemption
14						over 5,
15						add
16						\$2,441.00
17						to the
18						maximum
19						income
20						TOTAL
21						HOUSEHOLD
22						RESOURCES
23 Maximum						
24 income TOTAL						
25 HOUSEHOLD						
26 RESOURCES	\$7,060	\$9,501	\$11,943	\$14,382	\$16,824	

27 (d) ~~For the 1988 tax year for the purposes of subdivision~~
 28 ~~(c), the total cost incurred by a claimant for heating fuel from~~

1 a heating fuel provider shall not exceed \$1,190.00. For tax years
2 after the 1988 tax year, the ~~THE~~ maximum cost incurred by a
3 claimant for heating fuel during a tax year shall be adjusted by
4 multiplying the maximum cost for the immediately preceding tax
5 year by the percentage by which the average all urban Detroit
6 consumer price index for fuels and other utilities for the 12
7 months ending August 31 of the tax year for which the credit is
8 claimed exceeds that index's average for the 12 months ending on
9 August 31 of the previous tax year, but not more than 10%. That
10 product shall be added to the maximum cost of the immediately
11 preceding tax year and then rounded to the nearest whole dollar.
12 That dollar amount is the new maximum cost for the current tax
13 year. If the claimant received any credits to his or her heating
14 bill during the tax year, as provided for in subsection (6), the
15 credits shall be treated as costs incurred by the claimant.

16 (e) ~~For tax years after the 1988 tax year, the~~ ~~THE~~ maximum
17 ~~income amounts~~ **TOTAL HOUSEHOLD RESOURCES** specified in subdivision
18 (c) (ii) shall be adjusted by multiplying the respective maximum
19 ~~income amounts~~ **TOTAL HOUSEHOLD RESOURCES** for the immediately
20 preceding tax year by the percentage by which the average all
21 urban Detroit consumer price index for all items for the 12
22 months ending August 31 of the tax year for which the credit is
23 claimed exceeds that index's average for the 12 months ending on
24 August 31 of the immediately preceding tax year, but not more
25 than 10%. That product shall be added to the immediately
26 preceding tax year's respective maximum ~~income level~~ **TOTAL**
27 **HOUSEHOLD RESOURCES** and then rounded to the nearest whole dollar.

1 That dollar amount is the new maximum ~~income~~-level **FOR TOTAL**
2 **HOUSEHOLD RESOURCES** for the then current tax year.

3 (2) An enrolled heating fuel provider shall notify each of
4 its customers, not later than December 15 of each year, ~~or, for~~
5 ~~1995 only, not later than January 10, 1996 or for 1996 only, not~~
6 ~~later than January 15, 1996,~~ of the availability, upon request,
7 of the information necessary for determining the credit under
8 this section. For a claimant for whom, at the time of filing, the
9 ~~family independence agency~~ **DEPARTMENT OF HUMAN SERVICES** is making
10 direct vendor payments to an enrolled heating fuel provider, the
11 enrolled heating fuel provider that accepts the direct payments
12 shall provide the information necessary to determine the credit
13 before February 1 of each year. If an enrolled heating fuel
14 provider refuses or fails to provide to a customer the
15 information required to determine the credit, or if the claimant
16 is not a customer of an enrolled heating fuel provider, a
17 claimant may determine the credit provided in subsection
18 (1)(c)(ii) based on his or her own records.

19 (3) A credit claimed on a return that covers a period of
20 less than 12 months shall be calculated based on subsection
21 (1)(c)(i) and shall be reduced proportionately.

22 (4) The allowable amount of the credit under this section
23 shall be remitted to the claimant, other than a claimant whose
24 heating costs are included in his or her rent, in the form of an
25 energy draft that states the name of the claimant and is issued
26 by the department. For a claimant for whom, at the time of
27 filing, the ~~family independence agency~~ **DEPARTMENT OF HUMAN**

1 **SERVICES** has identified the enrolled heating fuel provider or is
2 making direct vendor payments to an enrolled heating fuel
3 provider, the department shall send the energy draft directly to
4 the claimant's enrolled heating fuel provider, as identified by
5 the claimant. If the department establishes a program or pilot
6 program for the direct payment of energy drafts to enrolled
7 heating fuel providers, enrolled heating fuel providers may
8 submit to the department, in a manner prescribed by the
9 department, the names of their customers who are claimants. If a
10 claimant whose name has been submitted meets the standards
11 established by the department, the department shall send that
12 claimant's energy draft directly to the claimant's enrolled
13 heating fuel provider. If the enrolled heating fuel provider
14 submits names of claimants who are not its customers and the
15 energy drafts of any of those claimants are sent to the enrolled
16 heating fuel provider, the enrolled heating fuel provider shall
17 return the energy drafts or pay the value of the energy drafts to
18 the department plus interest on the amount of the energy drafts
19 at the rate calculated under section 23 **OF 1941 PA 122, MCL**
20 **205.23**, for deficiencies in tax payments. Except as provided in
21 subsection (5), after July 31, a refundable credit for a prior
22 tax year may be paid in the form of a negotiable warrant. The
23 energy draft shall be negotiable only through the claimant's
24 enrolled heating fuel provider upon remittance by the claimant.

25 (5) If a claimant received home heating assistance from the
26 ~~family independence agency~~ **DEPARTMENT OF HUMAN SERVICES**, a
27 governmental agency, or a nonprofit organization 12 months prior

1 to remitting an energy draft to the claimant's enrolled heating
2 fuel provider and the amount of the energy draft is greater than
3 the total of outstanding bills incurred by the claimant with the
4 enrolled heating fuel provider as of the date that the energy
5 draft was remitted to the enrolled heating fuel provider, the
6 enrolled heating fuel provider shall first apply the full amount
7 of the energy draft to the claimant's outstanding bills and then
8 apply any remaining amount to subsequent bills of the claimant
9 until the full amount of the energy draft is used up or the
10 expiration of 9 months after the date on which the energy draft
11 was first applied to cover the claimant's outstanding bills. If
12 there is any remaining energy draft amount at the end of the 9-
13 month period, or if before the end of the 9-month period the
14 claimant is no longer a customer of the enrolled heating fuel
15 provider, the enrolled heating fuel provider shall remit the
16 remaining amount to the claimant in the form of a fully
17 negotiable check within 14 days after the end of the 9-month
18 period or 14 days after the termination of services, whichever
19 occurs sooner. If the claimant did not receive home heating
20 assistance from the ~~family independence agency~~ **DEPARTMENT OF**
21 **HUMAN SERVICES**, a governmental agency, or a nonprofit
22 organization 12 months prior to remitting an energy draft, the
23 claimant, by checking the appropriate box to be included on the
24 energy draft or application for participation with an enrolled
25 heating fuel provider, may request from the enrolled heating fuel
26 provider a payment equal to the amount of the energy draft less
27 the amount of the outstanding bills. The enrolled heating fuel

1 provider shall issue the payment within 14 days after the
2 claimant's request. For purposes of this subsection, home heating
3 assistance does not include the credit allowed under this
4 section.

5 (6) If a claimant whose energy draft exceeds his or her
6 outstanding bills does not request a payment from an enrolled
7 heating fuel provider under subsection (5), an energy draft
8 remitted to an enrolled heating fuel provider shall be applied
9 upon receipt to the claimant's designated account. The energy
10 draft may be used to cover outstanding bills that the claimant
11 has incurred with the enrolled heating fuel provider and to cover
12 subsequent heating costs until the full amount of the energy
13 draft is used or until 1 year after the date on which the energy
14 draft is first applied to the claimant's designated account. If a
15 credit amount remains from this energy draft after the 1-year
16 period, or if prior to the end of the 1-year period a claimant is
17 no longer a customer of the enrolled heating fuel provider, the
18 heating fuel provider shall remit the remaining unused portion to
19 the claimant in the form of a fully negotiable check within 14
20 days after the end of the 1-year period or within 14 days after
21 termination of service, whichever is sooner.

22 (7) A claimant who is no longer a resident of this state,
23 who is not a customer of an enrolled heating fuel provider, or
24 whose heating fuel provider refuses to accept an energy draft
25 shall return the energy draft to the department and request the
26 issuance of a negotiable warrant. A claimant may return an energy
27 draft to the department and request issuance of a negotiable

1 warrant if the energy draft is impractical because the claimant
2 has already purchased his or her energy supply for the year and
3 does not have an outstanding obligation to an enrolled heating
4 fuel provider. The department may honor that request if it agrees
5 that the use of the energy draft is impractical. The department
6 shall issue the warrant within 14 days after receiving the energy
7 draft from the claimant.

8 (8) The enrolled heating fuel provider shall bill the
9 department for credit amounts that have been applied to claimant
10 accounts pursuant to subsection (6), and the department shall pay
11 the bills within 14 days of receipt. The billing shall be
12 accompanied by the energy drafts for which reimbursement is
13 claimed.

14 (9) A claimant whose heating fuel is provided by a utility
15 regulated by the Michigan public service commission is protected
16 against the discontinuance of his or her heating fuel service
17 from the date of filing a claim for the credit under this section
18 through the date of issuance of an energy draft and during a
19 period beginning December 1 of the tax year for which the credit
20 is claimed and ending March 31 of the following year if the
21 claimant participates in the winter protection program set forth
22 in R ~~460.2174~~ **460.148** of the Michigan administrative code or if
23 the utility accepts the claimant's energy draft. The acceptance
24 of an energy draft by a utility is considered a request by the
25 claimant for the winter protection program. The energy draft
26 shall be coded by the department to denote claimants who are 65
27 years of age or older. If the claimant is a claimant whose

1 heating cost is included in his or her rent payments, the amount
2 of the claim not used as an offset against the state income tax,
3 after examination and review, shall be approved for payment,
4 without interest, to the claimant.

5 (10) If an enrolled heating fuel provider does not issue a
6 payment or a negotiable check within 14 days or as otherwise
7 provided in subsection (5) or (6), beginning on the fifteenth day
8 or the fifteenth day after the expiration of the 9-month period
9 under subsection (5), the amount due to the claimant is increased
10 by adding interest computed on the basis of the rate of interest
11 prescribed for delayed refunds of excess tax payments in section
12 30(3) of 1941 PA 122, MCL 205.30. The enrolled heating fuel
13 provider shall pay the interest and shall not bill the interest
14 to or be reimbursed for the interest by the department.

15 (11) Only the renter or lessee shall claim a credit on
16 property that is rented or leased as a homestead. Only 1 credit
17 may be claimed for a household. The credit under this section is
18 in addition to other credits to which the claimant is entitled
19 under this ~~act~~**PART**. A person who is a full-time student at a
20 school, community college, or college or university and who is
21 claimed as a dependent by another person is not eligible for the
22 credit provided by this section. A claimant who shares a
23 homestead with other eligible claimants shall prorate the credit
24 by the number of claimants sharing the homestead.

25 (12) A claimant who is eligible for the credit provided by
26 this section shall be referred by the department to the
27 appropriate state agency for determination of eligibility for

1 home weatherization assistance and shall accept weatherization
2 assistance if eligible and if assistance is available. A heating
3 fuel provider that is required by the Michigan public service
4 commission to participate in the residential conservation
5 services home energy analysis program shall annually contact each
6 claimant to whom it provides heating fuel, and whose usage
7 exceeds 200,000 cubic feet of natural gas or 18,000 kilowatt
8 hours of electricity annually, and shall offer to provide a home
9 energy analysis at no cost to the claimant. A heating fuel
10 provider that is not required to participate in the residential
11 conservation services program shall not be required to conduct a
12 home energy analysis for its customers.

13 (13) If an enrolled heating fuel provider is regulated by
14 the Michigan public service commission, the Michigan public
15 service commission may use an enforcement method authorized by
16 law or rule to enforce the requirements prescribed by this
17 section on the enrolled heating fuel provider. If an enrolled
18 heating fuel provider is not regulated by the Michigan public
19 service commission, the ~~family independence agency~~ **DEPARTMENT OF**
20 **HUMAN SERVICES** may use an enforcement method authorized by law or
21 rule to enforce the requirements prescribed by this section on
22 the enrolled heating fuel provider.

23 (14) The department shall mail a home heating credit return
24 to every person who received assistance through ~~family~~
25 ~~independence programs~~ **THE DEPARTMENT OF HUMAN SERVICES** pursuant
26 to the social welfare act, 1939 PA 280, MCL 400.1 to 400.119b,
27 during the tax year.

1 (15) The department shall complete a study by August 1 of
2 1985, and of each subsequent year, of the actual heating costs of
3 each claimant who received a credit from the department under
4 this section for the immediately preceding tax year.

5 (16) The department may promulgate rules necessary to
6 administer this section pursuant to the administrative procedures
7 act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

8 (17) The department shall provide a simplified procedure for
9 claiming the credit under this section for claimants for whom, at
10 the time of filing, the ~~family independence agency~~ **DEPARTMENT OF**
11 **HUMAN SERVICES** is making direct vendor payments to an enrolled
12 heating fuel provider.

13 (18) For the 2001 tax year and each tax year after the 2001
14 tax year, the credit under this section is allowed only if there
15 has been a federal appropriation for the federal fiscal year
16 beginning in the tax year of federal low income home energy
17 assistance program block grant funds of any amount. If the amount
18 of federal low income home energy assistance program block grant
19 funds available for the home heating credit is less than the full
20 home heating credit amount, each individual credit claimed under
21 this section shall be reduced by multiplying the credit amount by
22 a fraction, the numerator of which is the amount available for
23 the home heating credit and the denominator of which is the full
24 home heating credit amount. As used in this subsection, "amount
25 available for the home heating credit" means the sum of the
26 federal low income home energy assistance program block grant
27 allotment for this state for the federal fiscal year beginning in

1 the tax year and the amount as certified by the director of the
2 ~~family independence agency~~ **DEPARTMENT OF HUMAN SERVICES** carried
3 forward from the immediately preceding fiscal year for the low
4 income home energy assistance program block grant minus the sum
5 of the amount certified by the director of the ~~family~~
6 ~~independence agency~~ **DEPARTMENT OF HUMAN SERVICES** for
7 administration of the low income home energy assistance program
8 block grant, the amount certified by the director of the ~~family~~
9 ~~independence agency~~ **DEPARTMENT OF HUMAN SERVICES** for crisis
10 assistance programs, and the amount certified by the director of
11 the ~~family independence agency~~ **DEPARTMENT OF HUMAN SERVICES** for
12 weatherization. Except as otherwise provided in this subsection,
13 the amount used for weatherization each fiscal year shall not
14 exceed \$9,000,000.00 less the amount used for weatherization from
15 the emergency contingency funds received in the immediately
16 preceding year. For the 2004-2005 state fiscal year only, the
17 amount used for weatherization shall not exceed \$9,000,000.00 and
18 shall not be reduced by the amount used for weatherization from
19 the emergency contingency funds received in the immediately
20 preceding year. The amounts under this subsection that require
21 certification by the director of the ~~family independence agency~~
22 **DEPARTMENT OF HUMAN SERVICES** or by the state treasurer and the
23 director of the department of **TECHNOLOGY**, management, and budget
24 shall be certified on or before December 30 of the tax year for
25 the 1996 tax year, and on or before November 1 of the tax year
26 for the 1997 tax year and each tax year after the 1997 tax year.
27 As used in this subsection, "full home heating credit amount"

1 means the amount certified by the state treasurer and the
2 director of the department of **TECHNOLOGY**, management, and budget
3 to be the estimated amount of the credits that would have been
4 provided under this section for the tax year if no reduction as
5 provided in this subsection were made for that tax year.

6 (19) For tax years after the 1994 tax year, a claimant who
7 claims a credit under this section shall not report the credit
8 amount on the claimant's income tax return filed under this ~~act~~
9 **PART** as an offset against the tax imposed by this ~~act~~**PART**, but
10 shall claim the credit on a separate form prescribed by the
11 department. For tax years after the 1995 tax year, a credit
12 claimed under this section shall not be allowed unless the claim
13 for the credit is filed with the department on or before the
14 September 30 immediately following the tax year for which the
15 credit is claimed.

16 (20) The state treasurer shall notify all of the following
17 each state fiscal year that the federal low income home energy
18 assistance program block grant allotment for this state for that
19 fiscal year is less than the full home heating credit amount:

20 (a) The chairpersons and vice-chairpersons of the senate and
21 house of representatives appropriations committees.

22 (b) The senate and house of representatives committees on
23 taxation and finance related issues.

24 (c) The senate and house of representatives committees on
25 energy and technology related issues.

26 (21) Notwithstanding section 30a of 1941 PA 122, MCL
27 205.30a, the credit allowed under this section is exempt from

1 interception, execution, levy, attachment, garnishment, or other
2 legal process to collect a debt. No portion of the credit allowed
3 or any rights existing under this section shall be applied as an
4 offset to any liability of the claimant under section 30a of 1941
5 PA 122, MCL 205.30a, or any arrearage or other debt of the
6 claimant.

7 (22) The department shall meet with interested parties
8 including enrolled heating fuel providers and advocacy groups to
9 identify and implement methods of improving the processing of
10 claims for the credit allowed under this section and payments
11 attributable to those credits.

12 (23) As used in this section:

13 (a) "Claimant whose heating costs are included in his or her
14 rent" means a claimant whose rent includes the cost of heat at
15 the time the claim for the credit under this section is filed.

16 (b) "Enrolled heating fuel provider" means a heating fuel
17 provider that is enrolled with the ~~family independence agency~~
18 **DEPARTMENT OF HUMAN SERVICES** as a heating fuel provider.

19 (c) "Heating fuel provider" means an individual or entity
20 that provides a claimant with heating fuel or electricity for
21 heating purposes.

22 Sec. 530. (1) The department may require reasonable proof
23 from the claimant in support of rent paid, property taxes paid,
24 ~~household income,~~ **TOTAL HOUSEHOLD RESOURCES**, size and nature of
25 the property claimed as a homestead, or any other information
26 required for the administration of this chapter.

27 (2) If a homestead is occupied for less than a 12-month

1 period, the credit computation shall be proportional to the
2 period of occupancy. A claimant shall not occupy more than 1
3 homestead at 1 time. If more than 1 homestead is occupied during
4 the tax year, the credit computation shall be proportional to the
5 period of occupancy of each homestead, but not for a total period
6 of more than 1 year.

7 (3) If unoccupied land is used for agricultural or
8 horticultural purposes by the claimant, the credit shall be
9 allowed only if the gross receipts of the agricultural or
10 horticultural operations exceed the ~~household income~~ **TOTAL**
11 **HOUSEHOLD RESOURCES** as defined in this ~~act~~ **PART**.

12 (4) A claim shall not be allowed if the department finds
13 that the claimant received title to the homestead primarily for
14 the purpose of receiving benefits under this chapter.

15 (5) The amount of a claim otherwise payable may be applied
16 by the department against a liability outstanding on the books of
17 the state against the claimant.

18 Sec. 532. The department shall prescribe forms for claiming
19 the credit, which forms shall be a component part of the state
20 income tax return. ~~, except as provided in section 531.~~ All
21 provisions of this ~~act~~ **PART** including but not limited to audit,
22 review, determinations, appeals, hearings, notices, assessments,
23 and administration shall apply to this chapter.

24 **PART 2**

25 **CHAPTER 10**

26 **SEC. 601. A TERM USED IN THIS PART AND NOT DEFINED**
27 **DIFFERENTLY SHALL HAVE THE SAME MEANING AS WHEN USED IN**

1 COMPARABLE CONTEXT IN THE LAWS OF THE UNITED STATES RELATING TO
2 FEDERAL INCOME TAXES IN EFFECT FOR THE TAX YEAR UNLESS A
3 DIFFERENT MEANING IS CLEARLY REQUIRED. A REFERENCE IN THIS PART
4 TO THE INTERNAL REVENUE CODE INCLUDES OTHER PROVISIONS OF THE
5 LAWS OF THE UNITED STATES RELATING TO FEDERAL INCOME TAXES.

6 SEC. 603. (1) "BUSINESS ACTIVITY" MEANS A TRANSFER OF LEGAL
7 OR EQUITABLE TITLE TO OR RENTAL OF PROPERTY, WHETHER REAL,
8 PERSONAL, OR MIXED, TANGIBLE OR INTANGIBLE, OR THE PERFORMANCE OF
9 SERVICES, OR A COMBINATION THEREOF, MADE OR ENGAGED IN, OR CAUSED
10 TO BE MADE OR ENGAGED IN, WHETHER IN INTRASTATE, INTERSTATE, OR
11 FOREIGN COMMERCE, WITH THE OBJECT OF GAIN, BENEFIT, OR ADVANTAGE,
12 WHETHER DIRECT OR INDIRECT, TO THE TAXPAYER OR TO OTHERS, BUT
13 DOES NOT INCLUDE THE SERVICES RENDERED BY AN EMPLOYEE TO HIS OR
14 HER EMPLOYER OR SERVICES AS A DIRECTOR OF A CORPORATION. ALTHOUGH
15 AN ACTIVITY OF A TAXPAYER MAY BE INCIDENTAL TO ANOTHER OR TO
16 OTHERS OF HIS OR HER BUSINESS ACTIVITIES, EACH ACTIVITY SHALL BE
17 CONSIDERED TO BE BUSINESS ENGAGED IN WITHIN THE MEANING OF THIS
18 PART.

19 (2) "BUSINESS INCOME" MEANS FEDERAL TAXABLE INCOME. FOR A
20 TAXPAYER THAT IS A MUTUAL OR COOPERATIVE ELECTRIC COMPANY EXEMPT
21 UNDER SECTION 501(C)(12) OF THE INTERNAL REVENUE CODE, BUSINESS
22 INCOME EQUALS THE ORGANIZATION'S EXCESS OR DEFICIENCY OF REVENUES
23 OVER EXPENSES AS REPORTED TO THE FEDERAL GOVERNMENT BY THOSE
24 ORGANIZATIONS EXEMPT FROM THE FEDERAL INCOME TAX UNDER THE
25 INTERNAL REVENUE CODE, LESS CAPITAL CREDITS PAID TO MEMBERS OF
26 THAT ORGANIZATION, LESS INCOME ATTRIBUTED TO EQUITY IN ANOTHER
27 ORGANIZATION'S NET INCOME, AND LESS INCOME RESULTING FROM A

1 CHARGE APPROVED BY A STATE OR FEDERAL REGULATORY AGENCY THAT IS
2 RESTRICTED FOR A SPECIFIED PURPOSE AND REFUNDABLE IF IT IS NOT
3 USED FOR THE SPECIFIED PURPOSE. FOR A TAX-EXEMPT TAXPAYER,
4 BUSINESS INCOME MEANS ONLY THAT PART OF FEDERAL TAXABLE INCOME
5 DERIVED FROM UNRELATED BUSINESS ACTIVITY.

6 SEC. 605. (1) "CORPORATION" MEANS A TAXPAYER THAT IS
7 REQUIRED OR HAS ELECTED TO FILE AS A C CORPORATION AS DEFINED
8 UNDER SECTION 1361(A) (2) AND SECTION 7701(A) (3) OF THE INTERNAL
9 REVENUE CODE. CORPORATION DOES NOT INCLUDE AN INSURANCE COMPANY
10 OR A FINANCIAL INSTITUTION.

11 (2) "DEPARTMENT" MEANS THE DEPARTMENT OF TREASURY.

12 (3) "DISREGARDED ENTITY" MEANS A QUALIFIED SUBCHAPTER S
13 SUBSIDIARY UNDER SECTION 1361(B) (3) OF THE INTERNAL REVENUE CODE
14 OR A SINGLE MEMBER LIMITED LIABILITY COMPANY THAT HAS NOT ELECTED
15 TO BE CLASSIFIED AS A CORPORATION UNDER 26 CFR 301.7701.

16 (4) "EMPLOYEE" MEANS AN EMPLOYEE AS DEFINED IN SECTION
17 3401(C) OF THE INTERNAL REVENUE CODE. A PERSON FROM WHOM AN
18 EMPLOYER IS REQUIRED TO WITHHOLD FOR FEDERAL INCOME TAX PURPOSES
19 IS PRIMA FACIE CONSIDERED AN EMPLOYEE.

20 (5) "EMPLOYER" MEANS AN EMPLOYER AS DEFINED IN SECTION
21 3401(D) OF THE INTERNAL REVENUE CODE. A PERSON REQUIRED TO
22 WITHHOLD FOR FEDERAL INCOME TAX PURPOSES IS PRIMA FACIE
23 CONSIDERED AN EMPLOYER.

24 SEC. 607. (1) "FEDERAL TAXABLE INCOME" MEANS TAXABLE INCOME
25 AS DEFINED IN SECTION 63 OF THE INTERNAL REVENUE CODE, EXCEPT
26 THAT FEDERAL TAXABLE INCOME SHALL BE CALCULATED AS IF SECTION
27 168(K) AND SECTION 199 OF THE INTERNAL REVENUE CODE WERE NOT IN

1 EFFECT.

2 (2) "FLOW-THROUGH ENTITY" MEANS AN ENTITY THAT FOR THE
3 APPLICABLE TAX YEAR IS TREATED AS A SUBCHAPTER S CORPORATION
4 UNDER SECTION 1362(A) OF THE INTERNAL REVENUE CODE, A GENERAL
5 PARTNERSHIP, A TRUST, A LIMITED PARTNERSHIP, A LIMITED LIABILITY
6 PARTNERSHIP, OR A LIMITED LIABILITY COMPANY, THAT FOR THE TAX
7 YEAR IS NOT TAXED AS A CORPORATION FOR FEDERAL INCOME TAX
8 PURPOSES.

9 (3) "FOREIGN OPERATING ENTITY" MEANS A UNITED STATES PERSON
10 THAT SATISFIES EACH OF THE FOLLOWING:

11 (A) WOULD OTHERWISE BE A PART OF A UNITARY BUSINESS GROUP
12 THAT HAS AT LEAST 1 PERSON INCLUDED IN THE UNITARY BUSINESS GROUP
13 THAT IS TAXABLE IN THIS STATE.

14 (B) HAS SUBSTANTIAL OPERATIONS OUTSIDE THE UNITED STATES,
15 THE DISTRICT OF COLUMBIA, ANY TERRITORY OR POSSESSION OF THE
16 UNITED STATES EXCEPT FOR THE COMMONWEALTH OF PUERTO RICO, OR A
17 POLITICAL SUBDIVISION OF ANY OF THE FOREGOING.

18 (C) AT LEAST 80% OF ITS INCOME IS ACTIVE FOREIGN BUSINESS
19 INCOME AS DEFINED IN SECTION 861(C)(1)(B) OF THE INTERNAL REVENUE
20 CODE.

21 (4) "GROSS RECEIPTS" MEANS THE ENTIRE AMOUNT RECEIVED BY THE
22 TAXPAYER AS DETERMINED BY USING THE TAXPAYER'S METHOD OF
23 ACCOUNTING USED FOR FEDERAL INCOME TAX PURPOSES, LESS ANY AMOUNT
24 DEDUCTED AS BAD DEBT FOR FEDERAL INCOME TAX PURPOSES FROM ANY
25 ACTIVITY WHETHER IN INTRASTATE, INTERSTATE, OR FOREIGN COMMERCE
26 CARRIED ON FOR DIRECT OR INDIRECT GAIN, BENEFIT, OR ADVANTAGE TO
27 THE TAXPAYER OR TO OTHERS EXCEPT FOR THE FOLLOWING:

1 (A) PROCEEDS FROM SALES BY A PRINCIPAL THAT THE TAXPAYER
2 COLLECTS IN AN AGENCY CAPACITY SOLELY ON BEHALF OF THE PRINCIPAL
3 AND DELIVERS TO THE PRINCIPAL.

4 (B) AMOUNTS RECEIVED BY THE TAXPAYER AS AN AGENT SOLELY ON
5 BEHALF OF THE PRINCIPAL THAT ARE EXPENDED BY THE TAXPAYER FOR ANY
6 OF THE FOLLOWING:

7 (i) THE PERFORMANCE OF A SERVICE BY A THIRD PARTY FOR THE
8 BENEFIT OF THE PRINCIPAL THAT IS REQUIRED BY LAW TO BE PERFORMED
9 BY A LICENSED PERSON.

10 (ii) THE PERFORMANCE OF A SERVICE BY A THIRD PARTY FOR THE
11 BENEFIT OF THE PRINCIPAL THAT THE TAXPAYER HAS NOT UNDERTAKEN A
12 CONTRACTUAL DUTY TO PERFORM.

13 (iii) PRINCIPAL AND INTEREST UNDER A MORTGAGE LOAN OR LAND
14 CONTRACT, LEASE OR RENTAL PAYMENTS, OR TAXES, UTILITIES, OR
15 INSURANCE PREMIUMS RELATING TO REAL OR PERSONAL PROPERTY OWNED OR
16 LEASED BY THE PRINCIPAL.

17 (iv) A CAPITAL ASSET OF A TYPE THAT IS, OR UNDER THE INTERNAL
18 REVENUE CODE WILL BECOME, ELIGIBLE FOR DEPRECIATION,
19 AMORTIZATION, OR ACCELERATED COST RECOVERY BY THE PRINCIPAL FOR
20 FEDERAL INCOME TAX PURPOSES, OR FOR REAL PROPERTY OWNED OR LEASED
21 BY THE PRINCIPAL.

22 (v) PROPERTY NOT DESCRIBED UNDER SUBPARAGRAPH (iv) THAT IS
23 PURCHASED BY THE TAXPAYER ON BEHALF OF THE PRINCIPAL AND THAT THE
24 TAXPAYER DOES NOT TAKE TITLE TO OR USE IN THE COURSE OF
25 PERFORMING ITS CONTRACTUAL BUSINESS ACTIVITIES.

