



HOUSE BILL No. 5589

May 26 1994 Introduced by Reps Kukuk Hill, Gustafson Llewellyn Vorva Rhead Hammerstrom Stille Jersevic Bullard Goschka Cropsey Galloway Lowe Whyman and Kaza 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 329 of the Public Acts of 1993, being section 208 31 of the Michigan Compiled Laws and to add section 133

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 329 of the Public Acts of 1993, being
3 section 208 31 of the Michigan Compiled Laws, is amended and sec-
4 tion 133 is added to read as follows

5 Sec 31 (1) There is levied and imposed a specific tax of
6 2 35% FOR TAX YEARS BEGINNING BEFORE JANUARY 1, 1995 AND 2 3% FOR
7 TAX YEARS BEGINNING AFTER DECEMBER 1, 1994 upon the adjusted tax
8 base of every person with business activity in this state that is

1 allocated or apportioned to this state ~~Beginning May 1, 1994,~~
2 ~~provided no amendment to the state constitution has been approved~~
3 ~~prior to that date by the electors to allow a sales tax rate in~~
4 ~~excess of 4%, there is levied and imposed an additional tax of~~
5 ~~0 4% upon the adjusted tax base of every person with business~~
6 ~~activity in this state that is allocated or apportioned to this~~
7 ~~state. The gross revenues from the additional tax of 0 4% shall~~
8 ~~be deposited in the state school aid fund created in section 11~~
9 ~~of article IX of the state constitution of 1963. The department~~
10 ~~shall annualize the rates provided under this subsection as nec-~~
11 ~~essary for tax years that end after April 30, 1994 and the appli-~~
12 ~~cable annualized rate shall be imposed for those tax years.~~

13 (2) As used in this section, 'adjusted tax base' means the
14 tax base allocated or apportioned to this state pursuant to chap-
15 ter 3 with the adjustments prescribed by sections 23 and 23b and
16 the exemptions prescribed by section 35. If the adjusted tax
17 base exceeds 50% of the sum of gross receipts plus the adjust-
18 ments provided in section 23b(a), (b), and (c), apportioned or
19 allocated to Michigan with the apportionment fraction calculated
20 pursuant to chapter 3, the adjusted tax base may, at the option
21 of the taxpayer, be reduced by that excess. If a taxpayer
22 reduces the adjusted tax base under this subsection, the taxpayer
23 is not entitled to the adjustment provided in subsection (4) for
24 the same taxable year. This subsection does not apply to an
25 adjusted tax base under section 22a.

26 (3) The tax levied under this section and imposed is upon
27 the privilege of doing business and not upon income.

1 (4) In lieu of the reduction provided in subsection (2), a
2 person may elect to reduce the adjusted tax base by the percen-
3 tage that the compensation divided by the tax base exceeds 63%
4 The deduction shall not exceed 37% of the adjusted tax base For
5 purposes of computing the deduction allowed by this subsection,
6 as effective for the respective tax year, compensation does not
7 include amounts of compensation exempt from tax under section
8 35(1)(e) This subsection does not apply to an adjusted tax base
9 under section 22a

10 SEC 133 (1) FOR A FISCAL YEAR IN WHICH TOTAL STATE REVE-
11 NUES EXCEED THE REVENUE LIMIT AS PROVIDED IN SECTION 26 OF ARTI-
12 CLE IX OF THE STATE CONSTITUTION OF 1963 BY 1% OR MORE THE REVE-
13 NUES IN EXCESS OF THE REVENUE LIMIT SHALL BE REFUNDED ON A PRO
14 RATA BASIS TO EACH TAXPAYER BASED ON THE LIABILITY REPORTED ON
15 RETURNS FILED PURSUANT TO SECTION 311 OF THE INCOME TAX ACT OF
16 1967, ACT NO 281 OF THE PUBLIC ACTS OF 1967, BEING SECTION
17 206 311 OF THE MICHIGAN COMPILED LAWS, AND SECTION 73 OF THIS ACT
18 FOR THE TAXPAYER S TAX YEAR BEGINNING IN THE FISCAL YEAR IN WHICH
19 IT IS DETERMINED THAT THE REVENUE LIMIT HAS BEEN EXCEEDED

20 (2) A REFUND IS NOT REQUIRED IF TOTAL STATE REVENUES EXCEED
21 THE REVENUE LIMIT BY LESS THAN 1%

22 (3) A REFUND REQUIRED PURSUANT TO THIS SECTION SHALL BE
23 REFUNDED DURING THE FISCAL YEAR BEGINNING ON THE OCTOBER 1 FOL-
24 LOWING THE FILING OF THE REPORT REQUIRED BY SECTION 350E OF THE
25 MANAGEMENT AND BUDGET ACT, ACT NO 431 OF THE PUBLIC ACTS OF
26 1984, BEING SECTION 18 1350E OF THE MICHIGAN COMPILED LAWS, THAT

1 DETERMINES THAT THE REVENUE LIMIT WAS EXCEEDED IN THE IMMEDIATELY
2 PRECEDING FISCAL YEAR