

HOUSE BILL No. 4856

June 29, 1987, Introduced by Rep. Strand and referred to the Committee on Taxation.

A bill to amend section 31 of Act No. 228 of the Public Acts of 1975, entitled "Single business tax act," as amended by Act No. 414 of the Public Acts of 1982, being section 208.31 of the Michigan Compiled Laws; and to add section 81.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 31 of Act No. 228 of the Public Acts of
2 1975, as amended by Act No. 414 of the Public Acts of 1982, being
3 section 208.31 of the Michigan Compiled Laws, is amended and sec-
4 tion 81 is added to read as follows:

5 Sec. 31. (1) There is ~~hereby~~ levied and imposed a spe-
6 cific tax of ~~2.35%~~ 3.9% upon the adjusted tax base of every
7 person with business activity in this state which is allocated or
8 apportioned to this state.

1 (2) As used in this section, "adjusted tax base" means the
2 tax base allocated or apportioned to this state pursuant to chap-
3 ter 3 ~~and~~ WITH the adjustments permitted by section 23 and the
4 exemptions permitted by ~~sections~~ SECTION 35. ~~and 37.~~

5 (3) If the adjusted tax base exceeds 50% of the sum of gross
6 receipts plus the adjustments provided in section 23(b) and (d),
7 apportioned or allocated to Michigan with the apportionment frac-
8 tion calculated pursuant to chapter 3, the adjusted tax base may,
9 at the option of the taxpayer, be reduced by ~~such~~ THAT excess.
10 ~~The~~ A taxpayer ~~shall~~ THAT REDUCES ITS TAX BASE UNDER THIS
11 SUBSECTION IS not ~~be~~ entitled to the adjustment provided in
12 subsection (5) ~~, (6), or (7)~~ for the same taxable year.

13 ~~(3) A person whose interest paid and whose depreciation on~~
14 ~~assets acquired before January 1, 1976 together comprise 70% or~~
15 ~~more of the adjusted tax base as defined in subsection (2)~~
16 ~~derived from rental investments, may elect to reduce the adjusted~~
17 ~~tax base by the amount the adjusted tax base is in excess of the~~
18 ~~following percentage of the sum of gross receipts plus the~~
19 ~~adjustments provided in section 23(b) and (d), apportioned or~~
20 ~~allocated to this state: 35% for the 1977 tax year; 38% for the~~
21 ~~1978 tax year; 41% for the 1979 tax year; 44% for the 1980 tax~~
22 ~~year; 47% for the 1981 tax year; and 50% for the 1982 tax year.~~
23 ~~This subsection shall not apply to a person whose tax base is~~
24 ~~calculated pursuant to section 21 and shall expire December 31,~~
25 ~~1982.~~

26 (4) The tax ~~so~~ levied and imposed BY THIS SECTION is upon
27 the privilege of doing business and not upon income.

1 (5) In lieu of the adjustment provided in subsection ~~(2)~~
2 ~~or~~ (3), a person may elect to reduce the adjusted tax base by
3 the percentage that the compensation divided by the tax base
4 exceeds 63%. The deduction shall not exceed 37% of the adjusted
5 tax base. For the 1976 tax year and each tax year ~~thereafter~~
6 AFTER 1976, for purposes of computing the deduction allowed by
7 this subsection ~~, as effective~~ for the respective tax year,
8 compensation ~~shall~~ DOES not include amounts of compensation
9 exempt from tax under section 35(1)(e) or (f).

10 ~~(6) A person whose business includes the sale at retail of~~
11 ~~food for human consumption as defined in section 4g of Act~~
12 ~~No. 167 of the Public Acts of 1933, as amended, being section~~
13 ~~205.54g of the Michigan Compiled Laws, and whose gross receipts~~
14 ~~from the sale at retail of food for human consumption as defined~~
15 ~~in section 4g of Act No. 167 of the Public Acts of 1933, as~~
16 ~~amended, equals 75% or more of the gross receipts may elect to~~
17 ~~reduce the adjusted tax base by the percentage that compensation~~
18 ~~divided by the tax base exceeds 35% for the 1977 and 1978 tax~~
19 ~~years; 40% for the 1979 tax year; 45% for the 1980 tax year; 50%~~
20 ~~for the 1981 tax year; 55% for the 1982 tax year; and 60% for the~~
21 ~~1983 tax year. The deduction shall not exceed 65% of the~~
22 ~~adjusted tax base for the 1977 and 1978 tax years; 60% for the~~
23 ~~1979 tax year; 55% for the 1980 tax year; 50% for the 1981 tax~~
24 ~~year; 45% for the 1982 tax year; and 40% for the 1983 tax year.~~
25 ~~For tax years beginning after December 31, 1975, "gross~~
26 ~~receipts", as used in this subsection, does not include~~
27 ~~collections made by the taxpayer under section 23 of the general~~

~~1 sales tax act, Act No. 167 of the Public Acts of 1933, as
2 amended, being section 205.73 of the Michigan Compiled Laws, to
3 reimburse the taxpayer for the tax levied under that act. This
4 subsection shall expire December 31, 1983.~~

~~5 (7) A person whose principal business is licensed and regu-
6 lated under Act No. 330 of the Public Acts of 1968, as amended,
7 being sections 338.1051 to 338.1085 of the Michigan Compiled
8 Laws, a person whose principal business is described in section
9 1003(3) of Act No. 299 of the Public Acts of 1980, being section
10 339.1003 of the Michigan Compiled Laws, or a person whose princi-
11 pal business is a building maintenance company may elect to
12 reduce the adjusted tax base by the percentage that compensation
13 divided by the tax base exceeds 35% for the 1977 tax year; 40%
14 for the 1978 tax year; 45% for the 1979 tax year; 50% for the
15 1980 tax year; 55% for the 1981 tax year; and 60% for the 1982
16 tax year. The deduction shall not exceed 65% of the adjusted tax
17 base for the 1977 tax year; 60% for the 1978 tax year; 55% for
18 the 1979 tax year; 50% for the 1980 tax year; 45% for the 1981
19 tax year; and 40% for the 1982 tax year. As used in this subsec-
20 tion, "building maintenance company" means a person whose gross
21 receipts from the cleaning of the interior of a building equals
22 85% or more of total gross receipts and who performs those serv-
23 ices on not less than a monthly basis. This subsection shall
24 expire December 31, 1983.~~

25 SEC. 81. THE REVENUE COLLECTED AS A RESULT OF THE 1989
26 INCREASE FROM 2.35% TO 3.9% IN THE RATE OF THE TAX IMPOSED BY
27 THIS ACT SHALL BE CREDITED TO THE LOCAL GOVERNMENT PROPERTY TAX

1 REIMBURSEMENT FUND ESTABLISHED BY SECTION 3 OF ARTICLE IX OF THE
2 STATE CONSTITUTION OF 1963 AND SHALL BE DISBURSED AS PROVIDED IN
3 THAT SECTION.

4 Section 2. This amendatory act shall take effect January 1,
5 1989.

6 Section 3. This amendatory act shall not take effect unless
7 Senate Joint Resolution _____ or House Joint Resolution ^F _____
8 (request no. 02609'87) becomes a part of the constitution as pro-
9 vided in section 1 of article XII of the state constitution of
10 1963.