26 (vi) FEES, TAXES, ASSESSMENTS, LEVIES, FINES, PENALTIES, OR
27 OTHER PAYMENTS ESTABLISHED BY LAW THAT ARE PAID TO A GOVERNMENTAL

1 ENTITY AND THAT ARE THE LEGAL OBLIGATION OF THE PRINCIPAL.

2 (C) AMOUNTS THAT ARE EXCLUDED FROM GROSS INCOME OF A FOREIGN
3 CORPORATION ENGAGED IN THE INTERNATIONAL OPERATION OF AIRCRAFT
4 UNDER SECTION 883(A) OF THE INTERNAL REVENUE CODE.

5 (D) AMOUNTS RECEIVED BY AN ADVERTISING AGENCY USED TO
6 ACQUIRE ADVERTISING MEDIA TIME, SPACE, PRODUCTION, OR TALENT ON
7 BEHALF OF ANOTHER PERSON.

8 (E) AMOUNTS RECEIVED BY A NEWSPAPER TO ACQUIRE ADVERTISING
9 SPACE NOT OWNED BY THAT NEWSPAPER IN ANOTHER NEWSPAPER ON BEHALF
10 OF ANOTHER PERSON. THIS SUBDIVISION DOES NOT APPLY TO ANY
11 CONSIDERATION RECEIVED BY THE TAXPAYER FOR ACQUIRING THAT
12 ADVERTISING SPACE.

13 (F) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION,
14 AMOUNTS RECEIVED BY A TAXPAYER THAT MANAGES REAL PROPERTY OWNED
15 BY A THIRD PARTY THAT ARE DEPOSITED INTO A SEPARATE ACCOUNT KEPT
16 IN THE NAME OF THAT THIRD PARTY AND THAT ARE NOT REIMBURSEMENTS
17 TO THE TAXPAYER AND ARE NOT INDIRECT PAYMENTS FOR MANAGEMENT
18 SERVICES THAT THE TAXPAYER PROVIDES TO THAT THIRD PARTY.

19 (G) PROCEEDS FROM THE TAXPAYER'S TRANSFER OF AN ACCOUNT
20 RECEIVABLE IF THE SALE THAT GENERATED THE ACCOUNT RECEIVABLE WAS
21 INCLUDED IN GROSS RECEIPTS FOR FEDERAL INCOME TAX PURPOSES. THIS
22 SUBDIVISION DOES NOT APPLY TO A TAXPAYER THAT DURING THE TAX YEAR
23 BOTH BUYS AND SELLS ANY RECEIVABLES.

24 (H) PROCEEDS FROM ANY OF THE FOLLOWING:

25 (i) THE ORIGINAL ISSUE OF STOCK OR EQUITY INSTRUMENTS OR
26 EQUITY ISSUED BY A REGULATED INVESTMENT COMPANY AS THAT TERM IS
27 DEFINED UNDER SECTION 851 OF THE INTERNAL REVENUE CODE.

- 1 (ii) THE ORIGINAL ISSUE OF DEBT INSTRUMENTS.
- 2 (I) REFUNDS FROM RETURNED MERCHANDISE.
- 3 (J) CASH AND IN-KIND DISCOUNTS.
- 4 (K) TRADE DISCOUNTS.
- 5 (l) FEDERAL, STATE, OR LOCAL TAX REFUNDS.
- 6 (M) SECURITY DEPOSITS.
- 7 (N) PAYMENT OF THE PRINCIPAL PORTION OF LOANS.
- 8 (O) VALUE OF PROPERTY RECEIVED IN A LIKE-KIND EXCHANGE.
- 9 (P) PROCEEDS FROM A SALE, TRANSACTION, EXCHANGE, INVOLUNTARY
- 10 CONVERSION, MATURITY, REDEMPTION, REPURCHASE, RECAPITALIZATION,
- 11 OR OTHER DISPOSITION OR REORGANIZATION OF TANGIBLE, INTANGIBLE,
- 12 OR REAL PROPERTY, LESS ANY GAIN FROM THE DISPOSITION OR
- 13 REORGANIZATION TO THE EXTENT THAT THE GAIN IS INCLUDED IN THE
- 14 TAXPAYER'S FEDERAL TAXABLE INCOME, IF THE PROPERTY SATISFIES 1 OR
- 15 MORE OF THE FOLLOWING:
- 16 (i) THE PROPERTY IS A CAPITAL ASSET AS DEFINED IN SECTION
- 17 1221(A) OF THE INTERNAL REVENUE CODE.
- 18 (ii) THE PROPERTY IS LAND THAT QUALIFIES AS PROPERTY USED IN
- 19 THE TRADE OR BUSINESS AS DEFINED IN SECTION 1231(B) OF THE
- 20 INTERNAL REVENUE CODE.
- 21 (iii) THE PROPERTY IS USED IN A HEDGING TRANSACTION ENTERED
- 22 INTO BY THE TAXPAYER IN THE NORMAL COURSE OF THE TAXPAYER'S TRADE
- 23 OR BUSINESS PRIMARILY TO MANAGE THE RISK OF EXPOSURE TO FOREIGN
- 24 CURRENCY FLUCTUATIONS THAT AFFECT ASSETS, LIABILITIES, PROFITS,
- 25 LOSSES, EQUITY, OR INVESTMENTS IN FOREIGN OPERATIONS; INTEREST
- 26 RATE FLUCTUATIONS; OR COMMODITY PRICE FLUCTUATIONS. FOR PURPOSES
- 27 OF THIS SUBPARAGRAPH, THE ACTUAL TRANSFER OF TITLE OF REAL OR

1 TANGIBLE PERSONAL PROPERTY TO ANOTHER PERSON IS NOT A HEDGING
2 TRANSACTION. ONLY THE OVERALL NET GAIN FROM THE HEDGING
3 TRANSACTIONS ENTERED INTO DURING THE TAX YEAR IS INCLUDED IN
4 GROSS RECEIPTS. AS USED IN THIS SUBPARAGRAPH, "HEDGING
5 TRANSACTION" MEANS THAT TERM AS DEFINED UNDER SECTION 1221 OF THE
6 INTERNAL REVENUE CODE REGARDLESS OF WHETHER THE TRANSACTION WAS
7 IDENTIFIED BY THE TAXPAYER AS A HEDGE FOR FEDERAL INCOME TAX
8 PURPOSES, PROVIDED, HOWEVER, THAT TRANSACTIONS EXCLUDED UNDER
9 THIS SUBPARAGRAPH AND NOT IDENTIFIED AS A HEDGE FOR FEDERAL
10 INCOME TAX PURPOSES SHALL BE IDENTIFIABLE TO THE DEPARTMENT BY
11 THE TAXPAYER AS A HEDGE IN ITS BOOKS AND RECORDS.

12 (iv) THE PROPERTY IS INVESTMENT AND TRADING ASSETS MANAGED AS
13 PART OF THE PERSON'S TREASURY FUNCTION. FOR PURPOSES OF THIS
14 SUBPARAGRAPH, A PERSON PRINCIPALLY ENGAGED IN THE TRADE OR
15 BUSINESS OF PURCHASING AND SELLING INVESTMENT AND TRADING ASSETS
16 IS NOT PERFORMING A TREASURY FUNCTION. ONLY THE OVERALL NET GAIN
17 FROM THE TREASURY FUNCTION INCURRED DURING THE TAX YEAR IS
18 INCLUDED IN GROSS RECEIPTS. AS USED IN THIS SUBPARAGRAPH,
19 "TREASURY FUNCTION" MEANS THE POOLING AND MANAGEMENT OF
20 INVESTMENT AND TRADING ASSETS FOR THE PURPOSE OF SATISFYING THE
21 CASH FLOW OR LIQUIDITY NEEDS OF THE TAXPAYER'S TRADE OR BUSINESS.

22 (Q) THE PROCEEDS FROM A POLICY OF INSURANCE, A SETTLEMENT OF
23 A CLAIM, OR A JUDGMENT IN A CIVIL ACTION LESS ANY PROCEEDS UNDER
24 THIS SUBDIVISION THAT ARE INCLUDED IN FEDERAL TAXABLE INCOME.

25 (R) FOR A SALES FINANCE COMPANY, AS DEFINED IN SECTION 2 OF
26 THE MOTOR VEHICLE SALES FINANCE ACT, 1950 (EX SESS) PA 27, MCL
27 492.102, AND DIRECTLY OR INDIRECTLY OWNED IN WHOLE OR IN PART BY

1 A MOTOR VEHICLE MANUFACTURER AS OF JANUARY 1, 2008, AND FOR A
2 PERSON THAT IS A BROKER OR DEALER AS DEFINED UNDER SECTION
3 78C(A) (4) OR (5) OF THE SECURITIES EXCHANGE ACT OF 1934, 15 USC
4 78C, OR A PERSON INCLUDED IN THE UNITARY BUSINESS GROUP OF THAT
5 BROKER OR DEALER THAT BUYS AND SELLS FOR ITS OWN ACCOUNT,
6 CONTRACTS THAT ARE SUBJECT TO THE COMMODITY EXCHANGE ACT, 7 USC 1
7 TO 27F, AMOUNTS REALIZED FROM THE REPAYMENT, MATURITY, SALE, OR
8 REDEMPTION OF THE PRINCIPAL OF A LOAN, BOND, OR MUTUAL FUND,
9 CERTIFICATE OF DEPOSIT, OR SIMILAR MARKETABLE INSTRUMENT PROVIDED
10 SUCH INSTRUMENTS ARE NOT HELD AS INVENTORY.

11 (S) FOR A SALES FINANCE COMPANY, AS DEFINED IN SECTION 2 OF
12 THE MOTOR VEHICLE SALES FINANCE ACT, 1950 (EX SESS) PA 27, MCL
13 492.102, AND DIRECTLY OR INDIRECTLY OWNED IN WHOLE OR IN PART BY
14 A MOTOR VEHICLE MANUFACTURER AS OF JANUARY 1, 2008, AND FOR A
15 PERSON THAT IS A BROKER OR DEALER AS DEFINED UNDER SECTION
16 78C(A) (4) OR (5) OF THE SECURITIES EXCHANGE ACT OF 1934, 15 USC
17 78C, OR A PERSON INCLUDED IN THE UNITARY BUSINESS GROUP OF THAT
18 BROKER OR DEALER THAT BUYS AND SELLS FOR ITS OWN ACCOUNT,
19 CONTRACTS THAT ARE SUBJECT TO THE COMMODITY EXCHANGE ACT, 7 USC 1
20 TO 27F, THE PRINCIPAL AMOUNT RECEIVED UNDER A REPURCHASE
21 AGREEMENT OR OTHER TRANSACTION PROPERLY CHARACTERIZED AS A LOAN.

22 (T) FOR A MORTGAGE COMPANY, PROCEEDS REPRESENTING THE
23 PRINCIPAL BALANCE OF LOANS TRANSFERRED OR SOLD IN THE TAX YEAR.
24 FOR PURPOSES OF THIS SUBDIVISION, "MORTGAGE COMPANY" MEANS A
25 PERSON THAT IS LICENSED UNDER THE MORTGAGE BROKERS, LENDERS, AND
26 SERVICERS LICENSING ACT, 1987 PA 173, MCL 445.1651 TO 445.1684,
27 OR THE SECONDARY MORTGAGE LOAN ACT, 1981 PA 125, MCL 493.51 TO

1 493.81, AND HAS GREATER THAN 90% OF ITS REVENUES, IN THE ORDINARY
2 COURSE OF BUSINESS, FROM THE ORIGINATION, SALE, OR SERVICING OF
3 RESIDENTIAL MORTGAGE LOANS.

4 (U) FOR A PROFESSIONAL EMPLOYER ORGANIZATION, ANY AMOUNT
5 CHARGED BY A PROFESSIONAL EMPLOYER ORGANIZATION THAT REPRESENTS
6 THE ACTUAL COST OF WAGES AND SALARIES, BENEFITS, WORKER'S
7 COMPENSATION, PAYROLL TAXES, WITHHOLDING, OR OTHER ASSESSMENTS
8 PAID TO OR ON BEHALF OF A COVERED EMPLOYEE BY THE PROFESSIONAL
9 EMPLOYER ORGANIZATION UNDER A PROFESSIONAL EMPLOYER ARRANGEMENT.

10 (V) ANY INVOICED ITEMS USED TO PROVIDE MORE FAVORABLE FLOOR
11 PLAN ASSISTANCE TO A PERSON SUBJECT TO THE TAX IMPOSED UNDER THIS
12 ACT THAN TO A PERSON NOT SUBJECT TO THIS TAX AND PAID BY A
13 MANUFACTURER, DISTRIBUTOR, OR SUPPLIER.

14 (W) FOR AN INDIVIDUAL, ESTATE, OR OTHER PERSON ORGANIZED FOR
15 ESTATE OR GIFT PLANNING PURPOSES, AMOUNTS RECEIVED OTHER THAN
16 THOSE FROM TRANSACTIONS, ACTIVITIES, AND SOURCES IN THE REGULAR
17 COURSE OF THE TAXPAYER'S TRADE OR BUSINESS. FOR PURPOSES OF THIS
18 SUBDIVISION, ALL OF THE FOLLOWING APPLY:

19 (i) AMOUNTS RECEIVED FROM TRANSACTIONS, ACTIVITIES, AND
20 SOURCES IN THE REGULAR COURSE OF THE TAXPAYER'S BUSINESS INCLUDE,
21 BUT ARE NOT LIMITED TO, THE FOLLOWING:

22 (A) RECEIPTS FROM TANGIBLE AND INTANGIBLE PROPERTY IF THE
23 ACQUISITION, RENTAL, LEASE, MANAGEMENT, OR DISPOSITION OF THE
24 PROPERTY CONSTITUTES INTEGRAL PARTS OF THE TAXPAYER'S REGULAR
25 TRADE OR BUSINESS OPERATIONS.

26 (B) RECEIPTS RECEIVED IN THE COURSE OF THE TAXPAYER'S TRADE
27 OR BUSINESS FROM STOCK AND SECURITIES OF ANY FOREIGN OR DOMESTIC

1 CORPORATION AND DIVIDEND AND INTEREST INCOME.

2 (C) RECEIPTS DERIVED FROM ISOLATED SALES, LEASES,
3 ASSIGNMENTS, LICENSES, DIVISIONS, OR OTHER INFREQUENTLY OCCURRING
4 DISPOSITIONS, TRANSFERS, OR TRANSACTIONS INVOLVING TANGIBLE,
5 INTANGIBLE, OR REAL PROPERTY IF THE PROPERTY IS OR WAS USED IN
6 THE TAXPAYER'S TRADE OR BUSINESS OPERATION.

7 (D) RECEIPTS DERIVED FROM THE SALE OF AN INTEREST IN A
8 BUSINESS THAT CONSTITUTES AN INTEGRAL PART OF THE TAXPAYER'S
9 REGULAR TRADE OR BUSINESS.

10 (E) RECEIPTS DERIVED FROM THE LEASE OR RENTAL OF REAL
11 PROPERTY.

12 (ii) RECEIPTS EXCLUDED FROM GROSS RECEIPTS INCLUDE, BUT ARE
13 NOT LIMITED TO, THE FOLLOWING:

14 (A) RECEIPTS DERIVED FROM INVESTMENT ACTIVITY, INCLUDING
15 INTEREST, DIVIDENDS, ROYALTIES, AND GAINS FROM AN INVESTMENT
16 PORTFOLIO OR RETIREMENT ACCOUNT, IF THE INVESTMENT ACTIVITY IS
17 NOT PART OF THE TAXPAYER'S TRADE OR BUSINESS.

18 (B) RECEIPTS DERIVED FROM THE DISPOSITION OF TANGIBLE,
19 INTANGIBLE, OR REAL PROPERTY HELD FOR PERSONAL USE AND ENJOYMENT,
20 SUCH AS A PERSONAL RESIDENCE OR PERSONAL ASSETS.

21 (X) RECEIPTS DERIVED FROM INVESTMENT ACTIVITY BY A PERSON
22 THAT IS ORGANIZED EXCLUSIVELY TO CONDUCT INVESTMENT ACTIVITY AND
23 THAT DOES NOT CONDUCT INVESTMENT ACTIVITY FOR ANY PERSON OTHER
24 THAN AN INDIVIDUAL OR A PERSON RELATED TO THAT INDIVIDUAL OR BY A
25 COMMON TRUST FUND ESTABLISHED UNDER THE COLLECTIVE INVESTMENT
26 FUNDS ACT, 1941 PA 174, MCL 555.101 TO 555.113. FOR PURPOSES OF
27 THIS SUBDIVISION, A PERSON IS RELATED TO AN INDIVIDUAL IF THAT

1 PERSON IS A SPOUSE, BROTHER OR SISTER, WHETHER OF THE WHOLE OR
2 HALF BLOOD OR BY ADOPTION, ANCESTOR, LINEAL DESCENDENT OF THAT
3 INDIVIDUAL OR RELATED PERSON, OR A TRUST BENEFITING THAT
4 INDIVIDUAL OR 1 OR MORE PERSONS RELATED TO THAT INDIVIDUAL.

5 (Y) INTEREST INCOME AND DIVIDENDS DERIVED FROM OBLIGATIONS
6 OR SECURITIES OF THE UNITED STATES GOVERNMENT, THIS STATE, OR ANY
7 GOVERNMENTAL UNIT OF THIS STATE. AS USED IN THIS SUBDIVISION,
8 "GOVERNMENTAL UNIT" MEANS THAT TERM AS DEFINED IN SECTION 3 OF
9 THE SHARED CREDIT RATING ACT, 1985 PA 227, MCL 141.1053.

10 (Z) DIVIDENDS AND ROYALTIES RECEIVED OR DEEMED RECEIVED FROM
11 A FOREIGN OPERATING ENTITY OR A PERSON OTHER THAN A UNITED STATES
12 PERSON, INCLUDING, BUT NOT LIMITED TO, THE AMOUNTS DETERMINED
13 UNDER SECTION 78 OF THE INTERNAL REVENUE CODE AND SECTIONS 951 TO
14 964 OF THE INTERNAL REVENUE CODE.

15 (AA) EACH OF THE FOLLOWING:

16 (i) SALES OR USE TAXES COLLECTED FROM OR REIMBURSED BY A
17 CONSUMER OR OTHER TAXES THE TAXPAYER COLLECTED DIRECTLY FROM OR
18 WAS REIMBURSED BY A PURCHASER AND REMITTED TO A LOCAL, STATE, OR
19 FEDERAL TAX AUTHORITY.

20 (ii) IN THE CASE OF RECEIPTS FROM THE SALE OF CIGARETTES OR
21 TOBACCO PRODUCTS BY A WHOLESALE DEALER, RETAIL DEALER,
22 DISTRIBUTOR, MANUFACTURER, OR SELLER, AN AMOUNT EQUAL TO THE
23 FEDERAL AND STATE EXCISE TAXES PAID BY ANY PERSON ON OR FOR SUCH
24 CIGARETTES OR TOBACCO PRODUCTS UNDER SUBTITLE E OF THE INTERNAL
25 REVENUE CODE OR OTHER APPLICABLE STATE LAW.

26 (iii) IN THE CASE OF RECEIPTS FROM THE SALE OF MOTOR FUEL BY A
27 PERSON WITH A MOTOR FUEL TAX LICENSE OR A RETAIL DEALER, AN

1 AMOUNT EQUAL TO FEDERAL AND STATE EXCISE TAXES PAID BY ANY PERSON
2 ON SUCH MOTOR FUEL UNDER SECTION 4081 OF THE INTERNAL REVENUE
3 CODE OR UNDER OTHER APPLICABLE STATE LAW.

4 (iv) IN THE CASE OF RECEIPTS FROM THE SALE OF BEER, WINE, OR
5 INTOXICATING LIQUOR BY A PERSON HOLDING A LICENSE TO SELL,
6 DISTRIBUTE, OR PRODUCE THOSE PRODUCTS, AN AMOUNT EQUAL TO FEDERAL
7 AND STATE EXCISE TAXES PAID BY ANY PERSON ON OR FOR SUCH BEER,
8 WINE, OR INTOXICATING LIQUOR UNDER SUBTITLE E OF THE INTERNAL
9 REVENUE CODE OR OTHER APPLICABLE STATE LAW.

10 (v) IN THE CASE OF RECEIPTS FROM THE SALE OF COMMUNICATION,
11 VIDEO, INTERNET ACCESS AND RELATED SERVICES AND EQUIPMENT, ANY
12 GOVERNMENT IMPOSED TAX, FEE, OR OTHER IMPOSITION IN THE NATURE OF
13 A TAX OR FEE REQUIRED BY LAW, ORDINANCE, REGULATION, RULING, OR
14 OTHER LEGAL AUTHORITY AND AUTHORIZED TO BE CHARGED ON A
15 CUSTOMER'S BILL OR INVOICE.

16 (vi) IN THE CASE OF RECEIPTS FROM THE SALE OF ELECTRICITY,
17 NATURAL GAS, OR OTHER ENERGY SOURCE, ANY GOVERNMENT IMPOSED TAX,
18 FEE, OR OTHER IMPOSITION IN THE NATURE OF A TAX OR FEE REQUIRED
19 BY LAW, ORDINANCE, REGULATION, RULING, OR OTHER LEGAL AUTHORITY
20 AND AUTHORIZED TO BE CHARGED ON A CUSTOMER'S BILL OR INVOICE.

21 (vii) ANY DEPOSIT REQUIRED UNDER ANY OF THE FOLLOWING:

22 (A) 1976 IL 1, MCL 445.571 TO 445.576.

23 (B) R 436.1629 OF THE MICHIGAN ADMINISTRATIVE CODE.

24 (C) R 436.1723A OF THE MICHIGAN ADMINISTRATIVE CODE.

25 (D) ANY SUBSTANTIALLY SIMILAR BEVERAGE CONTAINER DEPOSIT LAW
26 OF ANOTHER STATE.

27 (viii) AN EXCISE TAX COLLECTED PURSUANT TO THE AIRPORT PARKING

1 TAX ACT, 1987 PA 248, MCL 207.371 TO 207.383, COLLECTED FROM OR
2 REIMBURSED BY A CONSUMER AND REMITTED AS PROVIDED IN THE AIRPORT
3 PARKING TAX ACT, 1987 PA 248, MCL 207.371 TO 207.383.

4 (BB) FOR A REGULATED INVESTMENT COMPANY AS THAT TERM IS
5 DEFINED UNDER SECTION 851 OF THE INTERNAL REVENUE CODE, RECEIPTS
6 DERIVED FROM INVESTMENT ACTIVITY BY THAT REGULATED INVESTMENT
7 COMPANY.

8 (CC) FOR FISCAL YEARS THAT BEGIN AFTER SEPTEMBER 30, 2009,
9 UNLESS THE STATE BUDGET DIRECTOR CERTIFIES TO THE STATE TREASURER
10 BY JANUARY 1 OF THAT FISCAL YEAR THAT THE FEDERALLY CERTIFIED
11 RATES FOR ACTUARIAL SOUNDNESS REQUIRED UNDER 42 CFR 438.6 AND
12 THAT ARE SPECIFICALLY DEVELOPED FOR MICHIGAN'S HEALTH MAINTENANCE
13 ORGANIZATIONS THAT HOLD A CONTRACT WITH THIS STATE FOR MEDICAID
14 SERVICES PROVIDE EXPLICIT ADJUSTMENT FOR THEIR OBLIGATIONS
15 REQUIRED FOR PAYMENT OF THE TAX UNDER THIS ACT, AMOUNTS RECEIVED
16 BY THE TAXPAYER DURING THAT FISCAL YEAR FOR MEDICAID PREMIUM OR
17 REIMBURSEMENT OF COSTS ASSOCIATED WITH SERVICE PROVIDED TO A
18 MEDICAID RECIPIENT OR BENEFICIARY.

19 (DD) FOR A TAXPAYER THAT PROVIDES HEALTH CARE MANAGEMENT
20 CONSULTING SERVICES, AMOUNTS RECEIVED BY THE TAXPAYER AS FEES
21 FROM ITS CLIENTS THAT ARE EXPENDED BY THE TAXPAYER TO REIMBURSE
22 THOSE CLIENTS FOR LABOR AND NONLABOR SERVICES THAT ARE PAID BY
23 THE CLIENT AND REIMBURSED TO THE CLIENT PURSUANT TO A SERVICES
24 AGREEMENT.

25 (5) "INSURANCE COMPANY" MEANS AN AUTHORIZED INSURER AS
26 DEFINED IN SECTION 108 OF THE INSURANCE CODE OF 1956, 1956 PA
27 218, MCL 500.108.

1 (6) "INTERNAL REVENUE CODE" MEANS THE UNITED STATES INTERNAL
2 REVENUE CODE OF 1986 IN EFFECT ON JANUARY 1, 2012 OR, AT THE
3 OPTION OF THE TAXPAYER, IN EFFECT FOR THE TAX YEAR.

4 (7) "MEMBER", WHEN USED FOR PURPOSES OF DETERMINING TAX
5 LIABILITY FOR A FLOW-THROUGH ENTITY, MEANS A SHAREHOLDER OF A
6 SUBCHAPTER S CORPORATION, A PARTNER IN A GENERAL PARTNERSHIP, A
7 LIMITED PARTNERSHIP, OR A LIMITED LIABILITY PARTNERSHIP, A MEMBER
8 OF A LIMITED LIABILITY COMPANY, OR A BENEFICIARY OF A TRUST THAT
9 IS A FLOW-THROUGH ENTITY, THAT IS NOT TAXED AS A CORPORATION FOR
10 FEDERAL INCOME TAX PURPOSES.

11 SEC. 609. (1) "PERSON" MEANS AN INDIVIDUAL, FIRM, BANK,
12 FINANCIAL INSTITUTION, INSURANCE COMPANY, LIMITED PARTNERSHIP,
13 LIMITED LIABILITY PARTNERSHIP, COPARTNERSHIP, PARTNERSHIP, JOINT
14 VENTURE, ASSOCIATION, CORPORATION, SUBCHAPTER S CORPORATION,
15 LIMITED LIABILITY COMPANY, RECEIVER, ESTATE, TRUST, OR ANY OTHER
16 GROUP OR COMBINATION OF GROUPS ACTING AS A UNIT.

17 (2) "PROFESSIONAL EMPLOYER ORGANIZATION" MEANS AN
18 ORGANIZATION, OTHER THAN AN ORGANIZATION WHOSE BUSINESS
19 ACTIVITIES ARE INCLUDED IN INDUSTRY GROUP 736 UNDER THE STANDARD
20 INDUSTRIAL CLASSIFICATION CODE AS COMPILED BY THE UNITED STATES
21 DEPARTMENT OF LABOR, THAT PROVIDES THE MANAGEMENT AND
22 ADMINISTRATION OF THE HUMAN RESOURCES OF ANOTHER ENTITY BY
23 CONTRACTUALLY ASSUMING SUBSTANTIAL EMPLOYER RIGHTS AND
24 RESPONSIBILITIES THROUGH A PROFESSIONAL EMPLOYER AGREEMENT THAT
25 ESTABLISHES AN EMPLOYER RELATIONSHIP WITH THE LEASED OFFICERS OR
26 EMPLOYEES ASSIGNED TO THE OTHER ENTITY BY DOING ALL OF THE
27 FOLLOWING:

1 (A) MAINTAINING A RIGHT OF DIRECTION AND CONTROL OF
2 EMPLOYEES' WORK, ALTHOUGH THIS RESPONSIBILITY MAY BE SHARED WITH
3 THE OTHER ENTITY.

4 (B) PAYING WAGES AND EMPLOYMENT TAXES OF THE EMPLOYEES OUT
5 OF ITS OWN ACCOUNTS.

6 (C) REPORTING, COLLECTING, AND DEPOSITING STATE AND FEDERAL
7 EMPLOYMENT TAXES FOR THE EMPLOYEES.

8 (D) RETAINING A RIGHT TO HIRE AND FIRE EMPLOYEES.

9 (3) "REVENUE MILE" MEANS THE TRANSPORTATION FOR A
10 CONSIDERATION OF 1 NET TON IN WEIGHT OR 1 PASSENGER THE DISTANCE
11 OF 1 MILE.

12 (4) "SALE" OR "SALES" MEANS, EXCEPT AS PROVIDED IN
13 SUBDIVISION (E), THE AMOUNTS RECEIVED BY THE TAXPAYER AS
14 CONSIDERATION FROM THE FOLLOWING:

15 (A) THE TRANSFER OF TITLE TO, OR POSSESSION OF, PROPERTY
16 THAT IS STOCK IN TRADE OR OTHER PROPERTY OF A KIND THAT WOULD
17 PROPERLY BE INCLUDED IN THE INVENTORY OF THE TAXPAYER IF ON HAND
18 AT THE CLOSE OF THE TAX PERIOD OR PROPERTY HELD BY THE TAXPAYER
19 PRIMARILY FOR SALE TO CUSTOMERS IN THE ORDINARY COURSE OF THE
20 TAXPAYER'S TRADE OR BUSINESS. FOR INTANGIBLE PROPERTY, THE
21 AMOUNTS RECEIVED SHALL BE LIMITED TO ANY GAIN RECEIVED FROM THE
22 DISPOSITION OF THAT PROPERTY.

23 (B) THE PERFORMANCE OF SERVICES THAT CONSTITUTE BUSINESS
24 ACTIVITIES.

25 (C) THE RENTAL, LEASE, LICENSING, OR USE OF TANGIBLE OR
26 INTANGIBLE PROPERTY, INCLUDING INTEREST THAT CONSTITUTES BUSINESS
27 ACTIVITY.

1 (D) ANY COMBINATION OF BUSINESS ACTIVITIES DESCRIBED IN
2 SUBDIVISIONS (A), (B), AND (C).

3 (E) FOR TAXPAYERS NOT ENGAGED IN ANY OTHER BUSINESS
4 ACTIVITIES, SALES INCLUDE INTEREST, DIVIDENDS, AND OTHER INCOME
5 FROM INVESTMENT ASSETS AND ACTIVITIES AND FROM TRADING ASSETS AND
6 ACTIVITIES.

7 (5) "SHAREHOLDER" MEANS A PERSON WHO OWNS OUTSTANDING STOCK
8 IN A CORPORATION OR IS A MEMBER OF A BUSINESS ENTITY THAT FILES
9 AS A CORPORATION FOR FEDERAL INCOME TAX PURPOSES. AN INDIVIDUAL
10 IS CONSIDERED AS THE OWNER OF THE STOCK OWNED, DIRECTLY OR
11 INDIRECTLY, BY OR FOR FAMILY MEMBERS AS DEFINED BY SECTION
12 318(A) (1) OF THE INTERNAL REVENUE CODE.

13 (6) "STATE" MEANS ANY STATE OF THE UNITED STATES, THE
14 DISTRICT OF COLUMBIA, THE COMMONWEALTH OF PUERTO RICO, ANY
15 TERRITORY OR POSSESSION OF THE UNITED STATES, AND ANY FOREIGN
16 COUNTRY, OR A POLITICAL SUBDIVISION OF ANY OF THE FOREGOING.

17 SEC. 611. (1) "TANGIBLE PERSONAL PROPERTY" MEANS THAT TERM
18 AS DEFINED IN SECTION 2 OF THE USE TAX ACT, 1937 PA 94, MCL
19 205.92.

20 (2) "TAX" MEANS THE TAX IMPOSED UNDER THIS PART, INCLUDING
21 INTEREST AND PENALTIES UNDER THIS PART, UNLESS THE TERM IS GIVEN
22 A MORE LIMITED MEANING IN THE CONTEXT OF THIS PART OR A PROVISION
23 OF THIS PART.

24 (3) "TAX-EXEMPT PERSON" MEANS AN ORGANIZATION THAT IS EXEMPT
25 FROM FEDERAL INCOME TAX UNDER SECTION 501(A) OF THE INTERNAL
26 REVENUE CODE, EXCEPT THE FOLLOWING:

27 (A) AN ORGANIZATION EXEMPT UNDER SECTION 501(C) (12) OR (16)

1 OF THE INTERNAL REVENUE CODE.

2 (B) AN ORGANIZATION EXEMPT UNDER SECTION 501(C)(4) OF THE
3 INTERNAL REVENUE CODE THAT WOULD BE EXEMPT UNDER SECTION
4 501(C)(12) OF THE INTERNAL REVENUE CODE BUT FOR ITS FAILURE TO
5 MEET THE REQUIREMENT IN SECTION 501(C)(12) THAT 85% OR MORE OF
6 ITS INCOME MUST CONSIST OF AMOUNTS COLLECTED FROM MEMBERS.

7 (4) "TAX YEAR" MEANS THE CALENDAR YEAR, OR THE FISCAL YEAR
8 ENDING DURING THE CALENDAR YEAR, UPON THE BASIS OF WHICH THE TAX
9 BASE OF A TAXPAYER IS COMPUTED UNDER THIS PART. IF A RETURN IS
10 MADE FOR A FRACTIONAL PART OF A YEAR, TAX YEAR MEANS THE PERIOD
11 FOR WHICH THE RETURN IS MADE. EXCEPT FOR THE FIRST RETURN
12 REQUIRED BY THIS PART, A TAXPAYER'S TAX YEAR IS FOR THE SAME
13 PERIOD AS IS COVERED BY ITS FEDERAL INCOME TAX RETURN. A TAXPAYER
14 THAT HAS A 52- OR 53-WEEK TAX YEAR BEGINNING NOT MORE THAN 7 DAYS
15 BEFORE THE END OF ANY MONTH IS CONSIDERED TO HAVE A TAX YEAR
16 BEGINNING ON THE FIRST DAY OF THE SUBSEQUENT MONTH. IF THE TERM
17 TAX YEAR IN THIS PART IS USED IN REFERENCE TO 1 OR MORE PREVIOUS
18 OR PRECEDING TAX YEARS AND THOSE REFERENCED TAX YEARS ARE BEFORE
19 JANUARY 1, 2012, THEN THOSE REFERENCED TAX YEARS ARE DEEMED THOSE
20 SAME TAX YEARS DURING WHICH THE MICHIGAN BUSINESS TAX ACT, 2007
21 PA 36, MCL 208.1101 TO 208.1601, APPLIED.

22 (5) "TAXPAYER" MEANS A CORPORATION, INSURANCE COMPANY,
23 FINANCIAL INSTITUTION, OR UNITARY BUSINESS GROUP, WHICHEVER IS
24 APPLICABLE UNDER EACH CHAPTER, THAT IS LIABLE FOR A TAX,
25 INTEREST, OR PENALTY UNDER THIS PART. FOR PURPOSES OF CHAPTERS 11
26 AND 14, TAXPAYER DOES NOT INCLUDE AN INSURANCE COMPANY OR A
27 FINANCIAL INSTITUTION. FOR PURPOSES OF CHAPTER 12, UNLESS

1 SPECIFICALLY INCLUDED IN THE SECTION, TAXPAYER DOES NOT INCLUDE A
2 CORPORATION OR A FINANCIAL INSTITUTION. FOR PURPOSES OF CHAPTER
3 13, TAXPAYER DOES NOT INCLUDE A CORPORATION OR AN INSURANCE
4 COMPANY.

5 (6) "UNITARY BUSINESS GROUP" MEANS A GROUP OF UNITED STATES
6 PERSONS THAT ARE CORPORATIONS, INSURANCE COMPANIES, OR FINANCIAL
7 INSTITUTIONS, OTHER THAN A FOREIGN OPERATING ENTITY, 1 OF WHICH
8 OWNS OR CONTROLS, DIRECTLY OR INDIRECTLY, MORE THAN 50% OF THE
9 OWNERSHIP INTEREST WITH VOTING RIGHTS OR OWNERSHIP INTERESTS THAT
10 CONFER COMPARABLE RIGHTS TO VOTING RIGHTS OF THE OTHER MEMBERS,
11 AND THAT HAS BUSINESS ACTIVITIES OR OPERATIONS WHICH RESULT IN A
12 FLOW OF VALUE BETWEEN OR AMONG MEMBERS INCLUDED IN THE UNITARY
13 BUSINESS GROUP OR HAS BUSINESS ACTIVITIES OR OPERATIONS THAT ARE
14 INTEGRATED WITH, ARE DEPENDENT UPON, OR CONTRIBUTE TO EACH OTHER.

15 (7) "UNITED STATES PERSON" MEANS THAT TERM AS DEFINED IN
16 SECTION 7701(A)(30) OF THE INTERNAL REVENUE CODE.

17 (8) "UNRELATED BUSINESS ACTIVITY" MEANS, FOR A TAX-EXEMPT
18 PERSON, BUSINESS ACTIVITY DIRECTLY CONNECTED WITH AN UNRELATED
19 TRADE OR BUSINESS AS DEFINED IN SECTION 513 OF THE INTERNAL
20 REVENUE CODE.

21 CHAPTER 11

22 SEC. 621. (1) EXCEPT AS OTHERWISE PROVIDED IN THIS PART OR
23 UNDER SUBSECTION (2), A TAXPAYER HAS SUBSTANTIAL NEXUS IN THIS
24 STATE AND IS SUBJECT TO THE TAX IMPOSED UNDER THIS PART IF THE
25 TAXPAYER HAS A PHYSICAL PRESENCE IN THIS STATE FOR A PERIOD OF
26 MORE THAN 1 DAY DURING THE TAX YEAR, IF THE TAXPAYER ACTIVELY
27 SOLICITS SALES IN THIS STATE AND HAS GROSS RECEIPTS OF

1 \$350,000.00 OR MORE SOURCED TO THIS STATE, OR IF THE TAXPAYER HAS
2 AN OWNERSHIP INTEREST OR A BENEFICIAL INTEREST IN A FLOW-THROUGH
3 ENTITY, DIRECTLY, OR INDIRECTLY THROUGH 1 OR MORE OTHER FLOW-
4 THROUGH ENTITIES, THAT HAS SUBSTANTIAL NEXUS IN THIS STATE.

5 (2) FOR PURPOSES OF THIS SECTION, "ACTIVELY SOLICITS" SHALL
6 BE DEFINED BY THE DEPARTMENT THROUGH WRITTEN GUIDANCE THAT SHALL
7 BE APPLIED PROSPECTIVELY.

8 (3) AS USED IN THIS SECTION, "PHYSICAL PRESENCE" MEANS ANY
9 ACTIVITY CONDUCTED BY THE TAXPAYER OR ON BEHALF OF THE TAXPAYER
10 BY THE TAXPAYER'S EMPLOYEE, AGENT, OR INDEPENDENT CONTRACTOR
11 ACTING IN A REPRESENTATIVE CAPACITY. PHYSICAL PRESENCE DOES NOT
12 INCLUDE THE ACTIVITIES OF PROFESSIONALS PROVIDING SERVICES IN A
13 PROFESSIONAL CAPACITY OR OTHER SERVICE PROVIDERS IF THE ACTIVITY
14 IS NOT SIGNIFICANTLY ASSOCIATED WITH THE TAXPAYER'S ABILITY TO
15 ESTABLISH AND MAINTAIN A MARKET IN THIS STATE.

16 SEC. 623. (1) EXCEPT AS OTHERWISE PROVIDED IN THIS PART,
17 THERE IS LEVIED AND IMPOSED A CORPORATE INCOME TAX ON EVERY
18 TAXPAYER WITH BUSINESS ACTIVITY WITHIN THIS STATE OR OWNERSHIP
19 INTEREST OR BENEFICIAL INTEREST IN A FLOW-THROUGH ENTITY THAT HAS
20 BUSINESS ACTIVITY IN THIS STATE UNLESS PROHIBITED BY 15 USC 381
21 TO 384. THE CORPORATE INCOME TAX IS IMPOSED ON THE CORPORATE
22 INCOME TAX BASE, AFTER ALLOCATION OR APPORTIONMENT TO THIS STATE,
23 AT THE RATE OF 6.0%.

24 (2) THE CORPORATE INCOME TAX BASE MEANS A TAXPAYER'S
25 BUSINESS INCOME SUBJECT TO THE FOLLOWING ADJUSTMENTS, BEFORE
26 ALLOCATION OR APPORTIONMENT, AND THE ADJUSTMENT IN SUBSECTION (4)
27 AFTER ALLOCATION OR APPORTIONMENT:

1 (A) ADD INTEREST INCOME AND DIVIDENDS DERIVED FROM
2 OBLIGATIONS OR SECURITIES OF STATES OTHER THAN THIS STATE, IN THE
3 SAME AMOUNT THAT WAS EXCLUDED FROM FEDERAL TAXABLE INCOME, LESS
4 THE RELATED PORTION OF EXPENSES NOT DEDUCTED IN COMPUTING FEDERAL
5 TAXABLE INCOME BECAUSE OF SECTIONS 265 AND 291 OF THE INTERNAL
6 REVENUE CODE.

7 (B) ADD ALL TAXES ON OR MEASURED BY NET INCOME AND THE TAX
8 IMPOSED UNDER THIS PART TO THE EXTENT THAT THE TAXES WERE
9 DEDUCTED IN ARRIVING AT FEDERAL TAXABLE INCOME.

10 (C) ADD ANY CARRYBACK OR CARRYOVER OF A NET OPERATING LOSS
11 TO THE EXTENT DEDUCTED IN ARRIVING AT FEDERAL TAXABLE INCOME.

12 (D) TO THE EXTENT INCLUDED IN FEDERAL TAXABLE INCOME, DEDUCT
13 DIVIDENDS AND ROYALTIES RECEIVED FROM PERSONS OTHER THAN UNITED
14 STATES PERSONS AND FOREIGN OPERATING ENTITIES, INCLUDING, BUT NOT
15 LIMITED TO, AMOUNTS DETERMINED UNDER SECTION 78 OF THE INTERNAL
16 REVENUE CODE OR SECTIONS 951 TO 964 OF THE INTERNAL REVENUE CODE.

17 (E) EXCEPT AS OTHERWISE PROVIDED UNDER THIS SUBDIVISION, TO
18 THE EXTENT DEDUCTED IN ARRIVING AT FEDERAL TAXABLE INCOME, ADD
19 ANY ROYALTY, INTEREST, OR OTHER EXPENSE PAID TO A PERSON RELATED
20 TO THE TAXPAYER BY OWNERSHIP OR CONTROL FOR THE USE OF AN
21 INTANGIBLE ASSET IF THE PERSON IS NOT INCLUDED IN THE TAXPAYER'S
22 UNITARY BUSINESS GROUP. THE ADDITION OF ANY ROYALTY, INTEREST, OR
23 OTHER EXPENSE DESCRIBED UNDER THIS SUBDIVISION IS NOT REQUIRED TO
24 BE ADDED IF THE TAXPAYER CAN DEMONSTRATE THAT THE TRANSACTION HAS
25 A NONTAX BUSINESS PURPOSE, IS CONDUCTED WITH ARM'S-LENGTH PRICING
26 AND RATES AND TERMS AS APPLIED IN ACCORDANCE WITH SECTIONS 482
27 AND 1274 (D) OF THE INTERNAL REVENUE CODE, AND 1 OF THE FOLLOWING

1 IS TRUE:

2 (i) THE TRANSACTION IS A PASS THROUGH OF ANOTHER TRANSACTION
3 BETWEEN A THIRD PARTY AND THE RELATED PERSON WITH COMPARABLE
4 RATES AND TERMS.

5 (ii) AN ADDITION WOULD RESULT IN DOUBLE TAXATION. FOR
6 PURPOSES OF THIS SUBPARAGRAPH, DOUBLE TAXATION EXISTS IF THE
7 TRANSACTION IS SUBJECT TO TAX IN ANOTHER JURISDICTION.

8 (iii) AN ADDITION WOULD BE UNREASONABLE AS DETERMINED BY THE
9 TREASURER.

10 (iv) THE RELATED PERSON RECIPIENT OF THE TRANSACTION IS
11 ORGANIZED UNDER THE LAWS OF A FOREIGN NATION WHICH HAS IN FORCE A
12 COMPREHENSIVE INCOME TAX TREATY WITH THE UNITED STATES.

13 (F) TO THE EXTENT INCLUDED IN FEDERAL TAXABLE INCOME, DEDUCT
14 INTEREST INCOME DERIVED FROM UNITED STATES OBLIGATIONS.

15 (G) FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 2011,
16 ELIMINATE ALL OF THE FOLLOWING:

17 (i) INCOME FROM PRODUCING OIL AND GAS TO THE EXTENT INCLUDED
18 IN FEDERAL TAXABLE INCOME.

19 (ii) EXPENSES OF PRODUCING OIL AND GAS TO THE EXTENT DEDUCTED
20 IN ARRIVING AT FEDERAL TAXABLE INCOME.

21 (3) FOR PURPOSES OF SUBSECTION (2), THE BUSINESS INCOME OF A
22 UNITARY BUSINESS GROUP IS THE SUM OF THE BUSINESS INCOME OF EACH
23 PERSON INCLUDED IN THE UNITARY BUSINESS GROUP LESS ANY ITEMS OF
24 INCOME AND RELATED DEDUCTIONS ARISING FROM TRANSACTIONS INCLUDING
25 DIVIDENDS BETWEEN PERSONS INCLUDED IN THE UNITARY BUSINESS GROUP.

26 (4) DEDUCT ANY AVAILABLE BUSINESS LOSS INCURRED AFTER
27 DECEMBER 31, 2011. AS USED IN THIS SUBSECTION, "BUSINESS LOSS"

1 MEANS A NEGATIVE BUSINESS INCOME TAXABLE AMOUNT AFTER ALLOCATION
2 OR APPORTIONMENT. THE BUSINESS LOSS SHALL BE CARRIED FORWARD TO
3 THE YEAR IMMEDIATELY SUCCEEDING THE LOSS YEAR AS AN OFFSET TO THE
4 ALLOCATED OR APPORTIONED CORPORATE INCOME TAX BASE, THEN
5 SUCCESSIVELY TO THE NEXT 9 TAXABLE YEARS FOLLOWING THE LOSS YEAR
6 OR UNTIL THE LOSS IS USED UP, WHICHEVER OCCURS FIRST, BUT FOR NOT
7 MORE THAN 10 TAXABLE YEARS AFTER THE LOSS YEAR.

8 (5) AS USED IN THIS SECTION, "OIL AND GAS" MEANS OIL AND GAS
9 THAT IS SUBJECT TO SEVERANCE TAX UNDER 1929 PA 48, MCL 205.301 TO
10 205.317.

11 SEC. 625. (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION,
12 THE FOLLOWING ARE EXEMPT FROM THE TAX IMPOSED BY THIS PART:

13 (A) THE UNITED STATES, THIS STATE, OTHER STATES, AND THE
14 AGENCIES, POLITICAL SUBDIVISIONS, AND ENTERPRISES OF THE UNITED
15 STATES, THIS STATE, AND OTHER STATES.

16 (B) A PERSON WHO IS EXEMPT FROM FEDERAL INCOME TAX UNDER THE
17 INTERNAL REVENUE CODE EXCEPT THE FOLLOWING:

18 (i) AN ORGANIZATION INCLUDED UNDER SECTION 501(C)(12) OR
19 501(C)(16) OF THE INTERNAL REVENUE CODE.

20 (ii) AN ORGANIZATION EXEMPT UNDER SECTION 501(C)(4) OF THE
21 INTERNAL REVENUE CODE THAT WOULD BE EXEMPT UNDER SECTION
22 501(C)(12) OF THE INTERNAL REVENUE CODE EXCEPT THAT IT FAILED TO
23 MEET THE REQUIREMENTS IN SECTION 501(C)(12) THAT 85% OR MORE OF
24 ITS INCOME CONSIST OF AMOUNTS COLLECTED FROM MEMBERS.

25 (iii) THE TAX BASE ATTRIBUTABLE TO UNRELATED BUSINESS
26 ACTIVITIES GIVING RISE TO THE UNRELATED BUSINESS TAXABLE INCOME
27 OF AN EXEMPT PERSON.

1 (C) A FOREIGN PERSON THAT IS DOMICILED IN A MEMBER COUNTRY
2 OF THE NORTH AMERICAN FREE TRADE AGREEMENT IS NOT SUBJECT TO
3 TAXATION UNDER THIS PART IF THE FOREIGN PERSON IS DOMICILED IN A
4 SUBNATIONAL JURISDICTION THAT DOES NOT IMPOSE AN INCOME TAX ON A
5 SIMILARLY SITUATED PERSON DOMICILED IN THIS STATE WHOSE PRESENCE
6 IN THE FOREIGN COUNTRY IS THE SAME AS THE FOREIGN PERSON'S
7 PRESENCE IN THE UNITED STATES. IF A QUALIFYING FOREIGN PERSON IS
8 DOMICILED IN A SUBNATIONAL JURISDICTION THAT DOES NOT IMPOSE AN
9 INCOME TAX ON BUSINESSES, BUT INSTEAD IMPOSES SOME OTHER TYPE OF
10 SUBNATIONAL BUSINESS TAX, THAT FOREIGN PERSON IS NOT SUBJECT TO
11 TAXATION UNDER THIS PART IF THAT SUBNATIONAL BUSINESS TAX IS NOT
12 IMPOSED ON A SIMILARLY SITUATED PERSON DOMICILED IN THIS STATE
13 WHOSE PRESENCE IN THE FOREIGN COUNTRY IS THE SAME AS THE FOREIGN
14 PERSON'S PRESENCE IN THE UNITED STATES.

15 (2) NOTWITHSTANDING ANY OTHER PROVISION OF THIS PART TO THE
16 CONTRARY, A FOREIGN PERSON SUBJECT TO TAX UNDER THIS PART SHALL
17 CALCULATE ITS CORPORATE INCOME TAX BASE UNDER THIS SECTION.
18 EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE CORPORATE
19 INCOME TAX BASE OF A FOREIGN PERSON IS SUBJECT TO ALL ADJUSTMENTS
20 AND OTHER PROVISIONS OF THIS PART. HOWEVER, THE CORPORATE INCOME
21 TAX BASE SHALL NOT INCLUDE PROCEEDS FROM SALES WHERE TITLE PASSES
22 OUTSIDE THE UNITED STATES.

23 (3) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE
24 CORPORATE INCOME TAX BASE OF A FOREIGN PERSON INCLUDES THE SUM OF
25 BUSINESS INCOME AND THE ADJUSTMENTS UNDER SECTION 623 THAT ARE
26 RELATED TO UNITED STATES BUSINESS ACTIVITY.

27 (4) THE SALES FACTOR FOR A FOREIGN PERSON IS A FRACTION, THE

1 NUMERATOR OF WHICH IS THE TAXPAYER'S TOTAL SALES IN THIS STATE
2 WHERE TITLE PASSES INSIDE THE UNITED STATES DURING THE TAX YEAR
3 AND THE DENOMINATOR OF WHICH IS THE TAXPAYER'S TOTAL SALES IN THE
4 UNITED STATES WHERE TITLE PASSES INSIDE THE UNITED STATES DURING
5 THE TAX YEAR.

6 (5) AS USED IN THIS SECTION:

7 (A) "BUSINESS INCOME" MEANS, FOR A FOREIGN PERSON, GROSS
8 INCOME ATTRIBUTABLE TO THE TAXPAYER'S UNITED STATES BUSINESS
9 ACTIVITY AND GROSS INCOME DERIVED FROM SOURCES WITHIN THE UNITED
10 STATES MINUS THE DEDUCTIONS ALLOWED UNDER THE INTERNAL REVENUE
11 CODE THAT ARE RELATED TO THAT GROSS INCOME. GROSS INCOME INCLUDES
12 THE PROCEEDS FROM SALES SHIPPED OR DELIVERED TO ANY PURCHASER
13 WITHIN THE UNITED STATES AND FOR WHICH TITLE TRANSFERS WITHIN THE
14 UNITED STATES; PROCEEDS FROM SERVICES PERFORMED WITHIN THE UNITED
15 STATES; AND A PRO RATA PROPORTION OF THE PROCEEDS FROM SERVICES
16 PERFORMED BOTH WITHIN AND OUTSIDE THE UNITED STATES TO THE EXTENT
17 THE RECIPIENT RECEIVES BENEFIT OF THE SERVICES WITHIN THE UNITED
18 STATES.

19 (B) "DOMICILED" MEANS THE LOCATION OF THE HEADQUARTERS OF
20 THE TRADE OR BUSINESS FROM WHICH THE TRADE OR BUSINESS OF THE
21 FOREIGN PERSON IS PRINCIPALLY MANAGED AND DIRECTED.

22 (C) "FOREIGN PERSON" MEANS A PERSON FORMED UNDER THE LAWS OF
23 A FOREIGN COUNTRY OR A POLITICAL SUBDIVISION OF A FOREIGN
24 COUNTRY, WHETHER OR NOT THE PERSON IS SUBJECT TO TAXATION UNDER
25 THE INTERNAL REVENUE CODE.

26 CHAPTER 12

27 SEC. 635. (1) EXCEPT AS OTHERWISE PROVIDED UNDER SUBSECTION

1 (4), EACH INSURANCE COMPANY SHALL PAY A TAX DETERMINED UNDER THIS
2 CHAPTER.

3 (2) THE TAX IMPOSED BY THIS CHAPTER ON EACH INSURANCE
4 COMPANY SHALL BE A TAX EQUAL TO 1.25% OF GROSS DIRECT PREMIUMS
5 WRITTEN ON PROPERTY OR RISK LOCATED OR RESIDING IN THIS STATE.
6 DIRECT PREMIUMS DO NOT INCLUDE ANY OF THE FOLLOWING:

7 (A) PREMIUMS ON POLICIES NOT TAKEN.

8 (B) RETURNED PREMIUMS ON CANCELED POLICIES.

9 (C) RECEIPTS FROM THE SALE OF ANNUITIES.

10 (D) RECEIPTS ON REINSURANCE PREMIUMS IF THE TAX HAS BEEN
11 PAID ON THE ORIGINAL PREMIUMS.

12 (E) THE FIRST \$190,000,000.00 OF DISABILITY INSURANCE
13 PREMIUMS WRITTEN IN THIS STATE, OTHER THAN CREDIT INSURANCE AND
14 DISABILITY INCOME INSURANCE PREMIUMS, OF EACH INSURANCE COMPANY
15 SUBJECT TO TAX UNDER THIS CHAPTER. THIS EXEMPTION SHALL BE
16 REDUCED BY \$2.00 FOR EACH \$1.00 BY WHICH THE INSURANCE COMPANY'S
17 GROSS DIRECT PREMIUMS FROM INSURANCE CARRIER SERVICES IN THIS
18 STATE AND OUTSIDE THIS STATE EXCEED \$280,000,000.00.

19 (3) THE TAX CALCULATED UNDER THIS CHAPTER IS IN LIEU OF ALL
20 OTHER PRIVILEGE OR FRANCHISE FEES OR TAXES IMPOSED BY THIS PART
21 OR ANY OTHER LAW OF THIS STATE, EXCEPT TAXES ON REAL AND PERSONAL
22 PROPERTY, TAXES COLLECTED UNDER THE GENERAL SALES TAX ACT, 1933
23 PA 167, MCL 205.51 TO 205.78, AND TAXES COLLECTED UNDER THE USE
24 TAX ACT, 1937 PA 94, MCL 205.91 TO 205.111, AND EXCEPT AS
25 OTHERWISE PROVIDED IN THE INSURANCE CODE OF 1956, 1956 PA 218,
26 MCL 500.100 TO 500.8302.

27 (4) THE TAX IMPOSED AND LEVIED UNDER THIS CHAPTER DOES NOT

1 APPLY TO AN INSURANCE COMPANY AUTHORIZED UNDER CHAPTER 46 OR 47
2 OF THE INSURANCE CODE OF 1956, 1956 PA 218, MCL 500.4601 TO
3 500.4673 AND 500.4701 TO 500.4747.

4 (5) FOR A TAXPAYER SUBJECT TO THE TAX IMPOSED UNDER CHAPTER
5 11, THAT PORTION OF THE TAX BASE ATTRIBUTABLE TO THE SERVICES
6 PROVIDED BY AN ATTORNEY-IN-FACT TO A RECIPROCAL INSURER PURSUANT
7 TO CHAPTER 72 OF THE INSURANCE CODE OF 1956, 1956 PA 218, MCL
8 500.7200 TO 500.7234, IS EXEMPT FROM THE TAX IMPOSED BY THAT
9 CHAPTER.

10 SEC. 637. (1) AN INSURANCE COMPANY MAY CLAIM A CREDIT
11 AGAINST THE TAX IMPOSED UNDER THIS CHAPTER IN THE FOLLOWING
12 AMOUNTS:

13 (A) AMOUNTS PAID TO THE MICHIGAN WORKER'S COMPENSATION
14 PLACEMENT FACILITY PURSUANT TO CHAPTER 23 OF THE INSURANCE CODE
15 OF 1956, 1956 PA 218, MCL 500.2301 TO 500.2352.

16 (B) AMOUNTS PAID TO THE MICHIGAN BASIC PROPERTY INSURANCE
17 ASSOCIATION PURSUANT TO CHAPTER 29 OF THE INSURANCE CODE OF 1956,
18 1956 PA 218, MCL 500.2901 TO 500.2954.

19 (C) AMOUNTS PAID TO THE MICHIGAN AUTOMOBILE INSURANCE
20 PLACEMENT FACILITY PURSUANT TO CHAPTER 33 OF THE INSURANCE CODE
21 OF 1956, 1956 PA 218, MCL 500.3301 TO 500.3390.

22 (D) AMOUNTS PAID TO THE PROPERTY AND CASUALTY GUARANTY
23 ASSOCIATION PURSUANT TO CHAPTER 79 OF THE INSURANCE CODE OF 1956,
24 1956 PA 218, MCL 500.7901 TO 500.7949.

25 (E) AMOUNTS PAID TO THE MICHIGAN LIFE AND HEALTH GUARANTY
26 ASSOCIATION PURSUANT TO CHAPTER 77 OF THE INSURANCE CODE OF 1956,
27 1956 PA 218, MCL 500.7701 TO 500.7780.

1 (2) THE ASSESSMENTS OF AN INSURANCE COMPANY FROM THE
2 IMMEDIATELY PRECEDING TAX YEAR SHALL BE USED IN CALCULATING THE
3 CREDITS ALLOWED UNDER THIS SECTION FOR EACH TAX YEAR.

4 SEC. 639. AN INSURANCE COMPANY SHALL BE ALLOWED A CREDIT
5 AGAINST THE TAX IMPOSED UNDER THIS CHAPTER IN AN AMOUNT EQUAL TO
6 50% OF THE EXAMINATION FEES PAID BY THE INSURANCE COMPANY DURING
7 THE TAX YEAR PURSUANT TO SECTION 224 OF THE INSURANCE CODE OF
8 1956, 1956 PA 218, MCL 500.224.

9 SEC. 641. (1) FOR AMOUNTS PAID PURSUANT TO SECTION 352 OF
10 THE WORKER'S DISABILITY COMPENSATION ACT OF 1969, 1969 PA 317,
11 MCL 418.352, AN INSURANCE COMPANY SUBJECT TO THE WORKER'S
12 DISABILITY COMPENSATION ACT OF 1969, 1969 PA 317, MCL 418.101 TO
13 418.941, MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED UNDER THIS
14 CHAPTER FOR THE TAX YEAR IN AN AMOUNT EQUAL TO THE AMOUNT PAID
15 DURING THAT TAX YEAR BY THE INSURANCE COMPANY PURSUANT TO SECTION
16 352 OF THE WORKER'S DISABILITY COMPENSATION ACT OF 1969, 1969 PA
17 317, MCL 418.352, AS CERTIFIED BY THE DIRECTOR OF THE BUREAU OF
18 WORKER'S DISABILITY COMPENSATION PURSUANT TO SECTION 391(6) OF
19 THE WORKER'S DISABILITY COMPENSATION ACT OF 1969, 1969 PA 317,
20 MCL 418.391.

21 (2) AN INSURANCE COMPANY CLAIMING A CREDIT UNDER THIS
22 SECTION MAY CLAIM A PORTION OF THE CREDIT ALLOWED UNDER THIS
23 SECTION EQUAL TO THE PAYMENTS MADE DURING A CALENDAR QUARTER
24 PURSUANT TO SECTION 352 OF THE WORKER'S DISABILITY COMPENSATION
25 ACT OF 1969, 1969 PA 317, MCL 418.352, AGAINST THE ESTIMATED TAX
26 PAYMENTS MADE UNDER SECTION 681. ANY CREDIT IN EXCESS OF AN
27 ESTIMATED PAYMENT SHALL BE REFUNDED TO THE INSURANCE COMPANY ON A

1 QUARTERLY BASIS WITHIN 60 CALENDAR DAYS AFTER RECEIPT OF A
2 PROPERLY COMPLETED ESTIMATED TAX RETURN. ANY SUBSEQUENT INCREASE
3 OR DECREASE IN THE AMOUNT CLAIMED FOR PAYMENTS MADE BY THE
4 INSURANCE COMPANY SHALL BE REFLECTED IN THE AMOUNT OF THE CREDIT
5 TAKEN FOR THE CALENDAR QUARTER IN WHICH THE AMOUNT OF THE
6 ADJUSTMENT IS FINALIZED.

7 (3) THE CREDIT UNDER THIS SECTION IS IN ADDITION TO ANY
8 OTHER CREDITS THE INSURANCE COMPANY IS ELIGIBLE FOR UNDER THIS
9 CHAPTER.

10 (4) ANY AMOUNT OF THE CREDIT UNDER THIS SECTION THAT IS IN
11 EXCESS OF THE TAX LIABILITY OF THE INSURANCE COMPANY FOR THE TAX
12 YEAR SHALL BE REFUNDED, WITHOUT INTEREST, BY THE DEPARTMENT TO
13 THE INSURANCE COMPANY WITHIN 60 CALENDAR DAYS OF RECEIPT OF A
14 PROPERLY COMPLETED ANNUAL RETURN REQUIRED UNDER THIS PART.

15 SEC. 643. (1) AN INSURANCE COMPANY IS SUBJECT TO THE TAX
16 IMPOSED BY THIS CHAPTER OR BY SECTION 476A OF THE INSURANCE CODE
17 OF 1956, 1956 PA 218, MCL 500.476A, IF APPLICABLE, WHICHEVER IS
18 GREATER.

19 (2) THE TAX YEAR OF AN INSURANCE COMPANY IS THE CALENDAR
20 YEAR.

21 (3) NOTWITHSTANDING SECTION 685, AN INSURANCE COMPANY SHALL
22 FILE THE ANNUAL RETURN REQUIRED UNDER THIS PART BEFORE MARCH 2
23 AFTER THE END OF THE TAX YEAR, AND AN AUTOMATIC EXTENSION UNDER
24 SECTION 685(3) IS NOT AVAILABLE.

25 (4) FOR THE PURPOSE OF CALCULATING AN ESTIMATED PAYMENT
26 REQUIRED BY SECTION 681, THE GREATER OF THE AMOUNT OF TAX IMPOSED
27 ON AN INSURANCE COMPANY UNDER THIS CHAPTER OR UNDER SECTION 476A

1 OF THE INSURANCE CODE OF 1956, 1956 PA 218, MCL 500.476A, SHALL
2 BE CONSIDERED THE INSURANCE COMPANY'S TAX LIABILITY FOR THE
3 IMMEDIATELY PRECEDING TAX YEAR.

4 (5) THE REQUIREMENTS OF SECTION 28(1)(F) OF 1941 PA 122, MCL
5 205.28, THAT PROHIBIT AN EMPLOYEE OR AUTHORIZED REPRESENTATIVE
6 OF, A FORMER EMPLOYEE OR AUTHORIZED REPRESENTATIVE OF, OR ANYONE
7 CONNECTED WITH THE DEPARTMENT FROM DIVULGING ANY FACTS OR
8 INFORMATION OBTAINED IN CONNECTION WITH THE ADMINISTRATION OF A
9 TAX, DO NOT APPLY TO DISCLOSURE OF A TAX RETURN REQUIRED BY THIS
10 SECTION.

11 CHAPTER 13

12 SEC. 651. AS USED IN THIS CHAPTER:

13 (A) "BILLING ADDRESS" MEANS THE LOCATION INDICATED IN THE
14 BOOKS AND RECORDS OF THE FINANCIAL INSTITUTION ON THE FIRST DAY
15 OF THE TAX YEAR OR ON A LATER DATE IN THE TAX YEAR WHEN THE
16 CUSTOMER RELATIONSHIP BEGAN AS THE ADDRESS WHERE ANY NOTICE,
17 STATEMENT, OR BILL RELATING TO A CUSTOMER'S ACCOUNT IS MAILED.

18 (B) "BORROWER IS LOCATED IN THIS STATE" OR "CREDIT CARD
19 HOLDER IS LOCATED IN THIS STATE" MEANS A BORROWER, OTHER THAN A
20 CREDIT CARD HOLDER, THAT IS ENGAGED IN A TRADE OR BUSINESS WHICH
21 MAINTAINS ITS COMMERCIAL DOMICILE IN THIS STATE, OR A BORROWER
22 THAT IS NOT ENGAGED IN A TRADE OR BUSINESS OR A CREDIT CARD
23 HOLDER WHOSE BILLING ADDRESS IS IN THIS STATE.

24 (C) "COMMERCIAL DOMICILE" MEANS THE HEADQUARTERS OF THE
25 TRADE OR BUSINESS, THAT IS THE PLACE FROM WHICH THE TRADE OR
26 BUSINESS IS PRINCIPALLY MANAGED AND DIRECTED, OR IF A FINANCIAL
27 INSTITUTION IS ORGANIZED UNDER THE LAWS OF A FOREIGN COUNTRY, OF

1 THE COMMONWEALTH OF PUERTO RICO, OR ANY TERRITORY OR POSSESSION
2 OF THE UNITED STATES, SUCH FINANCIAL INSTITUTION'S COMMERCIAL
3 DOMICILE SHALL BE DEEMED FOR THE PURPOSES OF THIS CHAPTER TO BE
4 THE STATE OF THE UNITED STATES OR THE DISTRICT OF COLUMBIA FROM
5 WHICH SUCH FINANCIAL INSTITUTION'S TRADE OR BUSINESS IN THE
6 UNITED STATES IS PRINCIPALLY MANAGED AND DIRECTED. IT SHALL BE
7 PRESUMED, SUBJECT TO REBUTTAL, THAT THE LOCATION FROM WHICH THE
8 FINANCIAL INSTITUTION'S TRADE OR BUSINESS IS PRINCIPALLY MANAGED
9 AND DIRECTED IS THE STATE OF THE UNITED STATES OR THE DISTRICT OF
10 COLUMBIA TO WHICH THE GREATEST NUMBER OF EMPLOYEES ARE REGULARLY
11 CONNECTED OR OUT OF WHICH THEY ARE WORKING, IRRESPECTIVE OF WHERE
12 THE SERVICES OF SUCH EMPLOYEES ARE PERFORMED, AS OF THE LAST DAY
13 OF THE TAX YEAR.

14 (D) "CREDIT CARD" MEANS A CREDIT, TRAVEL, OR ENTERTAINMENT
15 CARD.

16 (E) "CREDIT CARD ISSUER'S REIMBURSEMENT FEE" MEANS THE FEE A
17 FINANCIAL INSTITUTION RECEIVES FROM A MERCHANT'S BANK BECAUSE 1
18 OF THE PERSONS TO WHOM THE FINANCIAL INSTITUTION HAS ISSUED A
19 CREDIT CARD HAS CHARGED MERCHANDISE OR SERVICES TO THE CREDIT
20 CARD.

21 (F) "FINANCIAL INSTITUTION" MEANS ANY OF THE FOLLOWING:

22 (i) A BANK HOLDING COMPANY, A NATIONAL BANK, A STATE
23 CHARTERED BANK, AN OFFICE OF THRIFT SUPERVISION CHARTERED BANK OR
24 THRIFT INSTITUTION, A SAVINGS AND LOAN HOLDING COMPANY OTHER THAN
25 A DIVERSIFIED SAVINGS AND LOAN HOLDING COMPANY AS DEFINED IN 12
26 USC 1467A(A) (F), OR A FEDERALLY CHARTERED FARM CREDIT SYSTEM
27 INSTITUTION.

1 (ii) ANY ENTITY, OTHER THAN AN ENTITY SUBJECT TO THE TAX
2 IMPOSED UNDER CHAPTER 12, WHO IS DIRECTLY OR INDIRECTLY OWNED BY
3 AN ENTITY DESCRIBED IN SUBPARAGRAPH (i) AND IS A MEMBER OF THE
4 UNITARY BUSINESS GROUP.

5 (iii) A UNITARY BUSINESS GROUP OF ENTITIES DESCRIBED IN
6 SUBPARAGRAPH (i) OR (ii), OR BOTH.

7 (G) "GROSS BUSINESS" MEANS THE SUM OF THE FOLLOWING LESS
8 TRANSACTIONS BETWEEN THOSE ENTITIES INCLUDED IN A UNITARY
9 BUSINESS GROUP:

10 (i) FEES, COMMISSIONS, OR OTHER COMPENSATION FOR FINANCIAL
11 SERVICES.

12 (ii) NET GAINS, NOT LESS THAN ZERO, FROM THE SALE OF LOANS
13 AND OTHER INTANGIBLES.

14 (iii) NET GAINS, NOT LESS THAN ZERO, FROM TRADING IN STOCKS,
15 BONDS, OR OTHER SECURITIES.

16 (iv) INTEREST CHARGED TO CUSTOMERS FOR CARRYING DEBIT
17 BALANCES OF MARGIN ACCOUNTS.

18 (v) INTEREST AND DIVIDENDS RECEIVED.

19 (vi) ANY OTHER GROSS PROCEEDS RESULTING FROM THE OPERATION AS
20 A FINANCIAL INSTITUTION.

21 (H) "LOAN" MEANS ANY EXTENSION OF CREDIT RESULTING FROM
22 DIRECT NEGOTIATIONS BETWEEN THE FINANCIAL INSTITUTION AND ITS
23 CUSTOMER, OR THE PURCHASE, IN WHOLE OR IN PART, OF SUCH EXTENSION
24 OF CREDIT FROM ANOTHER. LOANS INCLUDE PARTICIPATIONS,
25 SYNDICATIONS, AND LEASES TREATED AS LOANS FOR FEDERAL INCOME TAX
26 PURPOSES. LOANS SHALL NOT INCLUDE PROPERTIES TREATED AS LOANS
27 UNDER SECTION 595 OF THE INTERNAL REVENUE CODE, FUTURES OR

1 FORWARD CONTRACTS, OPTIONS, NOTIONAL PRINCIPAL CONTRACTS SUCH AS
2 SWAPS, CREDIT CARD RECEIVABLES, INCLUDING PURCHASED CREDIT CARD
3 RELATIONSHIPS, NON-INTEREST-BEARING BALANCES DUE FROM DEPOSITORY
4 INSTITUTIONS, CASH ITEMS IN THE PROCESS OF COLLECTION, FEDERAL
5 FUNDS SOLD, SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL,
6 ASSETS HELD IN A TRADING ACCOUNT, SECURITIES, INTERESTS IN A REAL
7 ESTATE MORTGAGE INVESTMENT CONDUIT, OR OTHER MORTGAGE-BACKED OR
8 ASSET-BACKED SECURITY, AND OTHER SIMILAR ITEMS.

9 (I) "LOAN SECURED BY REAL PROPERTY" MEANS THAT 50% OR MORE
10 OF THE AGGREGATE VALUE OF THE COLLATERAL USED TO SECURE A LOAN OR
11 OTHER OBLIGATION, WHEN VALUED AT FAIR MARKET VALUE AS OF THE TIME
12 THE ORIGINAL LOAN OR OBLIGATION WAS INCURRED, WAS REAL PROPERTY.

13 (J) "MERCHANT DISCOUNT" MEANS THE FEE OR NEGOTIATED DISCOUNT
14 CHARGED TO A MERCHANT BY THE FINANCIAL INSTITUTION FOR THE
15 PRIVILEGE OF PARTICIPATING IN A PROGRAM WHEREBY A CREDIT CARD IS
16 ACCEPTED IN PAYMENT FOR MERCHANDISE OR SERVICES SOLD TO THE
17 CREDIT CARD HOLDER.

18 (K) "MICHIGAN OBLIGATIONS" MEANS A BOND, NOTE, OR OTHER
19 OBLIGATION ISSUED BY A GOVERNMENTAL UNIT DESCRIBED IN SECTION 3
20 OF THE SHARED CREDIT RATING ACT, 1985 PA 227, MCL 141.1053.

21 (L) "PARTICIPATION" MEANS AN EXTENSION OF CREDIT IN WHICH AN
22 UNDIVIDED OWNERSHIP INTEREST IS HELD ON A PRO RATA BASIS IN A
23 SINGLE LOAN OR POOL OF LOANS AND RELATED COLLATERAL. IN A LOAN
24 PARTICIPATION, THE CREDIT ORIGINATOR INITIALLY MAKES THE LOAN AND
25 THEN SUBSEQUENTLY RESELLS ALL OR A PORTION OF IT TO OTHER
26 LENDERS. THE PARTICIPATION MAY OR MAY NOT BE KNOWN TO THE
27 BORROWER.

1 (M) "PRINCIPAL BASE OF OPERATIONS", WITH RESPECT TO
2 TRANSPORTATION PROPERTY, MEANS THE PLACE OF MORE OR LESS
3 PERMANENT NATURE FROM WHICH SAID PROPERTY IS REGULARLY DIRECTED
4 OR CONTROLLED. WITH RESPECT TO AN EMPLOYEE, THE PRINCIPAL BASE OF
5 OPERATIONS MEANS THE PLACE OF MORE OR LESS PERMANENT NATURE FROM
6 WHICH THE EMPLOYEE REGULARLY DOES ANY OF THE FOLLOWING:

7 (i) STARTS HIS OR HER WORK AND TO WHICH HE OR SHE CUSTOMARILY
8 RETURNS IN ORDER TO RECEIVE INSTRUCTIONS FROM HIS OR HER
9 EMPLOYER.

10 (ii) COMMUNICATES WITH HIS OR HER CUSTOMERS OR OTHER PERSONS.

11 (iii) PERFORMS ANY OTHER FUNCTIONS NECESSARY TO THE EXERCISE
12 OF HIS OR HER TRADE OR PROFESSION AT SOME OTHER POINT OR POINTS.

13 (N) "REAL PROPERTY OWNED" AND "TANGIBLE PERSONAL PROPERTY
14 OWNED" MEAN REAL AND TANGIBLE PERSONAL PROPERTY RESPECTIVELY ON
15 WHICH THE FINANCIAL INSTITUTION MAY CLAIM DEPRECIATION FOR
16 FEDERAL INCOME TAX PURPOSES OR TO WHICH THE FINANCIAL INSTITUTION
17 HOLDS LEGAL TITLE AND ON WHICH NO OTHER PERSON MAY CLAIM
18 DEPRECIATION FOR FEDERAL INCOME TAX PURPOSES OR COULD CLAIM
19 DEPRECIATION IF SUBJECT TO FEDERAL INCOME TAX. REAL AND TANGIBLE
20 PERSONAL PROPERTIES DO NOT INCLUDE COIN, CURRENCY, OR PROPERTY
21 ACQUIRED IN LIEU OF OR PURSUANT TO A FORECLOSURE.

22 (O) "REGULAR PLACE OF BUSINESS" MEANS AN OFFICE AT WHICH THE
23 FINANCIAL INSTITUTION CARRIES ON ITS BUSINESS IN A REGULAR AND
24 SYSTEMATIC MANNER AND WHICH IS CONTINUOUSLY MAINTAINED, OCCUPIED,
25 AND USED BY EMPLOYEES OF THE FINANCIAL INSTITUTION. THE FINANCIAL
26 INSTITUTION SHALL HAVE THE BURDEN OF PROVING THAT AN INVESTMENT
27 ASSET OR ACTIVITY OR TRADING ASSET OR ACTIVITY WAS PROPERLY

1 ASSIGNED TO A REGULAR PLACE OF BUSINESS OUTSIDE OF THIS STATE BY
2 DEMONSTRATING THAT THE DAY-TO-DAY DECISIONS REGARDING THE ASSET
3 OR ACTIVITY OCCURRED AT A REGULAR PLACE OF BUSINESS OUTSIDE THIS
4 STATE. WHERE THE DAY-TO-DAY DECISIONS REGARDING AN INVESTMENT
5 ASSET OR ACTIVITY OR TRADING ASSET OR ACTIVITY OCCUR AT MORE THAN
6 1 REGULAR PLACE OF BUSINESS AND 1 SUCH REGULAR PLACE OF BUSINESS
7 IS IN THIS STATE AND 1 SUCH REGULAR PLACE OF BUSINESS IS OUTSIDE
8 THIS STATE, SUCH ASSET OR ACTIVITY SHALL BE CONSIDERED TO BE
9 LOCATED AT THE REGULAR PLACE OF BUSINESS OF THE FINANCIAL
10 INSTITUTION WHERE THE INVESTMENT OR TRADING POLICIES OR
11 GUIDELINES WITH RESPECT TO THE ASSET OR ACTIVITY ARE ESTABLISHED.
12 UNLESS THE FINANCIAL INSTITUTION DEMONSTRATES TO THE CONTRARY,
13 SUCH POLICIES AND GUIDELINES SHALL BE PRESUMED TO BE ESTABLISHED
14 AT THE COMMERCIAL DOMICILE OF THE FINANCIAL INSTITUTION.

15 (P) "ROLLING STOCK" MEANS RAILROAD FREIGHT OR PASSENGER
16 CARS, LOCOMOTIVES, OR OTHER RAIL CARS.

17 (Q) "SYNDICATION" MEANS AN EXTENSION OF CREDIT IN WHICH 2 OR
18 MORE PERSONS FINANCE THE CREDIT AND EACH PERSON IS AT RISK ONLY
19 UP TO A SPECIFIED PERCENTAGE OF THE TOTAL EXTENSION OF THE CREDIT
20 OR UP TO A SPECIFIED DOLLAR AMOUNT.

21 (R) "TRANSPORTATION PROPERTY" MEANS VEHICLES AND VESSELS
22 CAPABLE OF MOVING UNDER THEIR OWN POWER, SUCH AS AIRCRAFT,
23 TRAINS, WATER VESSELS, AND MOTOR VEHICLES, AS WELL AS ANY
24 EQUIPMENT OR CONTAINERS ATTACHED TO SUCH PROPERTY, SUCH AS
25 ROLLING STOCK, BARGES, OR TRAILERS.

26 (S) "UNITED STATES OBLIGATIONS" MEANS ALL OBLIGATIONS OF THE
27 UNITED STATES EXEMPT FROM TAXATION UNDER 31 USC 3124(A) OR EXEMPT

1 UNDER THE UNITED STATES CONSTITUTION OR ANY FEDERAL STATUTE,
2 INCLUDING THE OBLIGATIONS OF ANY INSTRUMENTALITY OR AGENCY OF THE
3 UNITED STATES THAT ARE EXEMPT FROM STATE OR LOCAL TAXATION UNDER
4 THE UNITED STATES CONSTITUTION OR ANY STATUTE OF THE UNITED
5 STATES.

6 SEC. 653. (1) EVERY FINANCIAL INSTITUTION WITH NEXUS IN THIS
7 STATE AS DETERMINED UNDER SECTION 621 IS SUBJECT TO A FRANCHISE
8 TAX. THE FRANCHISE TAX IS IMPOSED UPON THE TAX BASE OF THE
9 FINANCIAL INSTITUTION AS DETERMINED UNDER SECTION 655 AFTER
10 ALLOCATION OR APPORTIONMENT TO THIS STATE, AT THE RATE OF 0.29%.

11 (2) THE TAX UNDER THIS CHAPTER IS IN LIEU OF THE TAX LEVIED
12 AND IMPOSED UNDER CHAPTER 11 OF THIS PART.

13 SEC. 655. (1) FOR A FINANCIAL INSTITUTION, TAX BASE MEANS
14 THE FINANCIAL INSTITUTION'S NET CAPITAL. NET CAPITAL MEANS EQUITY
15 CAPITAL AS COMPUTED IN ACCORDANCE WITH GENERALLY ACCEPTED
16 ACCOUNTING PRINCIPLES LESS THE AVERAGE DAILY BOOK VALUE OF UNITED
17 STATES OBLIGATIONS AND MICHIGAN OBLIGATIONS. IF THE FINANCIAL
18 INSTITUTION DOES NOT MAINTAIN ITS BOOKS AND RECORDS IN ACCORDANCE
19 WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, NET CAPITAL SHALL
20 BE COMPUTED IN ACCORDANCE WITH THE BOOKS AND RECORDS USED BY THE
21 FINANCIAL INSTITUTION, SO LONG AS THE METHOD FAIRLY REFLECTS THE
22 FINANCIAL INSTITUTION'S NET CAPITAL FOR PURPOSES OF THE TAX
23 LEVIED BY THIS CHAPTER. NET CAPITAL DOES NOT INCLUDE UP TO 125%
24 OF THE MINIMUM REGULATORY CAPITALIZATION REQUIREMENTS OF A PERSON
25 SUBJECT TO THE TAX IMPOSED UNDER CHAPTER 12.

26 (2) NET CAPITAL SHALL BE DETERMINED BY ADDING THE FINANCIAL
27 INSTITUTION'S NET CAPITAL AS OF THE CLOSE OF THE CURRENT TAX YEAR

1 AND PRECEDING 4 TAX YEARS AND DIVIDING THE RESULTING SUM BY 5. IF
2 A FINANCIAL INSTITUTION HAS NOT BEEN IN EXISTENCE FOR A PERIOD OF
3 5 TAX YEARS, NET CAPITAL SHALL BE DETERMINED BY ADDING TOGETHER
4 THE FINANCIAL INSTITUTION'S NET CAPITAL FOR THE NUMBER OF TAX
5 YEARS THE FINANCIAL INSTITUTION HAS BEEN IN EXISTENCE AND
6 DIVIDING THE RESULTING SUM BY THE NUMBER OF YEARS THE FINANCIAL
7 INSTITUTION HAS BEEN IN EXISTENCE. FOR PURPOSES OF THIS SECTION,
8 A PARTIAL YEAR SHALL BE TREATED AS A FULL YEAR.

9 (3) FOR A UNITARY BUSINESS GROUP OF FINANCIAL INSTITUTIONS,
10 NET CAPITAL CALCULATED UNDER THIS SECTION DOES NOT INCLUDE THE
11 INVESTMENT OF 1 MEMBER OF THE UNITARY BUSINESS GROUP IN ANOTHER
12 MEMBER OF THAT UNITARY BUSINESS GROUP.

13 (4) FOR PURPOSES OF THIS SECTION, EACH OF THE FOLLOWING
14 APPLIES:

15 (A) A CHANGE IN IDENTITY, FORM, OR PLACE OF ORGANIZATION OF
16 1 FINANCIAL INSTITUTION SHALL BE TREATED AS IF A SINGLE FINANCIAL
17 INSTITUTION HAD BEEN IN EXISTENCE FOR THE ENTIRE TAX YEAR IN
18 WHICH THE CHANGE OCCURRED AND EACH TAX YEAR AFTER THE CHANGE.

19 (B) THE COMBINATION OF 2 OR MORE FINANCIAL INSTITUTIONS INTO
20 1 SHALL BE TREATED AS IF THE CONSTITUENT FINANCIAL INSTITUTIONS
21 HAD BEEN A SINGLE FINANCIAL INSTITUTION IN EXISTENCE FOR THE
22 ENTIRE TAX YEAR IN WHICH THE COMBINATION OCCURRED AND EACH TAX
23 YEAR AFTER THE COMBINATION, AND THE BOOK VALUES AND DEDUCTIONS
24 FOR UNITED STATES OBLIGATIONS AND MICHIGAN OBLIGATIONS OF THE
25 CONSTITUENT INSTITUTIONS SHALL BE COMBINED. A COMBINATION SHALL
26 INCLUDE ANY ACQUISITION REQUIRED TO BE ACCOUNTED FOR BY THE
27 SURVIVING FINANCIAL INSTITUTION IN ACCORDANCE WITH GENERALLY

1 ACCEPTED ACCOUNTING PRINCIPLES OR A STATUTORY MERGER OR
2 CONSOLIDATION.

3 SEC. 657. (1) EXCEPT AS OTHERWISE PROVIDED UNDER THIS
4 CHAPTER, THE TAX BASE OF A FINANCIAL INSTITUTION WHOSE BUSINESS
5 ACTIVITIES ARE CONFINED SOLELY TO THIS STATE SHALL BE ALLOCATED
6 TO THIS STATE. THE TAX BASE OF A FINANCIAL INSTITUTION WHOSE
7 BUSINESS ACTIVITIES ARE SUBJECT TO TAX BOTH WITHIN AND OUTSIDE OF
8 THIS STATE SHALL BE APPORTIONED TO THIS STATE BY MULTIPLYING THE
9 TAX BASE BY THE GROSS BUSINESS FACTOR.

10 (2) A FINANCIAL INSTITUTION WHOSE BUSINESS ACTIVITIES ARE
11 SUBJECT TO TAX BOTH WITHIN AND OUTSIDE OF THIS STATE IS SUBJECT
12 TO TAX IN ANOTHER STATE IN EITHER OF THE FOLLOWING CIRCUMSTANCES:

13 (A) THE FINANCIAL INSTITUTION IS SUBJECT TO A BUSINESS
14 PRIVILEGE TAX, A NET INCOME TAX, A FRANCHISE TAX MEASURED BY NET
15 INCOME, A FRANCHISE TAX FOR THE PRIVILEGE OF DOING BUSINESS, OR A
16 CORPORATE STOCK TAX OR A TAX OF THE TYPE IMPOSED UNDER THIS PART
17 IN THAT STATE.

18 (B) THAT STATE HAS JURISDICTION TO SUBJECT THE FINANCIAL
19 INSTITUTION TO 1 OR MORE OF THE TAXES LISTED IN SUBDIVISION (A)
20 REGARDLESS OF WHETHER THAT STATE DOES OR DOES NOT SUBJECT THE
21 FINANCIAL INSTITUTION TO THAT TAX.

22 (3) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4), THE
23 GROSS BUSINESS FACTOR IS A FRACTION, THE NUMERATOR OF WHICH IS
24 THE TOTAL GROSS BUSINESS OF THE FINANCIAL INSTITUTION IN THIS
25 STATE DURING THE TAX YEAR AND THE DENOMINATOR OF WHICH IS THE
26 TOTAL GROSS BUSINESS OF THE FINANCIAL INSTITUTION EVERYWHERE
27 DURING THE TAX YEAR.

1 (4) EXCEPT AS OTHERWISE PROVIDED UNDER THIS SUBSECTION, FOR
2 A FINANCIAL INSTITUTION THAT IS INCLUDED IN A UNITARY BUSINESS
3 GROUP, GROSS BUSINESS INCLUDES GROSS BUSINESS IN THIS STATE OF
4 EVERY FINANCIAL INSTITUTION INCLUDED IN THE UNITARY BUSINESS
5 GROUP WITHOUT REGARD TO WHETHER THE FINANCIAL INSTITUTION HAS
6 NEXUS IN THIS STATE. GROSS BUSINESS BETWEEN FINANCIAL
7 INSTITUTIONS INCLUDED IN A UNITARY BUSINESS GROUP MUST BE
8 ELIMINATED IN CALCULATING THE GROSS BUSINESS FACTOR.

9 SEC. 659. GROSS BUSINESS IN THIS STATE OF THE FINANCIAL
10 INSTITUTION IS DETERMINED AS FOLLOWS:

11 (A) RECEIPTS FROM CREDIT CARD RECEIVABLES INCLUDING WITHOUT
12 LIMITATION INTEREST AND FEES OR PENALTIES IN THE NATURE OF
13 INTEREST FROM CREDIT CARD RECEIVABLES AND RECEIPTS FROM FEES
14 CHARGED TO CREDIT CARD HOLDERS SUCH AS ANNUAL FEES ARE IN THIS
15 STATE IF THE BILLING ADDRESS OF THE CREDIT CARD HOLDER IS LOCATED
16 IN THIS STATE.

17 (B) CREDIT CARD ISSUER'S REIMBURSEMENT FEES ARE IN THIS
18 STATE IF THE BILLING ADDRESS OF THE CREDIT CARD HOLDER IS LOCATED
19 IN THIS STATE.

20 (C) RECEIPTS FROM MERCHANT DISCOUNTS ARE IN THIS STATE IF
21 THE COMMERCIAL DOMICILE OF THE MERCHANT IS IN THIS STATE.

22 (D) LOAN SERVICING FEES ARE IN THIS STATE UNDER ANY OF THE
23 FOLLOWING CIRCUMSTANCES:

24 (i) FOR A LOAN SECURED BY REAL PROPERTY, IF THE REAL PROPERTY
25 FOR WHICH THE LOAN IS SECURED IS IN THIS STATE.

26 (ii) FOR A LOAN SECURED BY REAL PROPERTY, IF THE REAL
27 PROPERTY FOR WHICH THE LOAN IS SECURED IS LOCATED BOTH WITHIN AND

1 WITHOUT THIS STATE AND 1 OR MORE OTHER STATES AND MORE THAN 50%
2 OF THE FAIR MARKET VALUE OF THE REAL PROPERTY IS LOCATED IN THIS
3 STATE.

4 (iii) FOR A LOAN SECURED BY REAL PROPERTY, IF MORE THAN 50% OF
5 THE FAIR MARKET VALUE OF THE REAL PROPERTY FOR WHICH THE LOAN IS
6 SECURED IS NOT LOCATED WITHIN ANY 1 STATE BUT THE BORROWER IS
7 LOCATED IN THIS STATE.

8 (iv) FOR A LOAN NOT SECURED BY REAL PROPERTY, THE BORROWER IS
9 LOCATED IN THIS STATE.

10 (E) RECEIPTS FROM SERVICES ARE IN THIS STATE IF THE
11 RECIPIENT OF THE SERVICES RECEIVES ALL OF THE BENEFIT OF THE
12 SERVICES IN THIS STATE. IF THE RECIPIENT OF THE SERVICES RECEIVES
13 SOME OF THE BENEFIT OF THE SERVICES IN THIS STATE, THE RECEIPTS
14 ARE INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT FACTOR IN
15 PROPORTION TO THE EXTENT THAT THE RECIPIENT RECEIVES BENEFIT OF
16 THE SERVICES IN THIS STATE.

17 (F) RECEIPTS FROM INVESTMENT ASSETS AND ACTIVITIES AND
18 TRADING ASSETS AND ACTIVITIES, INCLUDING INTEREST AND DIVIDENDS,
19 ARE IN THIS STATE IF THE FINANCIAL INSTITUTION'S CUSTOMER IS IN
20 THIS STATE. IF THE LOCATION OF THE FINANCIAL INSTITUTION'S
21 CUSTOMER CANNOT BE DETERMINED, BOTH OF THE FOLLOWING APPLY:

22 (i) INTEREST, DIVIDENDS, AND OTHER INCOME FROM INVESTMENT
23 ASSETS AND ACTIVITIES AND FROM TRADING ASSETS AND ACTIVITIES,
24 INCLUDING, BUT NOT LIMITED TO, INVESTMENT SECURITIES; TRADING
25 ACCOUNT ASSETS; FEDERAL FUNDS; SECURITIES PURCHASED AND SOLD
26 UNDER AGREEMENTS TO RESELL OR REPURCHASE; OPTIONS; FUTURES
27 CONTRACTS; FORWARD CONTRACTS; NOTIONAL PRINCIPAL CONTRACTS SUCH

1 AS SWAPS; EQUITIES; AND FOREIGN CURRENCY TRANSACTIONS ARE IN THIS
2 STATE IF THE AVERAGE VALUE OF THE ASSETS IS ASSIGNED TO A REGULAR
3 PLACE OF BUSINESS OF THE TAXPAYER WITHIN THIS STATE. INTEREST
4 FROM FEDERAL FUNDS SOLD AND PURCHASED AND FROM SECURITIES
5 PURCHASED UNDER RESALE AGREEMENTS AND SECURITIES SOLD UNDER
6 REPURCHASE AGREEMENTS ARE IN THIS STATE IF THE AVERAGE VALUE OF
7 THE ASSETS IS ASSIGNED TO A REGULAR PLACE OF BUSINESS OF THE
8 TAXPAYER WITHIN THIS STATE. THE AMOUNT OF RECEIPTS AND OTHER
9 INCOME FROM INVESTMENT ASSETS AND ACTIVITIES IS IN THIS STATE IF
10 ASSETS ARE ASSIGNED TO A REGULAR PLACE OF BUSINESS OF THE
11 TAXPAYER WITHIN THIS STATE.

12 (ii) THE AMOUNT OF RECEIPTS FROM TRADING ASSETS AND
13 ACTIVITIES, INCLUDING, BUT NOT LIMITED TO, ASSETS AND ACTIVITIES
14 IN THE MATCHED BOOK, IN THE ARBITRAGE BOOK, AND FOREIGN CURRENCY
15 TRANSACTIONS, BUT EXCLUDING AMOUNTS OTHERWISE SOURCED IN THIS
16 SECTION, IS IN THIS STATE IF THE ASSETS ARE ASSIGNED TO A REGULAR
17 PLACE OF BUSINESS OF THE TAXPAYER WITHIN THIS STATE.

18 (G) INTEREST CHARGED TO CUSTOMERS FOR CARRYING DEBIT
19 BALANCES ON MARGIN ACCOUNTS WITHOUT DEDUCTION OF ANY COSTS
20 INCURRED IN CARRYING THE ACCOUNTS IS IN THIS STATE IF THE
21 CUSTOMER IS LOCATED IN THIS STATE.

22 (H) INTEREST FROM LOANS SECURED BY REAL PROPERTY IS IN THIS
23 STATE IF THE PROPERTY IS LOCATED IN THIS STATE, IF THE PROPERTY
24 IS LOCATED BOTH WITHIN THIS STATE AND 1 OR MORE OTHER STATES AND
25 MORE THAN 50% OF THE FAIR MARKET VALUE OF THE REAL PROPERTY IS
26 LOCATED IN THIS STATE, OR IF MORE THAN 50% OF THE FAIR MARKET
27 VALUE OF THE REAL PROPERTY IS NOT LOCATED WITHIN ANY 1 STATE BUT

1 THE BORROWER IS LOCATED IN THIS STATE.

2 (I) INTEREST FROM LOANS NOT SECURED BY REAL PROPERTY IS IN
3 THIS STATE IF THE BORROWER IS LOCATED IN THIS STATE.

4 (J) NET GAINS FROM THE SALE OF LOANS SECURED BY REAL
5 PROPERTY OR MORTGAGE SERVICE RIGHTS RELATING TO REAL PROPERTY ARE
6 IN THIS STATE IF THE PROPERTY IS IN THIS STATE, IF THE PROPERTY
7 IS LOCATED BOTH WITHIN THIS STATE AND 1 OR MORE OTHER STATES AND
8 MORE THAN 50% OF THE FAIR MARKET VALUE OF THE REAL PROPERTY IS
9 LOCATED WITHIN THIS STATE, OR IF MORE THAN 50% OF THE FAIR MARKET
10 VALUE OF THE REAL PROPERTY IS NOT LOCATED IN ANY 1 STATE BUT THE
11 BORROWER IS LOCATED IN THIS STATE.

12 (K) NET GAINS FROM THE SALE OF LOANS NOT SECURED BY REAL
13 PROPERTY OR ANY OTHER INTANGIBLE ASSETS ARE IN THIS STATE IF THE
14 DEPOSITOR OR BORROWER IS LOCATED IN THIS STATE.

15 (L) RECEIPTS FROM THE LEASE OF REAL PROPERTY ARE IN THIS
16 STATE IF THE PROPERTY IS LOCATED IN THIS STATE.

17 (M) RECEIPTS FROM THE LEASE OF TANGIBLE PERSONAL PROPERTY
18 ARE IN THIS STATE IF THE PROPERTY IS LOCATED IN THIS STATE WHEN
19 IT IS FIRST PLACED IN SERVICE BY THE LESSEE.

20 (N) RECEIPTS FROM THE LEASE OF TRANSPORTATION TANGIBLE
21 PERSONAL PROPERTY ARE IN THIS STATE IF THE PROPERTY IS USED IN
22 THIS STATE OR IF THE EXTENT OF USE OF THE PROPERTY WITHIN THIS
23 STATE CANNOT BE DETERMINED BUT THE PROPERTY HAS ITS PRINCIPAL
24 BASE OF OPERATIONS WITHIN THIS STATE.

25 CHAPTER 14

26 SEC. 661. (1) EXCEPT AS OTHERWISE PROVIDED IN THIS PART, THE
27 TAX BASE ESTABLISHED UNDER THIS PART SHALL BE APPORTIONED IN

1 ACCORDANCE WITH THIS CHAPTER.

2 (2) THE TAX BASE OF A TAXPAYER WHOSE BUSINESS ACTIVITIES ARE
3 CONFINED SOLELY TO THIS STATE SHALL BE ALLOCATED TO THIS STATE.
4 THE TAX BASE OF A TAXPAYER WHOSE BUSINESS ACTIVITIES ARE SUBJECT
5 TO TAX BOTH WITHIN AND OUTSIDE OF THIS STATE SHALL BE APPORTIONED
6 TO THIS STATE BY MULTIPLYING THE TAX BASE BY THE SALES FACTOR
7 CALCULATED UNDER SECTION 663. FOR A TAXPAYER THAT HAS A DIRECT,
8 OR INDIRECT THROUGH 1 OR MORE OTHER FLOW-THROUGH ENTITIES,
9 OWNERSHIP INTEREST OR BENEFICIAL INTEREST IN A FLOW-THROUGH
10 ENTITY THAT HAS BUSINESS ACTIVITY IN THIS STATE, THE TAXPAYER'S
11 BUSINESS INCOME THAT IS DIRECTLY ATTRIBUTABLE TO THE BUSINESS
12 ACTIVITY OF THE FLOW-THROUGH ENTITY SHALL BE APPORTIONED TO THIS
13 STATE USING AN APPORTIONMENT FACTOR DETERMINED UNDER SECTION 663
14 BASED ON THE BUSINESS ACTIVITY OF THE FLOW-THROUGH ENTITY.

15 (3) A TAXPAYER IS SUBJECT TO TAX IN ANOTHER STATE IN EITHER
16 OF THE FOLLOWING CIRCUMSTANCES:

17 (A) THE TAXPAYER IS SUBJECT TO A BUSINESS PRIVILEGE TAX, A
18 NET INCOME TAX, A FRANCHISE TAX MEASURED BY NET INCOME, A
19 FRANCHISE TAX FOR THE PRIVILEGE OF DOING BUSINESS, OR A CORPORATE
20 STOCK TAX.

21 (B) THAT STATE HAS JURISDICTION TO SUBJECT THE TAXPAYER TO 1
22 OR MORE OF THE TAXES LISTED IN SUBDIVISION (A) REGARDLESS OF
23 WHETHER THAT STATE DOES OR DOES NOT SUBJECT THE TAXPAYER TO THAT
24 TAX.

25 SEC. 663. (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (2)
26 AND SECTION 669, THE SALES FACTOR IS A FRACTION, THE NUMERATOR OF
27 WHICH IS THE TOTAL SALES OF THE TAXPAYER IN THIS STATE DURING THE

1 TAX YEAR AND THE DENOMINATOR OF WHICH IS THE TOTAL SALES OF THE
2 TAXPAYER EVERYWHERE DURING THE TAX YEAR.

3 (2) EXCEPT AS OTHERWISE PROVIDED UNDER THIS SUBSECTION, FOR
4 A TAXPAYER THAT IS A UNITARY BUSINESS GROUP, SALES INCLUDE SALES
5 IN THIS STATE OF EVERY PERSON INCLUDED IN THE UNITARY BUSINESS
6 GROUP WITHOUT REGARD TO WHETHER THE PERSON HAS NEXUS IN THIS
7 STATE. SALES BETWEEN PERSONS INCLUDED IN A UNITARY BUSINESS GROUP
8 MUST BE ELIMINATED IN CALCULATING THE SALES FACTOR.

9 (3) IT IS THE INTENT OF THE LEGISLATURE THAT EACH TAX BASE
10 OF A TAXPAYER IS APPORTIONED TO THIS STATE BY MULTIPLYING EACH
11 TAX BASE BY THE SALES FACTOR MULTIPLIED BY 100% AND THAT
12 APPORTIONMENT SHALL NOT BE BASED ON PROPERTY, PAYROLL, OR ANY
13 OTHER FACTOR NOTWITHSTANDING SECTION 1 OF 1969 PA 343, MCL
14 205.581.

15 SEC. 665. (1) SALES OF THE TAXPAYER IN THIS STATE ARE
16 DETERMINED AS FOLLOWS:

17 (A) SALES OF TANGIBLE PERSONAL PROPERTY ARE IN THIS STATE IF
18 THE PROPERTY IS SHIPPED OR DELIVERED, OR, IN THE CASE OF
19 ELECTRICITY AND GAS, THE CONTRACT REQUIRES THE PROPERTY TO BE
20 SHIPPED OR DELIVERED, TO ANY PURCHASER WITHIN THIS STATE BASED ON
21 THE ULTIMATE DESTINATION AT THE POINT THAT THE PROPERTY COMES TO
22 REST REGARDLESS OF THE FREE ON BOARD POINT OR OTHER CONDITIONS OF
23 THE SALES.

24 (B) RECEIPTS FROM THE SALE, LEASE, RENTAL, OR LICENSING OF
25 REAL PROPERTY ARE IN THIS STATE IF THAT PROPERTY IS LOCATED IN
26 THIS STATE.

27 (C) RECEIPTS FROM THE LEASE OR RENTAL OF TANGIBLE PERSONAL

1 PROPERTY ARE SALES IN THIS STATE TO THE EXTENT THAT THE PROPERTY
2 IS UTILIZED IN THIS STATE. THE EXTENT OF UTILIZATION OF TANGIBLE
3 PERSONAL PROPERTY IN THIS STATE IS DETERMINED BY MULTIPLYING THE
4 RECEIPTS BY A FRACTION, THE NUMERATOR OF WHICH IS THE NUMBER OF
5 DAYS OF PHYSICAL LOCATION OF THE PROPERTY IN THIS STATE DURING
6 THE LEASE OR RENTAL PERIOD IN THE TAX YEAR AND THE DENOMINATOR OF
7 WHICH IS THE NUMBER OF DAYS OF PHYSICAL LOCATION OF THE PROPERTY
8 EVERYWHERE DURING ALL LEASE OR RENTAL PERIODS IN THE TAX YEAR. IF
9 THE PHYSICAL LOCATION OF THE PROPERTY DURING THE LEASE OR RENTAL
10 PERIOD IS UNKNOWN OR CANNOT BE DETERMINED, THE TANGIBLE PERSONAL
11 PROPERTY IS UTILIZED IN THE STATE IN WHICH THE PROPERTY WAS
12 LOCATED AT THE TIME THE LEASE OR RENTAL PAYER OBTAINED
13 POSSESSION.

14 (D) RECEIPTS FROM THE LEASE OR RENTAL OF MOBILE
15 TRANSPORTATION PROPERTY OWNED BY THE TAXPAYER ARE IN THIS STATE
16 TO THE EXTENT THAT THE PROPERTY IS USED IN THIS STATE. THE EXTENT
17 TO WHICH AN AIRCRAFT WILL BE DEEMED TO BE USED IN THIS STATE AND
18 THE AMOUNT OF RECEIPTS THAT IS TO BE INCLUDED IN THE NUMERATOR OF
19 THIS STATE'S SALES FACTOR ARE DETERMINED BY MULTIPLYING ALL THE
20 RECEIPTS FROM THE LEASE OR RENTAL OF THE AIRCRAFT BY A FRACTION,
21 THE NUMERATOR OF WHICH IS THE NUMBER OF LANDINGS OF THE AIRCRAFT
22 IN THIS STATE AND THE DENOMINATOR OF WHICH IS THE TOTAL NUMBER OF
23 LANDINGS OF THE AIRCRAFT. IF THE EXTENT OF THE USE OF ANY
24 TRANSPORTATION PROPERTY WITHIN THIS STATE CANNOT BE DETERMINED,
25 THEN THE RECEIPTS ARE IN THIS STATE IF THE PROPERTY HAS ITS
26 PRINCIPAL BASE OF OPERATIONS IN THIS STATE.

27 (E) ROYALTIES AND OTHER INCOME RECEIVED FOR THE USE OF OR

1 FOR THE PRIVILEGE OF USING INTANGIBLE PROPERTY, INCLUDING
2 PATENTS, KNOW-HOW, FORMULAS, DESIGNS, PROCESSES, PATTERNS,
3 COPYRIGHTS, TRADE NAMES, SERVICE NAMES, FRANCHISES, LICENSES,
4 CONTRACTS, CUSTOMER LISTS, CUSTOM COMPUTER SOFTWARE, OR SIMILAR
5 ITEMS, ARE ATTRIBUTED TO THE STATE IN WHICH THE PROPERTY IS USED
6 BY THE PURCHASER. IF THE PROPERTY IS USED IN MORE THAN 1 STATE,
7 THE ROYALTIES OR OTHER INCOME SHALL BE APPORTIONED TO THIS STATE
8 PRO RATA ACCORDING TO THE PORTION OF USE IN THIS STATE. IF THE
9 PORTION OF USE IN THIS STATE CANNOT BE DETERMINED, THE ROYALTIES
10 OR OTHER INCOME SHALL BE EXCLUDED FROM BOTH THE NUMERATOR AND THE
11 DENOMINATOR. INTANGIBLE PROPERTY IS USED IN THIS STATE IF THE
12 PURCHASER USES THE INTANGIBLE PROPERTY OR THE RIGHTS TO THE
13 INTANGIBLE PROPERTY IN THE REGULAR COURSE OF ITS BUSINESS
14 OPERATIONS IN THIS STATE, REGARDLESS OF THE LOCATION OF THE
15 PURCHASER'S CUSTOMERS.

16 (2) SALES FROM THE PERFORMANCE OF SERVICES ARE IN THIS STATE
17 AND ATTRIBUTABLE TO THIS STATE AS FOLLOWS:

18 (A) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, ALL
19 RECEIPTS FROM THE PERFORMANCE OF SERVICES ARE INCLUDED IN THE
20 NUMERATOR OF THE APPORTIONMENT FACTOR IF THE RECIPIENT OF THE
21 SERVICES RECEIVES ALL OF THE BENEFIT OF THE SERVICES IN THIS
22 STATE. IF THE RECIPIENT OF THE SERVICES RECEIVES SOME OF THE
23 BENEFIT OF THE SERVICES IN THIS STATE, THE RECEIPTS ARE INCLUDED
24 IN THE NUMERATOR OF THE APPORTIONMENT FACTOR IN PROPORTION TO THE
25 EXTENT THAT THE RECIPIENT RECEIVES BENEFIT OF THE SERVICES IN
26 THIS STATE.

27 (B) SALES DERIVED FROM SECURITIES BROKERAGE SERVICES

1 ATTRIBUTABLE TO THIS STATE ARE DETERMINED BY MULTIPLYING THE
2 TOTAL DOLLAR AMOUNT OF RECEIPTS FROM SECURITIES BROKERAGE
3 SERVICES BY A FRACTION, THE NUMERATOR OF WHICH IS THE SALES OF
4 SECURITIES BROKERAGE SERVICES TO CUSTOMERS WITHIN THIS STATE, AND
5 THE DENOMINATOR OF WHICH IS THE SALES OF SECURITIES BROKERAGE
6 SERVICES TO ALL CUSTOMERS. RECEIPTS FROM SECURITIES BROKERAGE
7 SERVICES INCLUDE COMMISSIONS ON TRANSACTIONS, THE SPREAD EARNED
8 ON PRINCIPAL TRANSACTIONS IN WHICH THE BROKER BUYS OR SELLS FROM
9 ITS ACCOUNT, TOTAL MARGIN INTEREST PAID ON BEHALF OF BROKERAGE
10 ACCOUNTS OWNED BY THE BROKER'S CUSTOMERS, AND FEES AND RECEIPTS
11 OF ALL KINDS FROM THE UNDERWRITING OF SECURITIES. IF RECEIPTS
12 FROM BROKERAGE SERVICES CAN BE ASSOCIATED WITH A PARTICULAR
13 CUSTOMER, BUT IT IS IMPRACTICAL TO ASSOCIATE THE RECEIPTS WITH
14 THE ADDRESS OF THE CUSTOMER, THEN THE ADDRESS OF THE CUSTOMER
15 SHALL BE PRESUMED TO BE THE ADDRESS OF THE BRANCH OFFICE THAT
16 GENERATES THE TRANSACTIONS FOR THE CUSTOMER.

17 (C) SALES OF SERVICES THAT ARE DERIVED DIRECTLY OR
18 INDIRECTLY FROM THE SALE OF MANAGEMENT, DISTRIBUTION,
19 ADMINISTRATION, OR SECURITIES BROKERAGE SERVICES TO, OR ON BEHALF
20 OF, A REGULATED INVESTMENT COMPANY OR ITS BENEFICIAL OWNERS,
21 INCLUDING RECEIPTS DERIVED DIRECTLY OR INDIRECTLY FROM TRUSTEES,
22 SPONSORS, OR PARTICIPANTS OF EMPLOYEE BENEFIT PLANS THAT HAVE
23 ACCOUNTS IN A REGULATED INVESTMENT COMPANY, SHALL BE ATTRIBUTABLE
24 TO THIS STATE TO THE EXTENT THAT THE SHAREHOLDERS OF THE
25 REGULATED INVESTMENT COMPANY ARE DOMICILED WITHIN THIS STATE. FOR
26 PURPOSES OF THIS SUBDIVISION, "DOMICILE" MEANS THE SHAREHOLDER'S
27 MAILING ADDRESS ON THE RECORDS OF THE REGULATED INVESTMENT

1 COMPANY. IF THE REGULATED INVESTMENT COMPANY OR THE PERSON
2 PROVIDING MANAGEMENT SERVICES TO THE REGULATED INVESTMENT COMPANY
3 HAS ACTUAL KNOWLEDGE THAT THE SHAREHOLDER'S PRIMARY RESIDENCE OR
4 PRINCIPAL PLACE OF BUSINESS IS DIFFERENT THAN THE SHAREHOLDER'S
5 MAILING ADDRESS, THEN THE SHAREHOLDER'S PRIMARY RESIDENCE OR
6 PRINCIPAL PLACE OF BUSINESS IS THE SHAREHOLDER'S DOMICILE. A
7 SEPARATE COMPUTATION SHALL BE MADE WITH RESPECT TO THE RECEIPTS
8 DERIVED FROM EACH REGULATED INVESTMENT COMPANY. THE TOTAL AMOUNT
9 OF SALES ATTRIBUTABLE TO THIS STATE SHALL BE EQUAL TO THE TOTAL
10 RECEIPTS RECEIVED BY EACH REGULATED INVESTMENT COMPANY MULTIPLIED
11 BY A FRACTION DETERMINED AS FOLLOWS:

12 (i) THE NUMERATOR OF THE FRACTION IS THE AVERAGE OF THE SUM
13 OF THE BEGINNING-OF-YEAR AND END-OF-YEAR NUMBER OF SHARES OWNED
14 BY THE REGULATED INVESTMENT COMPANY SHAREHOLDERS WHO HAVE THEIR
15 DOMICILE IN THIS STATE.

16 (ii) THE DENOMINATOR OF THE FRACTION IS THE AVERAGE OF THE
17 SUM OF THE BEGINNING-OF-YEAR AND END-OF-YEAR NUMBER OF SHARES
18 OWNED BY ALL SHAREHOLDERS.

19 (iii) FOR PURPOSES OF THE FRACTION, THE YEAR SHALL BE THE TAX
20 YEAR OF THE REGULATED INVESTMENT COMPANY THAT ENDS WITH OR WITHIN
21 THE TAX YEAR OF THE TAXPAYER.

22 (3) RECEIPTS FROM THE ORIGINATION OF A LOAN OR GAINS FROM
23 THE SALE OF A LOAN SECURED BY RESIDENTIAL REAL PROPERTY ARE
24 DEEMED A SALE IN THIS STATE ONLY IF 1 OR MORE OF THE FOLLOWING
25 APPLY:

26 (A) THE REAL PROPERTY IS LOCATED IN THIS STATE.

27 (B) THE REAL PROPERTY IS LOCATED BOTH WITHIN THIS STATE AND

1 1 OR MORE OTHER STATES AND MORE THAN 50% OF THE FAIR MARKET VALUE
2 OF THE REAL PROPERTY IS LOCATED WITHIN THIS STATE.

3 (C) MORE THAN 50% OF THE REAL PROPERTY IS NOT LOCATED IN ANY
4 1 STATE AND THE BORROWER IS LOCATED IN THIS STATE.

5 (4) INTEREST FROM LOANS SECURED BY REAL PROPERTY IS IN THIS
6 STATE IF THE PROPERTY IS LOCATED WITHIN THIS STATE, IF THE
7 PROPERTY IS LOCATED BOTH WITHIN THIS STATE AND 1 OR MORE OTHER
8 STATES AND IF MORE THAN 50% OF THE FAIR MARKET VALUE OF THE REAL
9 PROPERTY IS LOCATED WITHIN THIS STATE, OR IF MORE THAN 50% OF THE
10 FAIR MARKET VALUE OF THE REAL PROPERTY IS NOT LOCATED WITHIN ANY
11 1 STATE BUT THE BORROWER IS LOCATED IN THIS STATE. THE
12 DETERMINATION OF WHETHER THE REAL PROPERTY SECURING A LOAN IS
13 LOCATED WITHIN THIS STATE SHALL BE MADE AS OF THE TIME THE
14 ORIGINAL AGREEMENT WAS MADE AND ANY AND ALL SUBSEQUENT
15 SUBSTITUTIONS OF COLLATERAL SHALL BE DISREGARDED.

16 (5) INTEREST FROM A LOAN NOT SECURED BY REAL PROPERTY IS IN
17 THIS STATE IF THE BORROWER IS LOCATED IN THIS STATE.

18 (6) GAINS FROM THE SALE OF A LOAN NOT SECURED BY REAL
19 PROPERTY, INCLUDING INCOME RECORDED UNDER THE COUPON STRIPPING
20 RULES OF SECTION 1286 OF THE INTERNAL REVENUE CODE, ARE IN THIS
21 STATE IF THE BORROWER IS IN THIS STATE.

22 (7) RECEIPTS FROM CREDIT CARD RECEIVABLES, INCLUDING
23 INTEREST, FEES, AND PENALTIES FROM CREDIT CARD RECEIVABLES AND
24 RECEIPTS FROM FEES CHARGED TO CARDHOLDERS, SUCH AS ANNUAL FEES,
25 ARE IN THIS STATE IF THE BILLING ADDRESS OF THE CARDHOLDER IS IN
26 THIS STATE.

27 (8) RECEIPTS FROM THE SALE OF CREDIT CARD OR OTHER

1 RECEIVABLES ARE IN THIS STATE IF THE BILLING ADDRESS OF THE
2 CUSTOMER IS IN THIS STATE. CREDIT CARD ISSUER'S REIMBURSEMENTS
3 FEES ARE IN THIS STATE IF THE BILLING ADDRESS OF THE CARDHOLDER
4 IS IN THIS STATE. RECEIPTS FROM MERCHANT DISCOUNTS, COMPUTED NET
5 OF ANY CARDHOLDER CHARGEBACKS, BUT NOT REDUCED BY ANY INTERCHANGE
6 TRANSACTION FEES OR BY ANY ISSUER'S REIMBURSEMENT FEES PAID TO
7 ANOTHER FOR CHARGES MADE BY ITS CARDHOLDERS, ARE IN THIS STATE IF
8 THE COMMERCIAL DOMICILE OF THE MERCHANT IS IN THIS STATE.

9 (9) LOAN SERVICING FEES DERIVED FROM LOANS OF ANOTHER
10 SECURED BY REAL PROPERTY ARE IN THIS STATE IF THE REAL PROPERTY
11 IS LOCATED IN THIS STATE, IF THE REAL PROPERTY IS LOCATED BOTH
12 WITHIN AND OUTSIDE OF THIS STATE AND 1 OR MORE STATES IF MORE
13 THAN 50% OF THE FAIR MARKET VALUE OF THE REAL PROPERTY IS LOCATED
14 IN THIS STATE, OR IF MORE THAN 50% OF THE FAIR MARKET VALUE OF
15 THE REAL PROPERTY IS NOT LOCATED IN ANY 1 STATE BUT THE BORROWER
16 IS LOCATED IN THIS STATE. LOAN SERVICING FEES DERIVED FROM LOANS
17 OF ANOTHER NOT SECURED BY REAL PROPERTY ARE IN THIS STATE IF THE
18 BORROWER IS LOCATED IN THIS STATE. IF THE LOCATION OF THE
19 SECURITY CANNOT BE DETERMINED, THEN LOAN SERVICING FEES FOR
20 SERVICING EITHER THE SECURED OR THE UNSECURED LOANS OF ANOTHER
21 ARE IN THIS STATE IF THE LENDER TO WHOM THE LOAN SERVICING
22 SERVICE IS PROVIDED IS LOCATED IN THIS STATE.

23 (10) RECEIPTS FROM THE SALE OF SECURITIES AND OTHER ASSETS
24 FROM INVESTMENT AND TRADING ACTIVITIES, INCLUDING, BUT NOT
25 LIMITED TO, INTEREST, DIVIDENDS, AND GAINS ARE IN THIS STATE IN
26 EITHER OF THE FOLLOWING CIRCUMSTANCES:

27 (A) THE PERSON'S CUSTOMER IS IN THIS STATE.

1 (B) IF THE LOCATION OF THE PERSON'S CUSTOMER CANNOT BE
2 DETERMINED, BOTH OF THE FOLLOWING APPLY:

3 (i) INTEREST, DIVIDENDS, AND OTHER INCOME FROM INVESTMENT
4 ASSETS AND ACTIVITIES AND FROM TRADING ASSETS AND ACTIVITIES,
5 INCLUDING, BUT NOT LIMITED TO, INVESTMENT SECURITIES; TRADING
6 ACCOUNT ASSETS; FEDERAL FUNDS; SECURITIES PURCHASED AND SOLD
7 UNDER AGREEMENTS TO RESELL OR REPURCHASE; OPTIONS; FUTURES
8 CONTRACTS; FORWARD CONTRACTS; NOTIONAL PRINCIPAL CONTRACTS SUCH
9 AS SWAPS; EQUITIES; AND FOREIGN CURRENCY TRANSACTIONS ARE IN THIS
10 STATE IF THE AVERAGE VALUE OF THE ASSETS IS ASSIGNED TO A REGULAR
11 PLACE OF BUSINESS OF THE TAXPAYER WITHIN THIS STATE. INTEREST
12 FROM FEDERAL FUNDS SOLD AND PURCHASED AND FROM SECURITIES
13 PURCHASED UNDER RESALE AGREEMENTS AND SECURITIES SOLD UNDER
14 REPURCHASE AGREEMENTS IS IN THIS STATE IF THE AVERAGE VALUE OF
15 THE ASSETS IS ASSIGNED TO A REGULAR PLACE OF BUSINESS OF THE
16 TAXPAYER WITHIN THIS STATE. THE AMOUNT OF RECEIPTS AND OTHER
17 INCOME FROM INVESTMENT ASSETS AND ACTIVITIES IS IN THIS STATE IF
18 ASSETS ARE ASSIGNED TO A REGULAR PLACE OF BUSINESS OF THE
19 TAXPAYER WITHIN THIS STATE.

20 (ii) THE AMOUNT OF RECEIPTS FROM TRADING ASSETS AND
21 ACTIVITIES, INCLUDING, BUT NOT LIMITED TO, ASSETS AND ACTIVITIES
22 IN THE MATCHED BOOK, IN THE ARBITRAGE BOOK, AND FOREIGN CURRENCY
23 TRANSACTIONS, BUT EXCLUDING AMOUNTS OTHERWISE SOURCED IN THIS
24 SECTION, IS IN THIS STATE IF THE ASSETS ARE ASSIGNED TO A REGULAR
25 PLACE OF BUSINESS OF THE TAXPAYER WITHIN THIS STATE.

26 (11) RECEIPTS FROM TRANSPORTATION SERVICES RENDERED BY A
27 PERSON SUBJECT TO TAX IN ANOTHER STATE ARE IN THIS STATE AND

1 SHALL BE ATTRIBUTABLE TO THIS STATE AS FOLLOWS:

2 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBDIVISIONS (B) THROUGH
3 (E), RECEIPTS SHALL BE PROPORTIONED BASED ON THE RATIO OF REVENUE
4 MILES OF THE PERSON IN THIS STATE TO THE REVENUE MILES OF THE
5 PERSON EVERYWHERE.

6 (B) RECEIPTS FROM MARITIME TRANSPORTATION SERVICES SHALL BE
7 ATTRIBUTABLE TO THIS STATE AS FOLLOWS:

8 (i) 50% OF THOSE RECEIPTS THAT EITHER ORIGINATE OR TERMINATE
9 IN THIS STATE.

10 (ii) 100% OF THOSE RECEIPTS THAT BOTH ORIGINATE AND TERMINATE
11 IN THIS STATE.

12 (C) RECEIPTS ATTRIBUTABLE TO THIS STATE OF A PERSON WHOSE
13 BUSINESS ACTIVITY CONSISTS OF THE TRANSPORTATION BOTH OF PROPERTY
14 AND OF INDIVIDUALS SHALL BE PROPORTIONED BASED ON THE TOTAL
15 RECEIPTS FOR PASSENGER MILES AND TON MILE FRACTIONS, SEPARATELY
16 COMPUTED AND INDIVIDUALLY WEIGHTED BY THE RATIO OF RECEIPTS FROM
17 PASSENGER TRANSPORTATION TO TOTAL RECEIPTS FROM ALL
18 TRANSPORTATION, AND BY THE RATIO OF RECEIPTS FROM FREIGHT
19 TRANSPORTATION TO TOTAL RECEIPTS FROM ALL TRANSPORTATION,
20 RESPECTIVELY.

21 (D) RECEIPTS ATTRIBUTABLE TO THIS STATE OF A PERSON WHOSE
22 BUSINESS ACTIVITY CONSISTS OF THE TRANSPORTATION OF OIL BY
23 PIPELINE SHALL BE PROPORTIONED BASED ON THE RATIO OF THE RECEIPTS
24 FOR THE BARREL MILES TRANSPORTED IN THIS STATE TO THE RECEIPTS
25 FOR THE BARREL MILES TRANSPORTED BY THE PERSON EVERYWHERE.

26 (E) RECEIPTS ATTRIBUTABLE TO THIS STATE OF A PERSON WHOSE
27 BUSINESS ACTIVITIES CONSIST OF THE TRANSPORTATION OF GAS BY

1 PIPELINE SHALL BE PROPORTIONED BASED ON THE RATIO OF THE RECEIPTS
2 FOR THE 1,000 CUBIC FEET MILES TRANSPORTED IN THIS STATE TO THE
3 RECEIPTS FOR THE 1,000 CUBIC FEET MILES TRANSPORTED BY THE PERSON
4 EVERYWHERE.

5 (12) FOR PURPOSES OF SUBSECTION (11), IF A TAXPAYER CAN SHOW
6 THAT REVENUE MILE INFORMATION IS NOT AVAILABLE OR CANNOT BE
7 OBTAINED WITHOUT UNREASONABLE EXPENSE TO THE TAXPAYER, RECEIPTS
8 ATTRIBUTABLE TO THIS STATE SHALL BE THAT PORTION OF THE REVENUE
9 DERIVED FROM TRANSPORTATION SERVICES PERFORMED EVERYWHERE THAT
10 THE MILES OF TRANSPORTATION SERVICES PERFORMED IN THIS STATE BEAR
11 TO THE MILES OF TRANSPORTATION SERVICES PERFORMED EVERYWHERE. IF
12 THE DEPARTMENT DETERMINES THAT THE INFORMATION REQUIRED FOR THE
13 CALCULATIONS UNDER SUBSECTION (11) ARE NOT AVAILABLE OR CANNOT BE
14 OBTAINED WITHOUT UNREASONABLE EXPENSE TO THE TAXPAYER, THE
15 DEPARTMENT MAY USE OTHER AVAILABLE INFORMATION THAT IN THE
16 OPINION OF THE DEPARTMENT WILL RESULT IN AN EQUITABLE ALLOCATION
17 OF THE TAXPAYER'S RECEIPTS TO THIS STATE.

18 (13) EXCEPT AS PROVIDED IN SUBSECTIONS (14) THROUGH (19),
19 RECEIPTS FROM THE SALE OF TELECOMMUNICATIONS SERVICE OR MOBILE
20 TELECOMMUNICATIONS SERVICE ARE IN THIS STATE IF THE CUSTOMER'S
21 PLACE OF PRIMARY USE OF THE SERVICE IS IN THIS STATE. AS USED IN
22 THIS SUBSECTION, "PLACE OF PRIMARY USE" MEANS THE CUSTOMER'S
23 RESIDENTIAL STREET ADDRESS OR PRIMARY BUSINESS STREET ADDRESS
24 WHERE THE CUSTOMER'S USE OF THE TELECOMMUNICATIONS SERVICE
25 PRIMARILY OCCURS. FOR MOBILE TELECOMMUNICATIONS SERVICE, THE
26 CUSTOMER'S RESIDENTIAL STREET ADDRESS OR PRIMARY BUSINESS STREET
27 ADDRESS IS THE PLACE OF PRIMARY USE ONLY IF IT IS WITHIN THE

1 LICENSED SERVICE AREA OF THE CUSTOMER'S HOME SERVICE PROVIDER.

2 (14) RECEIPTS FROM THE SALE OF TELECOMMUNICATIONS SERVICE
3 SOLD ON AN INDIVIDUAL CALL-BY-CALL BASIS ARE IN THIS STATE IF
4 EITHER OF THE FOLLOWING APPLIES:

5 (A) THE CALL BOTH ORIGINATES AND TERMINATES IN THIS STATE.

6 (B) THE CALL EITHER ORIGINATES OR TERMINATES IN THIS STATE
7 AND THE SERVICE ADDRESS IS LOCATED IN THIS STATE.

8 (15) RECEIPTS FROM THE SALE OF POSTPAID TELECOMMUNICATIONS
9 SERVICE ARE IN THIS STATE IF THE ORIGINATION POINT OF THE
10 TELECOMMUNICATION SIGNAL, AS FIRST IDENTIFIED BY THE SERVICE
11 PROVIDER'S TELECOMMUNICATION SYSTEM OR AS IDENTIFIED BY
12 INFORMATION RECEIVED BY THE SELLER FROM ITS SERVICE PROVIDER IF
13 THE SYSTEM USED TO TRANSPORT TELECOMMUNICATION SIGNALS IS NOT THE
14 SELLER'S, IS LOCATED IN THIS STATE.

15 (16) RECEIPTS FROM THE SALE OF PREPAID TELECOMMUNICATIONS
16 SERVICE OR PREPAID MOBILE TELECOMMUNICATIONS SERVICE ARE IN THIS
17 STATE IF THE PURCHASER OBTAINS THE PREPAID CARD OR SIMILAR MEANS
18 OF CONVEYANCE AT A LOCATION IN THIS STATE. RECEIPTS FROM
19 RECHARGING A PREPAID TELECOMMUNICATIONS SERVICE OR MOBILE
20 TELECOMMUNICATIONS SERVICE ARE IN THIS STATE IF THE PURCHASER'S
21 BILLING INFORMATION INDICATES A LOCATION IN THIS STATE.

22 (17) RECEIPTS FROM THE SALE OF PRIVATE COMMUNICATION
23 SERVICES ARE IN THIS STATE AS FOLLOWS:

24 (A) 100% OF THE RECEIPTS FROM THE SALE OF EACH CHANNEL
25 TERMINATION POINT WITHIN THIS STATE.

26 (B) 100% OF THE RECEIPTS FROM THE SALE OF THE TOTAL CHANNEL
27 MILEAGE BETWEEN EACH TERMINATION POINT WITHIN THIS STATE.

1 (C) 50% OF THE RECEIPTS FROM THE SALE OF SERVICE SEGMENTS
2 FOR A CHANNEL BETWEEN 2 CUSTOMER CHANNEL TERMINATION POINTS, 1 OF
3 WHICH IS LOCATED IN THIS STATE AND THE OTHER IS LOCATED OUTSIDE
4 OF THIS STATE, WHICH SEGMENTS ARE SEPARATELY CHARGED.

5 (D) THE RECEIPTS FROM THE SALE OF SERVICE FOR SEGMENTS WITH
6 A CHANNEL TERMINATION POINT LOCATED IN THIS STATE AND IN 2 OR
7 MORE OTHER STATES OR EQUIVALENT JURISDICTIONS, AND WHICH SEGMENTS
8 ARE NOT SEPARATELY BILLED, ARE IN THIS STATE BASED ON A
9 PERCENTAGE DETERMINED BY DIVIDING THE NUMBER OF CUSTOMER CHANNEL
10 TERMINATION POINTS IN THIS STATE BY THE TOTAL NUMBER OF CUSTOMER
11 CHANNEL TERMINATION POINTS.

12 (18) RECEIPTS FROM THE SALE OF BILLING SERVICES AND
13 ANCILLARY SERVICES FOR TELECOMMUNICATIONS SERVICE ARE IN THIS
14 STATE BASED ON THE LOCATION OF THE PURCHASER'S CUSTOMERS. IF THE
15 LOCATION OF THE PURCHASER'S CUSTOMERS IS NOT KNOWN OR CANNOT BE
16 DETERMINED, THE SALE OF BILLING SERVICES AND ANCILLARY SERVICES
17 FOR TELECOMMUNICATIONS SERVICE IS IN THIS STATE BASED ON THE
18 LOCATION OF THE PURCHASER.

19 (19) RECEIPTS TO ACCESS A CARRIER'S NETWORK OR FROM THE SALE
20 OF TELECOMMUNICATIONS SERVICES FOR RESALE ARE IN THIS STATE AS
21 FOLLOWS:

22 (A) 100% OF THE RECEIPTS FROM ACCESS FEES ATTRIBUTABLE TO
23 INTRASTATE TELECOMMUNICATIONS SERVICE THAT BOTH ORIGINATES AND
24 TERMINATES IN THIS STATE.

25 (B) 50% OF THE RECEIPTS FROM ACCESS FEES ATTRIBUTABLE TO
26 INTERSTATE TELECOMMUNICATIONS SERVICE IF THE INTERSTATE CALL
27 EITHER ORIGINATES OR TERMINATES IN THIS STATE.

1 (C) 100% OF THE RECEIPTS FROM INTERSTATE END USER ACCESS
2 LINE CHARGES, IF THE CUSTOMER'S SERVICE ADDRESS IS IN THIS STATE.
3 AS USED IN THIS SUBDIVISION, "INTERSTATE END USER ACCESS LINE
4 CHARGES" INCLUDES, BUT IS NOT LIMITED TO, THE SURCHARGE APPROVED
5 BY THE FEDERAL COMMUNICATIONS COMMISSION AND LEVIED PURSUANT TO
6 47 CFR 69.

7 (D) GROSS RECEIPTS FROM SALES OF TELECOMMUNICATIONS SERVICES
8 TO OTHER TELECOMMUNICATION SERVICE PROVIDERS FOR RESALE SHALL BE
9 SOURCED TO THIS STATE USING THE APPORTIONMENT CONCEPTS USED FOR
10 NON-RESALE RECEIPTS OF TELECOMMUNICATIONS SERVICES IF THE
11 INFORMATION IS READILY AVAILABLE TO MAKE THAT DETERMINATION. IF
12 THE INFORMATION IS NOT READILY AVAILABLE, THEN THE TAXPAYER MAY
13 USE ANY OTHER REASONABLE AND CONSISTENT METHOD.

14 (20) EXCEPT AS OTHERWISE PROVIDED UNDER THIS SUBSECTION, FOR
15 A TAXPAYER WHOSE BUSINESS ACTIVITIES INCLUDE LIVE RADIO OR
16 TELEVISION PROGRAMMING AS DESCRIBED IN SUBSECTOR CODE 7922 OF
17 INDUSTRY GROUP 792 UNDER THE STANDARD INDUSTRIAL CLASSIFICATION
18 CODE AS COMPILED BY THE UNITED STATES DEPARTMENT OF LABOR OR ARE
19 INCLUDED IN INDUSTRY GROUPS 483, 484, 781, OR 782 UNDER THE
20 STANDARD INDUSTRIAL CLASSIFICATION CODE AS COMPILED BY THE UNITED
21 STATES DEPARTMENT OF LABOR, OR ANY COMBINATION OF THE BUSINESS
22 ACTIVITIES INCLUDED IN THOSE GROUPS, MEDIA RECEIPTS ARE IN THIS
23 STATE AND ATTRIBUTABLE TO THIS STATE ONLY IF THE COMMERCIAL
24 DOMICILE OF THE CUSTOMER IS IN THIS STATE AND THE CUSTOMER HAS A
25 DIRECT CONNECTION OR RELATIONSHIP WITH THE TAXPAYER PURSUANT TO A
26 CONTRACT UNDER WHICH THE MEDIA RECEIPTS ARE DERIVED. FOR MEDIA
27 RECEIPTS FROM THE SALE OF ADVERTISING, IF THE CUSTOMER OF THAT

1 ADVERTISING IS COMMERCIALY DOMICILED IN THIS STATE AND RECEIVES
2 SOME OF THE BENEFIT OF THE SALE OF THAT ADVERTISING IN THIS
3 STATE, THE MEDIA RECEIPTS FROM THE ADVERTISING TO THAT CUSTOMER
4 ARE INCLUDED IN THE NUMERATOR OF THE APPORTIONMENT FACTOR IN
5 PROPORTION TO THE EXTENT THAT THE CUSTOMER RECEIVES THE BENEFIT
6 OF THE ADVERTISING IN THIS STATE. FOR PURPOSES OF THIS
7 SUBSECTION, IF THE TAXPAYER IS A BROADCASTER AND IF THE CUSTOMER
8 RECEIVES SOME OF THE BENEFIT OF THE ADVERTISING IN THIS STATE,
9 THE MEDIA RECEIPTS FOR THAT SALE OF ADVERTISING FROM THAT
10 CUSTOMER SHALL BE PROPORTIONED BASED ON THE RATIO THAT THE
11 BROADCASTER'S VIEWING OR LISTENING AUDIENCE IN THIS STATE BEARS
12 TO ITS TOTAL VIEWING OR LISTENING AUDIENCE EVERYWHERE. AS USED IN
13 THIS SUBSECTION:

14 (A) "MEDIA PROPERTY" MEANS MOTION PICTURES, TELEVISION
15 PROGRAMS, INTERNET PROGRAMS AND WEBSITES, OTHER AUDIOVISUAL
16 WORKS, AND ANY OTHER SIMILAR PROPERTY EMBODYING WORDS, IDEAS,
17 CONCEPTS, IMAGES, OR SOUND WITHOUT REGARD TO THE MEANS OR METHODS
18 OF DISTRIBUTION OR THE MEDIUM IN WHICH THE PROPERTY IS EMBODIED.

19 (B) "MEDIA RECEIPTS" MEANS RECEIPTS FROM THE SALE, LICENSE,
20 BROADCAST, TRANSMISSION, DISTRIBUTION, EXHIBITION, OR OTHER USE
21 OF MEDIA PROPERTY AND RECEIPTS FROM THE SALE OF MEDIA SERVICES.
22 MEDIA RECEIPTS DO NOT INCLUDE RECEIPTS FROM THE SALE OF MEDIA
23 PROPERTY THAT IS A CONSUMER PRODUCT THAT IS ULTIMATELY SOLD AT
24 RETAIL.

25 (C) "MEDIA SERVICES" MEANS SERVICES IN WHICH THE USE OF THE
26 MEDIA PROPERTY IS INTEGRAL TO THE PERFORMANCE OF THOSE SERVICES.

27 (21) TERMS USED IN SUBSECTIONS (13) THROUGH (20) HAVE THE

1 SAME MEANING AS THOSE TERMS DEFINED IN THE STREAMLINED SALES AND
2 USE TAX AGREEMENT ADMINISTERED UNDER THE STREAMLINED SALES AND
3 USE TAX ADMINISTRATION ACT, 2004 PA 174, MCL 205.801 TO 205.833.

4 (22) FOR PURPOSES OF THIS SECTION, A BORROWER IS CONSIDERED
5 LOCATED IN THIS STATE IF THE BORROWER'S BILLING ADDRESS IS IN
6 THIS STATE.

7 SEC. 667. (1) IF THE APPORTIONMENT PROVISIONS OF THIS PART
8 DO NOT FAIRLY REPRESENT THE EXTENT OF THE TAXPAYER'S BUSINESS
9 ACTIVITY IN THIS STATE, THE TAXPAYER MAY PETITION FOR OR THE
10 TREASURER MAY REQUIRE THE FOLLOWING, WITH RESPECT TO ALL OR A
11 PORTION OF THE TAXPAYER'S BUSINESS ACTIVITY, IF REASONABLE:

12 (A) SEPARATE ACCOUNTING.

13 (B) THE INCLUSION OF 1 OR MORE ADDITIONAL OR ALTERNATIVE
14 FACTORS THAT WILL FAIRLY REPRESENT THE TAXPAYER'S BUSINESS
15 ACTIVITY IN THIS STATE.

16 (C) THE USE OF ANY OTHER METHOD TO EFFECTUATE AN EQUITABLE
17 ALLOCATION AND APPORTIONMENT OF THE TAXPAYER'S TAX BASE.

18 (2) AN ALTERNATE METHOD MAY BE USED ONLY IF IT IS APPROVED
19 BY THE DEPARTMENT.

20 (3) THE APPORTIONMENT PROVISIONS OF THIS PART SHALL BE
21 REBUTTABLY PRESUMED TO FAIRLY REPRESENT THE BUSINESS ACTIVITY
22 ATTRIBUTED TO THE TAXPAYER IN THIS STATE, TAKEN AS A WHOLE AND
23 WITHOUT A SEPARATE EXAMINATION OF THE SPECIFIC ELEMENTS OF THE
24 TAX BASE UNLESS IT CAN BE DEMONSTRATED THAT THE BUSINESS ACTIVITY
25 ATTRIBUTED TO THE TAXPAYER IN THIS STATE IS OUT OF ALL
26 APPROPRIATE PROPORTION TO THE ACTUAL BUSINESS ACTIVITY TRANSACTED
27 IN THIS STATE AND LEADS TO A GROSSLY DISTORTED RESULT OR WOULD

1 OPERATE UNCONSTITUTIONALLY TO TAX THE EXTRATERRITORIAL ACTIVITY
2 OF THE TAXPAYER.

3 (4) THE FILING OF A RETURN OR AN AMENDED RETURN IS NOT
4 CONSIDERED A PETITION FOR THE PURPOSES OF SUBSECTION (1).

5 SEC. 669. ALL OTHER RECEIPTS NOT OTHERWISE SOURCED UNDER
6 THIS PART SHALL BE SOURCED BASED ON WHERE THE BENEFIT TO THE
7 CUSTOMER IS RECEIVED OR, IF WHERE THE BENEFIT TO THE CUSTOMER IS
8 RECEIVED CANNOT BE DETERMINED, TO THE CUSTOMER'S BILLING ADDRESS.

9 CHAPTER 15

10 SEC. 671. (1) THE CREDIT PROVIDED IN THIS SECTION SHALL BE
11 TAKEN BEFORE ANY OTHER CREDIT UNDER THIS PART AND IS AVAILABLE TO
12 ANY TAXPAYER, OTHER THAN THOSE TAXPAYERS SUBJECT TO THE TAX
13 IMPOSED UNDER CHAPTER 12 OR 13, WITH GROSS RECEIPTS THAT DO NOT
14 EXCEED \$20,000,000.00 AND WITH ADJUSTED BUSINESS INCOME MINUS THE
15 LOSS ADJUSTMENT THAT DOES NOT EXCEED \$1,300,000.00 AS ADJUSTED
16 ANNUALLY FOR INFLATION USING THE DETROIT CONSUMER PRICE INDEX,
17 AND SUBJECT TO THE FOLLOWING:

18 (A) A CORPORATION IS DISQUALIFIED IF EITHER OF THE FOLLOWING
19 OCCURS FOR THE RESPECTIVE TAX YEAR:

20 (i) COMPENSATION AND DIRECTORS' FEES OF A SHAREHOLDER OR
21 OFFICER EXCEED \$180,000.00.

22 (ii) THE SUM OF THE FOLLOWING AMOUNTS EXCEEDS \$180,000.00:

23 (A) COMPENSATION AND DIRECTORS' FEES OF A SHAREHOLDER.

24 (B) THE PRODUCT OF THE PERCENTAGE OF OUTSTANDING OWNERSHIP
25 OR OF OUTSTANDING STOCK OWNED BY THAT SHAREHOLDER MULTIPLIED BY
26 THE DIFFERENCE BETWEEN THE SUM OF BUSINESS INCOME AND, TO THE
27 EXTENT DEDUCTED IN DETERMINING FEDERAL TAXABLE INCOME, A

1 CARRYBACK OR A CARRYOVER OF A NET OPERATING LOSS OR CAPITAL LOSS,
2 MINUS THE LOSS ADJUSTMENT.

3 (B) SUBJECT TO THE REDUCTION PERCENTAGE DETERMINED UNDER
4 SUBSECTION (3), THE CREDIT DETERMINED UNDER THIS SUBSECTION SHALL
5 BE REDUCED BY THE FOLLOWING PERCENTAGES IN THE FOLLOWING
6 CIRCUMSTANCES:

7 (i) IF COMPENSATION AND DIRECTORS' FEES OF A SHAREHOLDER OR
8 OFFICER ARE, OR IF THE SUM OF THE AMOUNTS IN SUBDIVISION
9 (A) (ii) (A) AND (B) IS, MORE THAN \$160,000.00 BUT LESS THAN
10 \$165,000.00, THE CREDIT IS REDUCED BY 20%.

11 (ii) IF COMPENSATION AND DIRECTORS' FEES OF A SHAREHOLDER OR
12 OFFICER ARE, OR IF THE SUM OF THE AMOUNTS IN SUBDIVISION
13 (A) (ii) (A) AND (B) IS, \$165,000.00 OR MORE BUT LESS THAN
14 \$170,000.00, THE CREDIT IS REDUCED BY 40%.

15 (iii) IF COMPENSATION AND DIRECTORS' FEES OF A SHAREHOLDER OR
16 OFFICER ARE, OR IF THE SUM OF THE AMOUNTS IN SUBDIVISION
17 (A) (ii) (A) AND (B) IS, \$170,000.00 OR MORE BUT LESS THAN
18 \$175,000.00, THE CREDIT IS REDUCED BY 60%.

19 (iv) IF COMPENSATION AND DIRECTORS' FEES OF A SHAREHOLDER OR
20 OFFICER ARE, OR IF THE SUM OF THE AMOUNTS IN SUBDIVISION
21 (A) (ii) (A) AND (B) IS, \$175,000.00 OR MORE BUT NOT IN EXCESS OF
22 \$180,000.00, THE CREDIT IS REDUCED BY 80%.

23 (2) FOR THE PURPOSES OF DETERMINING DISQUALIFICATION UNDER
24 SUBSECTION (1), AN ACTIVE SHAREHOLDER'S SHARE OF BUSINESS INCOME
25 SHALL NOT BE ATTRIBUTED TO ANOTHER ACTIVE SHAREHOLDER.

26 (3) THE REDUCTION PERCENTAGE IS THE GREATER OF THE
27 FOLLOWING:

1 (A) THE REDUCTION PERCENTAGE BASED ON THE COMPENSATION AND
2 DIRECTORS' FEES OF THE SHAREHOLDER OR OFFICER WITH THE GREATEST
3 AMOUNT OF COMPENSATION AND DIRECTORS' FEES.

4 (B) THE REDUCTION PERCENTAGE BASED ON THE SUM OF THE AMOUNTS
5 IN SUBSECTION (1) (A) (ii) (A) AND (B) FOR THE SHAREHOLDER OR OFFICER
6 WITH THE GREATEST SUM OF THE AMOUNTS IN SUBSECTION (1) (A) (ii) (A)
7 AND (B).

8 (4) A TAXPAYER THAT QUALIFIES UNDER SUBSECTION (1) IS
9 ALLOWED A CREDIT AGAINST THE TAX IMPOSED UNDER THIS PART. THE
10 CREDIT UNDER THIS SUBSECTION IS THE AMOUNT BY WHICH THE TAX
11 IMPOSED UNDER THIS PART EXCEEDS 1.8% OF ADJUSTED BUSINESS INCOME.

12 (5) IF GROSS RECEIPTS EXCEED \$19,000,000.00, THE CREDIT
13 SHALL BE REDUCED BY A FRACTION, THE NUMERATOR OF WHICH IS THE
14 AMOUNT OF GROSS RECEIPTS OVER \$19,000,000.00 AND THE DENOMINATOR
15 OF WHICH IS \$1,000,000.00. THE CREDIT SHALL NOT EXCEED 100% OF
16 THE TAX LIABILITY IMPOSED UNDER THIS PART.

17 (6) FOR A TAXPAYER THAT REPORTS FOR A TAX YEAR LESS THAN 12
18 MONTHS, THE AMOUNTS SPECIFIED IN THIS SECTION FOR GROSS RECEIPTS,
19 ADJUSTED BUSINESS INCOME, AND SHARE OF BUSINESS INCOME SHALL BE
20 MULTIPLIED BY A FRACTION, THE NUMERATOR OF WHICH IS THE NUMBER OF
21 MONTHS IN THE TAX YEAR AND THE DENOMINATOR OF WHICH IS 12.

22 (7) THE DEPARTMENT SHALL PERMIT A TAXPAYER THAT ELECTS TO
23 CLAIM THE CREDIT ALLOWED UNDER THIS SECTION BASED ON THE AMOUNT
24 BY WHICH THE TAX IMPOSED UNDER THIS PART EXCEEDS THE PERCENTAGE
25 OF ADJUSTED BUSINESS INCOME FOR THE TAX YEAR AS DETERMINED UNDER
26 SUBSECTION (4), AND THAT IS NOT REQUIRED TO REDUCE THE CREDIT
27 PURSUANT TO SUBSECTION (1) OR (5), TO FILE AND PAY THE TAX

1 IMPOSED BY THIS PART WITHOUT COMPUTING THE TAX IMPOSED UNDER
2 SECTION 623.

3 (8) COMPENSATION PAID BY A PROFESSIONAL EMPLOYER
4 ORGANIZATION TO THE OFFICERS OF THE CLIENT AND TO EMPLOYEES OF
5 THE PROFESSIONAL EMPLOYER ORGANIZATION WHO ARE ASSIGNED OR LEASED
6 TO AND PERFORM SERVICES FOR THE CLIENT SHALL BE INCLUDED IN
7 DETERMINING ELIGIBILITY OF THE CLIENT UNDER THIS SECTION.

8 (9) A DISQUALIFIER OR REDUCTION UNDER SUBSECTION (1) APPLIES
9 TO A TAXPAYER THAT IS A UNITARY BUSINESS GROUP IF A DISQUALIFIER
10 OR REDUCTION APPLIES TO ANY MEMBER OF A UNITARY BUSINESS GROUP.

11 (10) AS USED IN THIS SECTION:

12 (A) "ACTIVE SHAREHOLDER" MEANS A SHAREHOLDER WHO RECEIVES AT
13 LEAST \$10,000.00 IN COMPENSATION, DIRECTORS' FEES, OR DIVIDENDS
14 FROM THE BUSINESS, AND WHO OWNS AT LEAST 5% OF THE OUTSTANDING
15 STOCK OR OTHER OWNERSHIP INTEREST.

16 (B) "ADJUSTED BUSINESS INCOME" MEANS BUSINESS INCOME AS
17 DEFINED IN SECTION 603 WITH ALL OF THE FOLLOWING ADJUSTMENTS:

18 (i) ADD COMPENSATION AND DIRECTORS' FEES OF ACTIVE
19 SHAREHOLDERS OF A CORPORATION.

20 (ii) ADD, TO THE EXTENT DEDUCTED IN DETERMINING FEDERAL
21 TAXABLE INCOME, A CARRYBACK OR CARRYOVER OF A NET OPERATING LOSS.

22 (iii) ADD, TO THE EXTENT DEDUCTED IN DETERMINING FEDERAL
23 TAXABLE INCOME, A CARRYBACK OR CARRYOVER CAPITAL LOSS.

24 (iv) ADD COMPENSATION AND DIRECTORS' FEES OF OFFICERS OF A
25 CORPORATION.

26 (C) "CLIENT" MEANS AN ENTITY WHOSE EMPLOYMENT OPERATIONS ARE
27 MANAGED BY A PROFESSIONAL EMPLOYER ORGANIZATION.

1 (D) "COMPENSATION" MEANS ALL WAGES, SALARIES, FEES, BONUSES,
2 COMMISSIONS, OTHER PAYMENTS MADE IN THE TAX YEAR ON BEHALF OF OR
3 FOR THE BENEFIT OF EMPLOYEES, OFFICERS, OR DIRECTORS OF THE
4 TAXPAYERS. COMPENSATION INCLUDES, BUT IS NOT LIMITED TO, PAYMENTS
5 THAT ARE SUBJECT TO OR SPECIFICALLY EXEMPT OR EXCEPTED FROM
6 WITHHOLDING UNDER SECTIONS 3401 TO 3406 OF THE INTERNAL REVENUE
7 CODE. COMPENSATION ALSO INCLUDES, ON A CASH OR ACCRUAL BASIS
8 CONSISTENT WITH THE TAXPAYER'S METHOD OF ACCOUNTING FOR FEDERAL
9 INCOME TAX PURPOSES, PAYMENTS TO A PENSION, RETIREMENT, OR PROFIT
10 SHARING PLAN OTHER THAN THOSE PAYMENTS ATTRIBUTABLE TO UNFUNDED
11 ACCRUED ACTUARIAL LIABILITIES, AND PAYMENTS FOR INSURANCE FOR
12 WHICH EMPLOYEES ARE THE BENEFICIARIES, INCLUDING PAYMENTS UNDER
13 HEALTH AND WELFARE AND NONINSURED BENEFIT PLANS AND PAYMENT OF
14 FEES FOR THE ADMINISTRATION OF HEALTH AND WELFARE AND NONINSURED
15 BENEFIT PLANS. COMPENSATION FOR A TAXPAYER LICENSED UNDER ARTICLE
16 25 OR 26 OF THE OCCUPATIONAL CODE, 1980 PA 299, MCL 339.2501 TO
17 339.2518 AND 339.2601 TO 339.2637, INCLUDES PAYMENTS TO AN
18 INDEPENDENT CONTRACTOR LICENSED UNDER ARTICLE 25 OR 26 OF THE
19 OCCUPATIONAL CODE, 1980 PA 299, MCL 339.2501 TO 339.2518 AND
20 339.2601 TO 339.2637. COMPENSATION DOES NOT INCLUDE ANY OF THE
21 FOLLOWING:

22 (i) DISCOUNTS ON THE PRICE OF THE TAXPAYER'S MERCHANDISE OR
23 SERVICES SOLD TO THE TAXPAYER'S EMPLOYEES, OFFICERS, OR DIRECTORS
24 THAT ARE NOT AVAILABLE TO OTHER CUSTOMERS.

25 (ii) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBDIVISION,
26 PAYMENTS TO AN INDEPENDENT CONTRACTOR.

27 (iii) PAYMENTS TO STATE AND FEDERAL UNEMPLOYMENT COMPENSATION

1 FUNDS.

2 (iv) THE EMPLOYER'S PORTION OF PAYMENTS UNDER THE FEDERAL
3 INSURANCE CONTRIBUTIONS ACT, CHAPTER 21 OF SUBTITLE C OF THE
4 INTERNAL REVENUE CODE, 26 USC 3101 TO 3128, THE RAILROAD
5 RETIREMENT TAX ACT, CHAPTER 22 OF SUBTITLE C OF THE INTERNAL
6 REVENUE CODE, 26 USC 3201 TO 3233, AND SIMILAR SOCIAL INSURANCE
7 PROGRAMS.

8 (v) PAYMENTS, INCLUDING SELF-INSURANCE PAYMENTS, FOR
9 WORKER'S COMPENSATION INSURANCE OR FEDERAL EMPLOYERS' LIABILITY
10 ACT INSURANCE PURSUANT TO 45 USC 51 TO 60.

11 (E) "DETROIT CONSUMER PRICE INDEX" MEANS THE MOST
12 COMPREHENSIVE INDEX OF CONSUMER PRICES AVAILABLE FOR THE DETROIT
13 AREA FROM THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR
14 STATISTICS.

15 (F) "LOSS ADJUSTMENT" MEANS THE AMOUNT BY WHICH ADJUSTED
16 BUSINESS INCOME WAS LESS THAN ZERO IN ANY OF THE 5 TAX YEARS
17 IMMEDIATELY PRECEDING THE TAX YEAR FOR WHICH ELIGIBILITY FOR THE
18 CREDIT UNDER THIS SECTION IS BEING DETERMINED. IN DETERMINING THE
19 LOSS ADJUSTMENT FOR A TAX YEAR, A CORPORATION IS NOT REQUIRED TO
20 USE MORE OF THE TAXPAYER'S TOTAL NEGATIVE ADJUSTED BUSINESS
21 INCOME THAN THE AMOUNT NEEDED TO QUALIFY THE CORPORATION FOR THE
22 CREDIT UNDER THIS SECTION. A CORPORATION SHALL NOT BE CONSIDERED
23 TO HAVE USED ANY PORTION OF THE TAXPAYER'S NEGATIVE ADJUSTED
24 BUSINESS INCOME AMOUNT UNLESS THE PORTION USED IS NECESSARY TO
25 QUALIFY FOR THE CREDIT UNDER THIS SECTION. A CORPORATION SHALL
26 NOT REUSE A NEGATIVE ADJUSTED BUSINESS INCOME AMOUNT USED AS A
27 LOSS ADJUSTMENT IN A PREVIOUS TAX YEAR OR USE A NEGATIVE ADJUSTED

1 BUSINESS INCOME AMOUNT FROM A YEAR IN WHICH THE CORPORATION DID
2 NOT RECEIVE THE CREDIT UNDER THIS SECTION.

3 (G) "OFFICER" MEANS AN OFFICER OF A CORPORATION INCLUDING
4 ALL OF THE FOLLOWING:

5 (i) THE CHAIRPERSON OF THE BOARD.

6 (ii) THE PRESIDENT, VICE PRESIDENT, SECRETARY, OR TREASURER
7 OF THE CORPORATION OR BOARD.

8 (iii) PERSONS PERFORMING SIMILAR DUTIES TO PERSONS DESCRIBED
9 IN SUBPARAGRAPHS (i) AND (ii).

10 CHAPTER 16

11 SEC. 680. (1) NOTWITHSTANDING ANY OTHER PROVISION OF THIS
12 PART, EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (2) FOR A
13 CERTIFICATED CREDIT UNDER SECTION 435 OR 437 OF THE MICHIGAN
14 BUSINESS TAX ACT, 2007 PA 36, MCL 208.1435 AND 208.1437, A
15 TAXPAYER THAT HAS BEEN APPROVED TO RECEIVE, HAS RECEIVED, OR HAS
16 BEEN ASSIGNED A CERTIFICATED CREDIT THAT HAS NOT BEEN FULLY
17 CLAIMED OR PAID PRIOR TO JANUARY 1, 2012 MAY, FOR THE TAXPAYER'S
18 FIRST TAX YEAR ENDING AFTER DECEMBER 31, 2011 ONLY, ELECT TO FILE
19 A RETURN AND PAY THE TAX IMPOSED BY THE MICHIGAN BUSINESS TAX
20 ACT, 2007 PA 36, MCL 208.1101 TO 208.1601, IN LIEU OF THE TAX
21 IMPOSED BY THIS PART. AN ELECTION UNDER THIS SUBSECTION SHALL
22 CONTINUE FOR THE PERIOD PRESCRIBED IN SECTION 500(1) OF THE
23 MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1500.

24 (2) A TAXPAYER WITH A CERTIFICATED CREDIT UNDER SECTION 435
25 OR 437 OF THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1435
26 AND 208.1437, WHICH CERTIFICATED CREDIT MAY BE CLAIMED IN A TAX
27 YEAR ENDING AFTER DECEMBER 31, 2011 MAY ELECT TO PAY THE TAX

1 IMPOSED BY THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL
2 208.1101 TO 208.1601, IN THE TAX YEAR IN WHICH THAT CERTIFICATED
3 CREDIT OR ANY UNUSED CARRYFORWARD MAY BE CLAIMED IN LIEU OF THE
4 TAX IMPOSED BY THIS PART.

5 (3) A TAXPAYER THAT ELECTS TO PAY THE TAX IMPOSED BY THE
6 MICHIGAN BUSINESS TAX ACT, 2007 PA 36, MCL 208.1101 TO 208.1601,
7 UNDER THIS SECTION IS NOT REQUIRED TO FILE AN ANNUAL RETURN UNDER
8 THIS PART.

9 (4) AS USED IN THIS SECTION, "CERTIFICATED CREDIT" MEANS
10 THAT TERM AS DEFINED IN SECTION 107 OF THE MICHIGAN BUSINESS TAX
11 ACT, 2007 PA 36, MCL 208.1107.

12 SEC. 681. (1) A TAXPAYER THAT REASONABLY EXPECTS LIABILITY
13 FOR THE TAX YEAR TO EXCEED \$800.00 SHALL FILE AN ESTIMATED RETURN
14 AND PAY AN ESTIMATED TAX FOR EACH QUARTER OF THE TAXPAYER'S TAX
15 YEAR.

16 (2) FOR TAXPAYERS ON A CALENDAR YEAR BASIS, THE QUARTERLY
17 RETURNS AND ESTIMATED PAYMENTS SHALL BE MADE BY APRIL 15, JULY
18 15, OCTOBER 15, AND JANUARY 15. TAXPAYERS NOT ON A CALENDAR YEAR
19 BASIS SHALL FILE QUARTERLY RETURNS AND MAKE ESTIMATED PAYMENTS ON
20 THE APPROPRIATE DUE DATE WHICH IN THE TAXPAYER'S FISCAL YEAR
21 CORRESPONDS TO THE CALENDAR YEAR.

22 (3) EXCEPT AS OTHERWISE PROVIDED UNDER THIS SUBSECTION, THE
23 ESTIMATED PAYMENT MADE WITH EACH QUARTERLY RETURN OF EACH TAX
24 YEAR SHALL BE FOR THE ESTIMATED CORPORATE INCOME TAX BASE FOR THE
25 QUARTER OR 25% OF THE ESTIMATED ANNUAL LIABILITY. THE SECOND,
26 THIRD, AND FOURTH ESTIMATED PAYMENTS IN EACH TAX YEAR SHALL
27 INCLUDE ADJUSTMENTS, IF NECESSARY, TO CORRECT UNDERPAYMENTS OR

1 OVERPAYMENTS FROM PREVIOUS QUARTERLY PAYMENTS IN THE TAX YEAR TO
2 A REVISED ESTIMATE OF THE ANNUAL TAX LIABILITY. FOR A TAXPAYER
3 THAT CALCULATES AND PAYS ESTIMATED PAYMENTS FOR FEDERAL INCOME
4 TAX PURPOSES PURSUANT TO SECTION 6655(E) OF THE INTERNAL REVENUE
5 CODE, THAT TAXPAYER MAY USE THE SAME METHODOLOGY AS USED TO
6 CALCULATE THE ANNUALIZED INCOME INSTALLMENT OR THE ADJUSTED
7 SEASONAL INSTALLMENT, WHICHEVER IS USED AS THE BASIS FOR THE
8 FEDERAL ESTIMATED PAYMENT, TO CALCULATE THE ESTIMATED PAYMENTS
9 REQUIRED EACH QUARTER UNDER THIS SECTION. THE INTEREST AND
10 PENALTY PROVIDED BY THIS PART SHALL NOT BE ASSESSED IF ANY OF THE
11 FOLLOWING OCCUR:

12 (A) IF THE SUM OF THE ESTIMATED PAYMENTS EQUALS AT LEAST 85%
13 OF THE LIABILITY AND THE AMOUNT OF EACH ESTIMATED PAYMENT
14 REASONABLY APPROXIMATES THE TAX LIABILITY INCURRED DURING THE
15 QUARTER FOR WHICH THE ESTIMATED PAYMENT WAS MADE.

16 (B) FOR THE 2013 TAX YEAR AND EACH SUBSEQUENT TAX YEAR, IF
17 THE PRECEDING YEAR'S TAX LIABILITY UNDER THIS PART WAS \$20,000.00
18 OR LESS AND IF THE TAXPAYER SUBMITTED 4 EQUAL INSTALLMENTS THE
19 SUM OF WHICH EQUALS THE IMMEDIATELY PRECEDING TAX YEAR'S TAX
20 LIABILITY.

21 (4) EACH ESTIMATED RETURN SHALL BE MADE ON A FORM PRESCRIBED
22 BY THE DEPARTMENT AND SHALL INCLUDE AN ESTIMATE OF THE ANNUAL TAX
23 LIABILITY AND OTHER INFORMATION REQUIRED BY THE STATE TREASURER.
24 THE FORM PRESCRIBED UNDER THIS SUBSECTION MAY BE COMBINED WITH
25 ANY OTHER TAX REPORTING FORM PRESCRIBED BY THE DEPARTMENT.

26 (5) WITH RESPECT TO A TAXPAYER FILING AN ESTIMATED TAX
27 RETURN FOR THE TAXPAYER'S FIRST TAX YEAR OF LESS THAN 12 MONTHS,

1 THE AMOUNTS PAID WITH EACH RETURN SHALL BE PROPORTIONAL TO THE
2 NUMBER OF PAYMENTS MADE IN THE FIRST TAX YEAR.

3 (6) PAYMENTS MADE UNDER THIS SECTION SHALL BE A CREDIT
4 AGAINST THE PAYMENT REQUIRED WITH THE ANNUAL TAX RETURN REQUIRED
5 IN SECTION 685.

6 (7) IF THE DEPARTMENT CONSIDERS IT NECESSARY TO INSURE
7 PAYMENT OF THE TAX OR TO PROVIDE A MORE EFFICIENT ADMINISTRATION
8 OF THE TAX, THE DEPARTMENT MAY REQUIRE FILING OF THE RETURNS AND
9 PAYMENT OF THE TAX FOR OTHER THAN QUARTERLY OR ANNUAL PERIODS.

10 (8) A TAXPAYER THAT ELECTS UNDER THE INTERNAL REVENUE CODE
11 TO FILE AN ANNUAL FEDERAL INCOME TAX RETURN BY MARCH 1 IN THE
12 YEAR FOLLOWING THE TAXPAYER'S TAX YEAR AND DOES NOT MAKE A
13 QUARTERLY ESTIMATE OR PAYMENT, OR DOES NOT MAKE A QUARTERLY
14 ESTIMATE OR PAYMENT AND FILES A TENTATIVE ANNUAL RETURN WITH A
15 TENTATIVE PAYMENT BY JANUARY 15 IN THE YEAR FOLLOWING THE
16 TAXPAYER'S TAX YEAR AND A FINAL RETURN BY APRIL 15 IN THE YEAR
17 FOLLOWING THE TAXPAYER'S TAX YEAR, HAS THE SAME OPTION IN FILING
18 THE ESTIMATED AND ANNUAL RETURNS REQUIRED BY THIS PART.

19 SEC. 683. IF A TAXPAYER'S TAX YEAR TO WHICH THIS PART
20 APPLIES ENDS BEFORE DECEMBER 31, 2012, THEN A TAXPAYER SUBJECT TO
21 THIS PART MAY ELECT TO COMPUTE THE TAX IMPOSED BY THIS PART FOR
22 THE PORTION OF THAT TAX YEAR TO WHICH THIS PART APPLIES OR THAT
23 FIRST TAX YEAR IN ACCORDANCE WITH 1 OF THE FOLLOWING METHODS:

24 (A) THE TAX MAY BE COMPUTED AS IF THIS PART WERE EFFECTIVE
25 ON THE FIRST DAY OF THE TAXPAYER'S ANNUAL ACCOUNTING PERIOD AND
26 THE AMOUNT COMPUTED SHALL BE MULTIPLIED BY A FRACTION, THE
27 NUMERATOR OF WHICH IS THE NUMBER OF MONTHS IN THE TAXPAYER'S

1 FIRST TAX YEAR AND THE DENOMINATOR OF WHICH IS THE NUMBER OF
2 MONTHS IN THE TAXPAYER'S ANNUAL ACCOUNTING PERIOD.

3 (B) THE TAX MAY BE COMPUTED BY DETERMINING THE CORPORATE
4 INCOME TAX BASE IN THE FIRST TAX YEAR IN ACCORDANCE WITH AN
5 ACCOUNTING METHOD SATISFACTORY TO THE DEPARTMENT THAT REFLECTS
6 THE ACTUAL CORPORATE INCOME TAX BASE ATTRIBUTABLE TO THE PERIOD.

7 SEC. 685. (1) AN ANNUAL OR FINAL RETURN SHALL BE FILED WITH
8 THE DEPARTMENT IN THE FORM AND CONTENT PRESCRIBED BY THE
9 DEPARTMENT BY THE LAST DAY OF THE FOURTH MONTH AFTER THE END OF
10 THE TAXPAYER'S TAX YEAR. ANY FINAL LIABILITY SHALL BE REMITTED
11 WITH THIS RETURN. A TAXPAYER, OTHER THAN A TAXPAYER SUBJECT TO
12 THE TAX IMPOSED UNDER CHAPTER 12 OR 13, WHOSE APPORTIONED OR
13 ALLOCATED GROSS RECEIPTS ARE LESS THAN \$350,000.00 DOES NOT NEED
14 TO FILE A RETURN OR PAY THE TAX IMPOSED UNDER THIS PART. A
15 TAXPAYER WHOSE TAX LIABILITY UNDER THIS PART IS LESS THAN OR
16 EQUAL TO \$100.00 DOES NOT NEED TO FILE A RETURN OR PAY THE TAX
17 IMPOSED UNDER THIS PART.

18 (2) THE DEPARTMENT, UPON APPLICATION OF THE TAXPAYER AND FOR
19 GOOD CAUSE SHOWN, MAY EXTEND THE DATE FOR FILING THE ANNUAL
20 RETURN. INTEREST AT THE RATE UNDER SECTION 23(2) OF 1941 PA 122,
21 MCL 205.23, SHALL BE ADDED TO THE AMOUNT OF THE TAX UNPAID FOR
22 THE PERIOD OF THE EXTENSION. THE TREASURER SHALL REQUIRE WITH THE
23 APPLICATION PAYMENT OF THE ESTIMATED TAX LIABILITY UNPAID FOR THE
24 TAX PERIOD COVERED BY THE EXTENSION.

25 (3) IF A TAXPAYER IS GRANTED AN EXTENSION OF TIME WITHIN
26 WHICH TO FILE THE FEDERAL INCOME TAX RETURN FOR ANY TAX YEAR, THE
27 FILING OF A COPY OF THE REQUEST FOR EXTENSION TOGETHER WITH A

1 TENTATIVE RETURN AND PAYMENT OF AN ESTIMATED TAX WITH THE
2 DEPARTMENT BY THE DUE DATE PROVIDED IN SUBSECTION (1) SHALL
3 AUTOMATICALLY EXTEND THE DUE DATE FOR THE FILING OF AN ANNUAL OR
4 FINAL RETURN UNDER THIS PART UNTIL THE LAST DAY OF THE EIGHTH
5 MONTH FOLLOWING THE ORIGINAL DUE DATE OF THE RETURN. INTEREST AT
6 THE RATE UNDER SECTION 23(2) OF 1941 PA 122, MCL 205.23, SHALL BE
7 ADDED TO THE AMOUNT OF THE TAX UNPAID FOR THE PERIOD OF THE
8 EXTENSION.

9 SEC. 687. (1) A TAXPAYER REQUIRED TO FILE A RETURN UNDER
10 THIS PART MAY BE REQUIRED TO FURNISH A TRUE AND CORRECT COPY OF
11 ANY RETURN OR PORTION OF ANY RETURN FILED UNDER THE PROVISIONS OF
12 THE INTERNAL REVENUE CODE.

13 (2) A TAXPAYER SHALL FILE AN AMENDED RETURN WITH THE
14 DEPARTMENT SHOWING ANY ALTERATION IN OR MODIFICATION OF A FEDERAL
15 INCOME TAX RETURN THAT AFFECTS ITS TAX BASE UNDER THIS PART. THE
16 AMENDED RETURN SHALL BE FILED WITHIN 120 DAYS AFTER THE FINAL
17 DETERMINATION BY THE INTERNAL REVENUE SERVICE.

18 SEC. 689. AT THE REQUEST OF THE DEPARTMENT, A TAXPAYER
19 REQUIRED BY THE INTERNAL REVENUE CODE TO FILE OR SUBMIT AN
20 INFORMATION RETURN OF INCOME PAID TO OTHERS SHALL, TO THE EXTENT
21 THE INFORMATION IS APPLICABLE TO RESIDENTS OF THIS STATE, AT THE
22 SAME TIME FILE OR SUBMIT THE INFORMATION IN THE FORM AND CONTENT
23 PRESCRIBED TO THE DEPARTMENT.

24 SEC. 691. A UNITARY BUSINESS GROUP SHALL FILE A COMBINED
25 RETURN THAT INCLUDES EACH UNITED STATES PERSON THAT IS INCLUDED
26 IN THE UNITARY BUSINESS GROUP. EACH UNITED STATES PERSON INCLUDED
27 IN A UNITARY BUSINESS GROUP OR INCLUDED IN A COMBINED RETURN

1 SHALL BE TREATED AS A SINGLE PERSON, AND ALL TRANSACTIONS BETWEEN
2 THOSE PERSONS INCLUDED IN THE UNITARY BUSINESS GROUP SHALL BE
3 ELIMINATED FROM THE CORPORATE INCOME TAX BASE AND THE
4 APPORTIONMENT FORMULAS UNDER THIS PART. IF A UNITED STATES PERSON
5 INCLUDED IN A UNITARY BUSINESS GROUP OR INCLUDED IN A COMBINED
6 RETURN IS SUBJECT TO THE TAX UNDER CHAPTER 12 OR 13, ANY
7 CORPORATE INCOME ATTRIBUTABLE TO THAT PERSON SHALL BE ELIMINATED
8 FROM THE CORPORATE INCOME TAX BASE AND ANY SALES ATTRIBUTABLE TO
9 THAT PERSON SHALL BE ELIMINATED FROM THE APPORTIONMENT FORMULA
10 UNDER THIS PART.

11 SEC. 693. (1) THE TAX IMPOSED BY THIS PART SHALL BE
12 ADMINISTERED BY THE DEPARTMENT OF TREASURY PURSUANT TO 1941 PA
13 122, MCL 205.1 TO 205.31, AND THIS PART. IF A CONFLICT EXISTS
14 BETWEEN 1941 PA 122, MCL 205.1 TO 205.31, AND THIS PART, THE
15 PROVISIONS OF THIS PART APPLY.

16 (2) THE DEPARTMENT MAY PROMULGATE RULES TO IMPLEMENT THIS
17 PART PURSUANT TO THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969
18 PA 306, MCL 24.201 TO 24.328.

19 (3) THE DEPARTMENT SHALL PRESCRIBE FORMS FOR USE BY
20 TAXPAYERS AND MAY PROMULGATE RULES IN CONFORMITY WITH THIS PART
21 FOR THE MAINTENANCE BY TAXPAYERS OF RECORDS, BOOKS, AND ACCOUNTS,
22 AND FOR THE COMPUTATION OF THE TAX, THE MANNER AND TIME OF
23 CHANGING OR ELECTING ACCOUNTING METHODS AND OF EXERCISING THE
24 VARIOUS OPTIONS CONTAINED IN THIS PART, THE MAKING OF RETURNS,
25 AND THE ASCERTAINMENT, ASSESSMENT, AND COLLECTION OF THE TAX
26 IMPOSED UNDER THIS PART.

27 (4) THE TAX IMPOSED BY THIS PART IS IN ADDITION TO ALL OTHER

1 TAXES FOR WHICH THE TAXPAYER MAY BE LIABLE.

2 (5) THE DEPARTMENT SHALL PREPARE AND PUBLISH STATISTICS FROM
3 THE RECORDS KEPT TO ADMINISTER THE TAX IMPOSED BY THIS PART THAT
4 DETAIL THE DISTRIBUTION OF TAX RECEIPTS BY TYPE OF BUSINESS,
5 LEGAL FORM OF ORGANIZATION, SOURCES OF TAX BASE, TIMING OF TAX
6 RECEIPTS, AND TYPES OF DEDUCTIONS. THE STATISTICS SHALL NOT
7 RESULT IN THE DISCLOSURE OF INFORMATION REGARDING ANY SPECIFIC
8 TAXPAYER.

9 SEC. 695. THE REVENUE COLLECTED UNDER THIS PART SHALL BE
10 DISTRIBUTED TO THE GENERAL FUND.

11 SEC. 697. THERE IS APPROPRIATED TO THE DEPARTMENT FOR THE
12 2011-2012 STATE FISCAL YEAR THE SUM OF \$1,000,000.00 TO BEGIN
13 IMPLEMENTING THE REQUIREMENTS OF THIS PART. ANY PORTION OF THIS
14 AMOUNT UNDER THIS SECTION THAT IS NOT EXPENDED IN THE 2011-2012
15 STATE FISCAL YEAR SHALL NOT LAPSE TO THE GENERAL FUND BUT SHALL
16 BE CARRIED FORWARD IN A WORK PROJECT ACCOUNT THAT IS IN
17 COMPLIANCE WITH SECTION 451A OF THE MANAGEMENT AND BUDGET ACT,
18 1984 PA 431, MCL 18.1451A, FOR THE FOLLOWING STATE FISCAL YEAR.

19 PART 3

20 CHAPTER 17

21 SEC. 701. AS USED IN THIS PART:

22 (A) "CASINO" MEANS THAT TERM AS DEFINED IN SECTION 110.

23 (B) "CASINO LICENSEE" MEANS A PERSON LICENSED TO OPERATE A
24 CASINO UNDER THE MICHIGAN GAMING CONTROL AND REVENUE ACT, 1996 IL
25 1, MCL 432.201 TO 432.226.

26 (C) "ELIGIBLE PRODUCTION COMPANY" MEANS THAT TERM AS DEFINED
27 UNDER SECTION 455 OF THE MICHIGAN BUSINESS TAX ACT, 2007 PA 36,

1 MCL 208.1455.

2 (D) "FLOW-THROUGH ENTITY" MEANS AN ENTITY THAT FOR THE
3 APPLICABLE TAX YEAR IS TREATED AS AN S CORPORATION UNDER SECTION
4 1362(A) OF THE INTERNAL REVENUE CODE, A GENERAL PARTNERSHIP, A
5 LIMITED PARTNERSHIP, A LIMITED LIABILITY PARTNERSHIP, A TRUST, OR
6 A LIMITED LIABILITY COMPANY, THAT FOR THE APPLICABLE TAX YEAR IS
7 NOT TAXED AS A CORPORATION FOR FEDERAL INCOME TAX PURPOSES.

8 (E) "MEMBER" MEANS A SHAREHOLDER OF AN S CORPORATION, A
9 PARTNER IN A GENERAL PARTNERSHIP, A LIMITED PARTNERSHIP, OR A
10 LIMITED LIABILITY PARTNERSHIP, A MEMBER OF A LIMITED LIABILITY
11 COMPANY, OR A BENEFICIARY OF A TRUST, THAT IS A FLOW-THROUGH
12 ENTITY.

13 (F) "NONRESIDENT" MEANS AN INDIVIDUAL WHO IS NOT A RESIDENT
14 OF OR DOMICILED IN THIS STATE, A BUSINESS ENTITY THAT DOES NOT
15 HAVE ITS COMMERCIAL DOMICILE IN THIS STATE, OR A TRUST NOT
16 ORGANIZED IN THIS STATE.

17 (G) "RACE MEETING LICENSEE" AND "TRACK LICENSEE" MEAN A
18 PERSON TO WHOM A RACE MEETING LICENSE OR TRACK LICENSE IS ISSUED
19 PURSUANT TO SECTION 8 OF THE HORSE RACING LAW OF 1995, 1995 PA
20 279, MCL 431.308.

21 (H) "S CORPORATION" MEANS A CORPORATION ELECTING TAXATION
22 UNDER SUBCHAPTER S OF CHAPTER 1 OF SUBTITLE A OF THE INTERNAL
23 REVENUE CODE, SECTIONS 1361 TO 1379 OF THE INTERNAL REVENUE CODE.

24 SEC. 703. (1) A PERSON WHO DISBURSES PENSION OR ANNUITY
25 PAYMENTS IS SUBJECT TO INCOME TAX WITHHOLDING ON THE TAXABLE PART
26 OF PAYMENTS FROM AN EMPLOYER PENSION, ANNUITY, PROFIT-SHARING,
27 STOCK BONUS, OR OTHER DEFERRED COMPENSATION PLAN AS WELL AS FROM

1 AN INDIVIDUAL RETIREMENT ARRANGEMENT, AN ANNUITY, AN ENDOWMENT,
2 OR A LIFE INSURANCE CONTRACT ISSUED BY A LIFE INSURANCE COMPANY.
3 WITHHOLDING IS NOT REQUIRED ON ANY PART OF A DISTRIBUTION THAT IS
4 NOT EXPECTED TO BE INCLUDABLE IN THE RECIPIENT'S GROSS INCOME.

5 (2) EVERY EMPLOYER IN THIS STATE REQUIRED UNDER THE
6 PROVISIONS OF THE INTERNAL REVENUE CODE TO WITHHOLD A TAX ON THE
7 COMPENSATION OF AN INDIVIDUAL, EXCEPT AS OTHERWISE PROVIDED,
8 SHALL DEDUCT AND WITHHOLD A TAX IN AN AMOUNT COMPUTED BY
9 APPLYING, EXCEPT AS PROVIDED BY SUBSECTION (13), THE RATE
10 PRESCRIBED IN SECTION 51 TO THE REMAINDER OF THE COMPENSATION
11 AFTER DEDUCTING FROM COMPENSATION THE SAME PROPORTION OF THE
12 TOTAL AMOUNT OF PERSONAL AND DEPENDENCY EXEMPTIONS OF THE
13 INDIVIDUAL ALLOWED UNDER THIS ACT THAT THE PERIOD OF TIME COVERED
14 BY THE COMPENSATION IS OF 1 YEAR. THE DEPARTMENT MAY PRESCRIBE
15 WITHHOLDING TABLES THAT MAY BE USED BY EMPLOYERS TO COMPUTE THE
16 AMOUNT OF TAX REQUIRED TO BE WITHHELD.

17 (3) EVERY FLOW-THROUGH ENTITY IN THIS STATE SHALL WITHHOLD A
18 TAX IN AN AMOUNT COMPUTED BY APPLYING THE RATE PRESCRIBED IN
19 SECTION 51 TO THE DISTRIBUTIVE SHARE OF TAXABLE INCOME AFTER
20 ALLOCATION AND APPORTIONMENT UNDER CHAPTER 3 OF EACH NONRESIDENT
21 MEMBER WHO IS AN INDIVIDUAL AFTER DEDUCTING FROM THAT
22 DISTRIBUTIVE INCOME THE SAME PROPORTION OF THE TOTAL AMOUNT OF
23 PERSONAL AND DEPENDENCY EXEMPTIONS OF THE INDIVIDUAL ALLOWED
24 UNDER THIS ACT.

25 (4) EVERY FLOW-THROUGH ENTITY WITH BUSINESS ACTIVITY IN THIS
26 STATE THAT HAS MORE THAN \$200,000.00 OF BUSINESS INCOME IN THE
27 TAX YEAR AFTER ALLOCATION OR APPORTIONMENT UNDER CHAPTER 14 SHALL

1 WITHHOLD A TAX IN AN AMOUNT COMPUTED BY APPLYING THE RATE
2 PRESCRIBED IN SECTION 623 TO THE DISTRIBUTIVE SHARE OF THE
3 BUSINESS INCOME OF EACH MEMBER THAT IS A CORPORATION OR THAT IS A
4 FLOW-THROUGH ENTITY. AS USED IN THIS SUBSECTION, "BUSINESS
5 INCOME" MEANS THAT TERM IS DEFINED IN SECTION 603(2).

6 (5) IF A FLOW-THROUGH ENTITY IS SUBJECT TO THE WITHHOLDING
7 REQUIREMENTS OF SUBSECTION (4) THEN A MEMBER OF THAT FLOW-THROUGH
8 ENTITY THAT IS ITSELF A FLOW-THROUGH ENTITY SHALL WITHHOLD A TAX
9 ON THE DISTRIBUTIVE SHARE OF BUSINESS INCOME AS DESCRIBED IN
10 SUBSECTION (4) OF EACH OF ITS MEMBERS. THE DEPARTMENT SHALL APPLY
11 TAX WITHHELD BY A FLOW-THROUGH ENTITY ON THE DISTRIBUTIVE SHARE
12 OF BUSINESS INCOME OF A MEMBER FLOW-THROUGH ENTITY TO THE
13 WITHHOLDING REQUIRED OF THAT MEMBER FLOW-THROUGH ENTITY.

14 (6) EVERY CASINO LICENSEE SHALL WITHHOLD A TAX IN AN AMOUNT
15 COMPUTED BY APPLYING THE RATE PRESCRIBED IN SECTION 51 TO THE
16 WINNINGS OF A NONRESIDENT REPORTABLE BY THE CASINO LICENSEE UNDER
17 THE INTERNAL REVENUE CODE.

18 (7) EVERY RACE MEETING LICENSEE OR TRACK LICENSEE SHALL
19 WITHHOLD A TAX IN AN AMOUNT COMPUTED BY APPLYING THE RATE
20 PRESCRIBED IN SECTION 51 TO A PAYOFF PRICE ON A WINNING TICKET OF
21 A NONRESIDENT REPORTABLE BY THE RACE MEETING LICENSEE OR TRACK
22 LICENSEE UNDER THE INTERNAL REVENUE CODE THAT IS THE RESULT OF
23 PARI-MUTUEL WAGERING AT A LICENSED RACE MEETING.

24 (8) EVERY CASINO LICENSEE OR RACE MEETING LICENSEE OR TRACK
25 LICENSEE SHALL REPORT WINNINGS OF A RESIDENT REPORTABLE BY THE
26 CASINO LICENSEE OR RACE MEETING LICENSEE OR TRACK LICENSEE UNDER
27 THE INTERNAL REVENUE CODE TO THE DEPARTMENT IN THE SAME MANNER

1 AND FORMAT AS REQUIRED UNDER THE INTERNAL REVENUE CODE.

2 (9) EVERY ELIGIBLE PRODUCTION COMPANY SHALL, TO THE EXTENT
3 NOT WITHHELD BY A PROFESSIONAL SERVICES CORPORATION OR
4 PROFESSIONAL EMPLOYER ORGANIZATION, DEDUCT AND WITHHOLD A TAX IN
5 AN AMOUNT COMPUTED BY APPLYING THE RATE PRESCRIBED IN SECTION 51
6 TO THE REMAINDER OF THE PAYMENTS MADE TO THE PROFESSIONAL
7 SERVICES CORPORATION OR PROFESSIONAL EMPLOYER ORGANIZATION FOR
8 THE SERVICES OF A PERFORMING ARTIST OR CREW MEMBER AFTER
9 DEDUCTING FROM THOSE PAYMENTS THE SAME PROPORTION OF THE TOTAL
10 AMOUNT OF PERSONAL AND DEPENDENCY EXEMPTIONS OF THE INDIVIDUALS
11 ALLOWED UNDER THIS PART.

12 (10) EXCEPT AS OTHERWISE PROVIDED UNDER THIS SUBSECTION, ALL
13 OF THE TAXES WITHHELD UNDER THIS SECTION SHALL ACCRUE TO THE
14 STATE ON THE LAST DAY OF THE MONTH IN WHICH THE TAXES ARE
15 WITHHELD BUT SHALL BE RETURNED AND PAID TO THE DEPARTMENT BY THE
16 EMPLOYER, FLOW-THROUGH ENTITY, ELIGIBLE PRODUCTION COMPANY,
17 CASINO LICENSEE, OR RACE MEETING LICENSEE OR TRACK LICENSEE
18 WITHIN 15 DAYS AFTER THE END OF ANY MONTH OR AS PROVIDED IN
19 SECTION 355. FOR AN EMPLOYER OR FLOW-THROUGH ENTITY THAT HAS
20 ENTERED INTO AN AGREEMENT WITH A COMMUNITY COLLEGE PURSUANT TO
21 CHAPTER 13 OF THE COMMUNITY COLLEGE ACT OF 1966, 1966 PA 331, MCL
22 389.161 TO 389.166, A PORTION OF THE TAXES WITHHELD UNDER THIS
23 SECTION THAT ARE ATTRIBUTABLE TO EACH EMPLOYEE IN A NEW JOB
24 CREATED PURSUANT TO THE AGREEMENT SHALL ACCRUE TO THE COMMUNITY
25 COLLEGE ON THE LAST DAY OF THE MONTH IN WHICH THE TAXES ARE
26 WITHHELD BUT SHALL BE RETURNED AND PAID TO THE COMMUNITY COLLEGE
27 BY THE EMPLOYER OR FLOW-THROUGH ENTITY WITHIN 15 DAYS AFTER THE

1 END OF ANY MONTH OR AS PROVIDED IN SECTION 355 FOR AS LONG AS THE
2 AGREEMENT REMAINS IN EFFECT. FOR PURPOSES OF THIS ACT AND 1941 PA
3 122, MCL 205.1 TO 205.31, PAYMENTS MADE BY AN EMPLOYER OR FLOW-
4 THROUGH ENTITY TO A COMMUNITY COLLEGE UNDER THIS SUBSECTION SHALL
5 BE CONSIDERED INCOME TAXES PAID TO THIS STATE.

6 (11) AN EMPLOYER, FLOW-THROUGH ENTITY, ELIGIBLE PRODUCTION
7 COMPANY, CASINO LICENSEE, OR RACE MEETING LICENSEE OR TRACK
8 LICENSEE REQUIRED BY THIS SECTION TO DEDUCT AND WITHHOLD TAXES ON
9 COMPENSATION, A SHARE OF INCOME AVAILABLE FOR DISTRIBUTION ON
10 WHICH WITHHOLDING IS REQUIRED UNDER SUBSECTION (3), (4), OR (5),
11 WINNINGS ON WHICH WITHHOLDING IS REQUIRED UNDER SUBSECTION (6),
12 OR A PAYOFF PRICE ON WHICH WITHHOLDING IS REQUIRED UNDER
13 SUBSECTION (7) HOLDS THE AMOUNT OF TAX WITHHELD AS A TRUSTEE FOR
14 THIS STATE AND IS LIABLE FOR THE PAYMENT OF THE TAX TO THIS STATE
15 OR, IF APPLICABLE, TO THE COMMUNITY COLLEGE AND IS NOT LIABLE TO
16 ANY INDIVIDUAL FOR THE AMOUNT OF THE PAYMENT.

17 (12) AN EMPLOYER IN THIS STATE IS NOT REQUIRED TO DEDUCT AND
18 WITHHOLD A TAX ON THE COMPENSATION PAID TO A NONRESIDENT
19 INDIVIDUAL EMPLOYEE, WHO, UNDER SECTION 256, MAY CLAIM A TAX
20 CREDIT EQUAL TO OR IN EXCESS OF THE TAX ESTIMATED TO BE DUE FOR
21 THE TAX YEAR OR IS EXEMPTED FROM LIABILITY FOR THE TAX IMPOSED BY
22 THIS ACT. IN EACH TAX YEAR, THE NONRESIDENT INDIVIDUAL SHALL
23 FURNISH TO THE EMPLOYER, ON A FORM APPROVED BY THE DEPARTMENT, A
24 VERIFIED STATEMENT OF NONRESIDENCE.

25 (13) AN EMPLOYER, FLOW-THROUGH ENTITY, ELIGIBLE PRODUCTION
26 COMPANY, CASINO LICENSEE, OR RACE MEETING LICENSEE OR TRACK
27 LICENSEE REQUIRED TO WITHHOLD A TAX UNDER THIS ACT, BY THE

1 FIFTEENTH DAY OF THE FOLLOWING MONTH, SHALL PROVIDE THE
2 DEPARTMENT WITH A COPY OF ANY EXEMPTION CERTIFICATE ON WHICH THE
3 EMPLOYEE, MEMBER, OR PERSON SUBJECT TO WITHHOLDING UNDER
4 SUBSECTION (6) OR (7) CLAIMS MORE THAN 9 PERSONAL OR DEPENDENCY
5 EXEMPTIONS, CLAIMS A STATUS THAT EXEMPTS THE EMPLOYEE, MEMBER, OR
6 PERSON SUBJECT TO WITHHOLDING UNDER SUBSECTION (6) OR (7) FROM
7 WITHHOLDING UNDER THIS SECTION, OR ELECTS TO PAY THE TAX IMPOSED
8 BY THIS PART CALCULATED UNDER SECTION 51A.

9 (14) AN EMPLOYER SHALL DEDUCT AND WITHHOLD THE TAX IMPOSED
10 BY THIS ACT CALCULATED UNDER SECTION 51A FOR A RESIDENT WHO FILES
11 AN EXEMPTION CERTIFICATE UNDER SUBSECTION (13) TO ELECT TO PAY
12 THE TAX CALCULATED UNDER SECTION 51A.

13 (15) THE EXEMPTION CERTIFICATE REQUIRED BY THIS SECTION
14 SHALL INCLUDE THE FOLLOWING STATEMENT, "ELECTING TO FILE USING
15 THE NO-FORM OPTION MAY NOT BE FOR EVERYONE WHO IS ELIGIBLE. IF A
16 TAXPAYER CHOOSES THE NO-FORM OPTION, HE OR SHE MAY NOT BE
17 ELIGIBLE FOR SOME OF THE CREDITS ALLOWED UNDER THIS ACT INCLUDING
18 THE PROPERTY TAX CREDIT ALLOWED UNDER SECTIONS 520 AND 522.

19 SEC. 705. ALL PROVISIONS RELATING TO THE ADMINISTRATION,
20 COLLECTION, AND ENFORCEMENT OF THIS ACT AND 1941 PA 122, MCL
21 205.1 TO 205.31, APPLY TO THE EMPLOYER, FLOW-THROUGH ENTITY,
22 ELIGIBLE PRODUCTION COMPANY, CASINO LICENSEE, OR RACE MEETING
23 LICENSEE OR TRACK LICENSEE REQUIRED TO WITHHOLD TAXES AND TO THE
24 TAXES REQUIRED TO BE WITHHELD. IF THE DEPARTMENT HAS REASONABLE
25 GROUNDS TO BELIEVE THAT AN EMPLOYER, FLOW-THROUGH ENTITY,
26 ELIGIBLE PRODUCTION COMPANY, CASINO LICENSEE, RACE MEETING
27 LICENSEE, OR TRACK LICENSEE WILL NOT PAY TAXES WITHHELD TO THIS

1 STATE OR, IF APPLICABLE, TO THE COMMUNITY COLLEGE, AS PRESCRIBED
2 BY THIS PART, OR TO PROVIDE A MORE EFFICIENT ADMINISTRATION, THE
3 DEPARTMENT MAY REQUIRE THE EMPLOYER, FLOW-THROUGH ENTITY,
4 ELIGIBLE PRODUCTION COMPANY, CASINO LICENSEE, RACE MEETING
5 LICENSEE, OR TRACK LICENSEE TO MAKE THE RETURN AND PAY TO THE
6 DEPARTMENT OR, IF APPLICABLE, TO THE COMMUNITY COLLEGE, THE TAX
7 DEDUCTED AND WITHHELD AT OTHER THAN MONTHLY PERIODS, OR FROM TIME
8 TO TIME, OR REQUIRE THE EMPLOYER, FLOW-THROUGH ENTITY, ELIGIBLE
9 PRODUCTION COMPANY, CASINO LICENSEE, RACE MEETING LICENSEE, OR
10 TRACK LICENSEE TO DEPOSIT THE TAX IN A BANK APPROVED BY THE
11 DEPARTMENT IN A SEPARATE ACCOUNT, IN TRUST FOR THE DEPARTMENT OR,
12 IF APPLICABLE, THE COMMUNITY COLLEGE, AND PAYABLE TO THE
13 DEPARTMENT OR THE COMMUNITY COLLEGE, AND TO KEEP THE AMOUNT OF
14 THE TAXES IN THE ACCOUNT UNTIL PAYMENT OVER TO THE DEPARTMENT OR
15 THE COMMUNITY COLLEGE.

16 SEC. 707. (1) A PERSON REQUIRED UNDER THE INTERNAL REVENUE
17 CODE TO FILE A FORM 1099-MISC FOR A TAX YEAR SHALL FILE A COPY OF
18 THAT FORM 1099-MISC WITH THE DEPARTMENT ON OR BEFORE JANUARY 31
19 EACH YEAR OR ON OR BEFORE THE DAY REQUIRED FOR FILING FORM 1099-
20 MISC UNDER THE INTERNAL REVENUE CODE, WHICHEVER IS LATER.

21 (2) A PERSON WHO FAILS TO COMPLY WITH SUBSECTION (1) IS
22 LIABLE TO THE DEPARTMENT FOR A PENALTY OF \$50.00 FOR EACH FORM
23 1099-MISC THE TAXPAYER FAILS TO FILE.

24 (3) A PERSON REQUIRED TO FILE A FORM 1099-MISC UNDER THIS
25 SECTION SHALL ALSO FILE A COPY OF THE FORM 1099-MISC WITH THE
26 CITY REPORTED AS THE PAYEE'S ADDRESS ON THE FORM 1099-MISC IF
27 THAT CITY IMPOSES A CITY INCOME TAX PURSUANT TO THE CITY INCOME

1 TAX ACT, 1964 PA 284, MCL 141.501 TO 141.787.

2 SEC. 709. IF THE EMPLOYER IS THE UNITED STATES OR THIS
3 STATE, OR ANY POLITICAL SUBDIVISION OF THE UNITED STATES OR THIS
4 STATE, OR ANY AGENCY OR INSTRUMENTALITY OF ANY OF THE FOREGOING,
5 THE RETURN OF THE AMOUNT DEDUCTED AND WITHHELD UPON COMPENSATION
6 MAY BE MADE BY ANY OFFICER OF THE EMPLOYER HAVING CONTROL OF THE
7 PAYMENT OF THE COMPENSATION OR AN OFFICER APPROPRIATELY
8 DESIGNATED FOR THAT PURPOSE.

9 SEC. 711. (1) EVERY EMPLOYER, FLOW-THROUGH ENTITY, ELIGIBLE
10 PRODUCTION COMPANY, CASINO LICENSEE, RACE MEETING LICENSEE, AND
11 TRACK LICENSEE REQUIRED BY THIS PART TO DEDUCT AND WITHHOLD TAXES
12 FOR A TAX YEAR ON COMPENSATION, SHARE OF INCOME AVAILABLE FOR
13 DISTRIBUTION, WINNINGS, OR PAYOFF ON A WINNING TICKET SHALL
14 FURNISH TO EACH EMPLOYEE, MEMBER, OR PERSON WITH WINNINGS OR A
15 PAYOFF ON A WINNING TICKET SUBJECT TO WITHHOLDING UNDER THIS PART
16 ON OR BEFORE JANUARY 31 OF THE SUCCEEDING YEAR A STATEMENT IN
17 DUPLICATE OF THE TOTAL COMPENSATION, SHARE OF INCOME AVAILABLE
18 FOR DISTRIBUTION, WINNINGS, OR PAYOFF ON A WINNING TICKET PAID
19 DURING THE TAX YEAR AND THE AMOUNT DEDUCTED OR WITHHELD. HOWEVER,
20 IF EMPLOYMENT IS TERMINATED BEFORE THE CLOSE OF A CALENDAR YEAR
21 BY AN EMPLOYER WHO GOES OUT OF BUSINESS OR PERMANENTLY CEASES TO
22 BE AN EMPLOYER IN THIS STATE, OR A FLOW-THROUGH ENTITY, ELIGIBLE
23 PRODUCTION COMPANY, CASINO LICENSEE, RACE MEETING LICENSEE, OR
24 TRACK LICENSEE GOES OUT OF BUSINESS OR PERMANENTLY CEASES TO BE A
25 FLOW-THROUGH ENTITY, ELIGIBLE PRODUCTION COMPANY, CASINO
26 LICENSEE, RACE MEETING LICENSEE, OR TRACK LICENSEE BEFORE THE
27 CLOSE OF A CALENDAR YEAR, THEN THE STATEMENT REQUIRED BY THIS

1 SUBSECTION SHALL BE ISSUED WITHIN 30 DAYS AFTER THE LAST
2 COMPENSATION, SHARE OF INCOME AVAILABLE FOR DISTRIBUTION,
3 WINNINGS, OR PAYOFF OF A WINNING TICKET IS PAID. A DUPLICATE OF A
4 STATEMENT MADE PURSUANT TO THIS SECTION AND AN ANNUAL
5 RECONCILIATION RETURN, MI-W3, SHALL BE FILED WITH THE DEPARTMENT
6 BY FEBRUARY 28 OF THE SUCCEEDING YEAR EXCEPT THAT AN EMPLOYER,
7 FLOW-THROUGH ENTITY, ELIGIBLE PRODUCTION COMPANY, CASINO
8 LICENSEE, RACE MEETING LICENSEE, AND TRACK LICENSEE WHO GOES OUT
9 OF BUSINESS OR PERMANENTLY CEASES TO BE AN EMPLOYER, FLOW-THROUGH
10 ENTITY, ELIGIBLE PRODUCTION COMPANY, CASINO LICENSEE, RACE
11 MEETING LICENSEE, AND TRACK LICENSEE SHALL FILE THE STATEMENT AND
12 THE ANNUAL RECONCILIATION RETURN WITHIN 30 DAYS AFTER GOING OUT
13 OF BUSINESS OR PERMANENTLY CEASING TO BE AN EMPLOYER, FLOW-
14 THROUGH ENTITY, ELIGIBLE PRODUCTION COMPANY, CASINO LICENSEE,
15 RACE MEETING LICENSEE, AND TRACK LICENSEE.

16 (2) EVERY EMPLOYER, FLOW-THROUGH ENTITY, ELIGIBLE PRODUCTION
17 COMPANY, CASINO LICENSEE, AND RACE MEETING LICENSEE AND TRACK
18 LICENSEE REQUIRED BY THIS PART TO DEDUCT OR WITHHOLD TAXES FROM
19 COMPENSATION, SHARE OF INCOME AVAILABLE FOR DISTRIBUTION,
20 WINNINGS, OR PAYOFF ON A WINNING TICKET SHALL MAKE A RETURN OR
21 REPORT IN FORM AND CONTENT AND AT TIMES AS PRESCRIBED BY THE
22 DEPARTMENT. AN EMPLOYER OR FLOW-THROUGH ENTITY THAT HAS ENTERED
23 INTO AN AGREEMENT WITH A COMMUNITY COLLEGE PURSUANT TO CHAPTER 13
24 OF THE COMMUNITY COLLEGE ACT OF 1966, 1966 PA 331, MCL 389.161 TO
25 389.166, AND IS REQUIRED TO DEDUCT OR WITHHOLD TAXES FROM
26 COMPENSATION AND MAKE PAYMENTS TO A COMMUNITY COLLEGE PURSUANT TO
27 THE AGREEMENT FOR A PORTION OF THOSE TAXES WITHHELD SHALL, FOR AS

1 LONG AS THE AGREEMENT REMAINS IN EFFECT, DELINEATE IN THE RETURN
2 OR REPORT REQUIRED UNDER THIS SUBSECTION BETWEEN THE AMOUNT
3 DEDUCTED OR WITHHELD AND PAID TO THE STATE AND THAT AMOUNT PAID
4 TO A COMMUNITY COLLEGE.

5 (3) EVERY EMPLOYEE, MEMBER, OR PERSON WITH WINNINGS OR A
6 PAYOFF ON A WINNING TICKET SUBJECT TO WITHHOLDING UNDER THIS PART
7 SHALL FURNISH TO HIS OR HER EMPLOYER, FLOW-THROUGH ENTITY,
8 ELIGIBLE PRODUCTION COMPANY, CASINO LICENSEE, RACE MEETING
9 LICENSEE, AND TRACK LICENSEE INFORMATION REQUIRED FOR THE
10 EMPLOYER, FLOW-THROUGH ENTITY, ELIGIBLE PRODUCTION COMPANY,
11 CASINO LICENSEE, RACE MEETING LICENSEE, AND TRACK LICENSEE TO
12 MAKE AN ACCURATE WITHHOLDING. AN EMPLOYEE, MEMBER, OR PERSON WITH
13 WINNINGS OR A PAYOFF ON A WINNING TICKET SUBJECT TO WITHHOLDING
14 UNDER THIS PART SHALL FILE WITH HIS OR HER EMPLOYER, FLOW-THROUGH
15 ENTITY, ELIGIBLE PRODUCTION COMPANY, CASINO LICENSEE, RACE
16 MEETING LICENSEE, AND TRACK LICENSEE REVISED INFORMATION WITHIN
17 10 DAYS AFTER A DECREASE IN THE NUMBER OF EXEMPTIONS OR A CHANGE
18 IN STATUS FROM A NONRESIDENT TO A RESIDENT. THE EMPLOYEE,
19 NONRESIDENT MEMBER, OR PERSON WITH WINNINGS OR A PAYOFF ON A
20 WINNING TICKET SUBJECT TO WITHHOLDING UNDER THIS PART MAY FILE
21 REVISED INFORMATION WHEN THE NUMBER OF EXEMPTIONS INCREASES OR
22 WHEN A CHANGE IN STATUS OCCURS FROM THAT OF A RESIDENT OF THIS
23 STATE TO A NONRESIDENT OF THIS STATE. REVISED INFORMATION SHALL
24 NOT BE GIVEN RETROACTIVE EFFECT FOR WITHHOLDING PURPOSES. AN
25 EMPLOYER, FLOW-THROUGH ENTITY, ELIGIBLE PRODUCTION COMPANY,
26 CASINO LICENSEE, RACE MEETING LICENSEE, AND TRACK LICENSEE SHALL
27 RELY ON THIS INFORMATION FOR WITHHOLDING PURPOSES UNLESS DIRECTED

1 BY THE DEPARTMENT TO WITHHOLD ON SOME OTHER BASIS. IF AN
2 EMPLOYEE, MEMBER, OR PERSON WITH WINNINGS OR A PAYOFF ON A
3 WINNING TICKET SUBJECT TO WITHHOLDING UNDER THIS PART FAILS OR
4 REFUSES TO FURNISH INFORMATION, THE EMPLOYER, FLOW-THROUGH
5 ENTITY, ELIGIBLE PRODUCTION COMPANY, CASINO LICENSEE, RACE
6 MEETING LICENSEE, AND TRACK LICENSEE SHALL WITHHOLD THE FULL RATE
7 OF TAX FROM THE EMPLOYEE'S TOTAL COMPENSATION, THE MEMBER'S SHARE
8 OF INCOME AVAILABLE FOR DISTRIBUTION, OR THE WINNINGS OF A PERSON
9 WITH WINNINGS OR A PAYOFF ON A WINNING TICKET SUBJECT TO
10 WITHHOLDING UNDER THIS PART.

11 SEC. 713. BY JULY 1 OF EACH YEAR, BASED ON THE INFORMATION
12 RECEIVED FROM EACH COMMUNITY COLLEGE DISTRICT PURSUANT TO SECTION
13 163 OF THE COMMUNITY COLLEGE ACT OF 1966, 1966 PA 331, MCL
14 389.163, THE DEPARTMENT SHALL SUBMIT TO THE GOVERNOR, THE CLERK
15 OF THE HOUSE OF REPRESENTATIVES, THE SECRETARY OF THE SENATE, THE
16 CHAIRPERSON OF EACH STANDING COMMITTEE THAT HAS JURISDICTION OVER
17 ECONOMIC DEVELOPMENT ISSUES, THE CHAIRPERSON OF EACH LEGISLATIVE
18 BUDGET SUBCOMMITTEE THAT HAS JURISDICTION OVER ECONOMIC
19 DEVELOPMENT ISSUES, AND THE PRESIDENT OF THE MICHIGAN STRATEGIC
20 FUND AN ANNUAL REPORT CONCERNING THE OPERATION AND EFFECTIVENESS
21 OF THE NEW JOBS TRAINING PROGRAMS AND THE CORRESPONDING
22 WITHHOLDING REQUIREMENTS UNDER THIS CHAPTER. THE REPORT SHALL
23 INCLUDE ALL OF THE FOLLOWING:

24 (A) THE NUMBER OF COMMUNITY COLLEGES PARTICIPATING IN THE
25 NEW JOBS TRAINING PROGRAM AND THE NAMES OF THOSE COLLEGES.

26 (B) THE NUMBER OF EMPLOYERS THAT HAVE ENTERED INTO
27 AGREEMENTS WITH COMMUNITY COLLEGES PURSUANT TO THE NEW JOBS

House Bill No. 4361 as amended May 12, 2011

1 TRAINING PROGRAM AND THE NAMES OF THOSE EMPLOYERS ORGANIZED BY
 2 MAJOR INDUSTRY GROUP UNDER THE STANDARD INDUSTRIAL CLASSIFICATION
 3 CODE AS COMPILED BY THE UNITED STATES DEPARTMENT OF LABOR.

4 (C) THE TOTAL AMOUNT OF MONEY FROM A NEW JOBS CREDIT FROM
 5 WITHHOLDING EACH EMPLOYER DESCRIBED IN SUBDIVISION (B) HAS
 6 REMITTED TO THE COMMUNITY COLLEGE DISTRICT.

7 (D) THE TOTAL AMOUNT OF NEW JOBS TRAINING REVENUE BONDS EACH
 8 COMMUNITY COLLEGE DISTRICT HAS AUTHORIZED, ISSUED, OR SOLD.

9 (E) THE TOTAL AMOUNT OF EACH COMMUNITY COLLEGE DISTRICT'S
 10 DEBT RELATED TO AGREEMENTS AT THE END OF THE CALENDAR YEAR.

11 (F) THE NUMBER OF DEGREES OR CERTIFICATES AWARDED TO PROGRAM
 12 PARTICIPANTS IN THE CALENDAR YEAR.

13 (G) THE NUMBER OF INDIVIDUALS WHO ENTERED A PROGRAM AT EACH
 14 COMMUNITY COLLEGE DISTRICT IN THE CALENDAR YEAR; WHO COMPLETED
 15 THE PROGRAM IN THE CALENDAR YEAR; AND WHO WERE ENROLLED IN A
 16 PROGRAM AT THE END OF THE CALENDAR YEAR.

17 (H) THE NUMBER OF INDIVIDUALS WHO COMPLETED A PROGRAM AND
 18 WERE HIRED BY AN EMPLOYER DESCRIBED IN SUBDIVISION (B) TO FILL
 19 NEW JOBS.

20 Enacting section 1. (1) Sections 28, 30d, 31, 51a, 116, 117,
 21 118, 119, 120, 252, 253, 257, 260, 261, 264, 267, 268, 269, 274,
 22 275, 276, <<351, 355, 355a, 361, 365, 366,>> 367, 482, 496, 498,
 and 499 of the income tax act of
 23 1967, 1967 PA 281, MCL 206.28, 206.30d, 206.31, 206.51a, 206.116,
 24 206.117, 206.118, 206.119, 206.120, 206.252, 206.253, 206.257,
 25 206.260, 206.261, 206.264, 206.267, 206.268, 206.269, 206.274,
 26 206.275, 206.276, <<206.351, 206.355, 206.355a, 206.361, 206.365,
 206.366,>> 206.367, 206.482, 206.496, 206.498, and
 27 206.499, are repealed effective January 1, 2012.

1 (2) Sections 7 and 8 of the individual or family development
2 account program act, 2006 PA 513, MCL 206.707 and 206.708, are
3 repealed effective January 1, 2012.

4 (3) Section 11 of the Traxler-McCauley-Law-Bowman bingo act,
5 1972 PA 382, MCL 432.111, is repealed effective January 1, 2012.

6 Enacting section 2. (1) Except as otherwise provided under
7 subsection (2), this amendatory act takes effect January 1, 2012.

8 (2) Section 51 of the income tax act of 1967, 1967 PA 281,
9 MCL 206.51, as amended by this amendatory act, takes effect
10 October 1, 2011.