



HOUSE BILL No. 4605

March 15, 1995, Introduced by Rep. Perricone and referred to the Committee on Tax Policy.

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. 247 of the Public Acts of 1994, being section 208.31 of the Michigan Compiled Laws.

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. 247 of the Public Acts of 1994, being
3 section 208.31 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 31. (1) There is levied and imposed a specific tax of
6 2.35% before October 1, 1994 and 2.30% after September 30, 1994
7 calculated as provided in section 31a upon the adjusted tax base
8 of every person with business activity in this state that is
9 allocated or 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 with the adjustments prescribed by sections 23 and 23b and
4 the exemptions prescribed by section 35. If the adjusted tax
5 base exceeds 50% of the sum of gross receipts plus the adjust-
6 ments provided in section 23b(a), (b), and (c), apportioned or
7 allocated to Michigan with the apportionment fraction calculated
8 pursuant to chapter 3, the adjusted tax base may, at the option
9 of the taxpayer, be reduced by that excess. If a taxpayer
10 reduces the adjusted tax base under this subsection, the taxpayer
11 is not entitled to the adjustment provided in subsection ~~-(4)-~~
12 (5) for the same taxable year. This subsection does not apply to
13 an adjusted tax base under section 22a.

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

16 (4) THE TAX IMPOSED UNDER THIS ACT EXTENDS TO THE LIMITS OF
17 THE CONSTITUTION OF THE UNITED STATES AND THE FEDERAL LAW ADOPTED
18 UNDER THE CONSTITUTION OF THE UNITED STATES.

19 (5) ~~-(4)-~~ In lieu of the reduction provided in subsection
20 (2), a person may elect to reduce the adjusted tax base by the
21 percentage that the compensation divided by the tax base exceeds
22 63%. The deduction shall not exceed 37% of the adjusted tax
23 base. For purposes of computing the deduction allowed by this
24 subsection, as effective for the respective tax year, compensa-
25 tion does not include amounts of compensation exempt from tax
26 under section 35(1)(e). This subsection does not apply to an
27 adjusted tax base under section 22a.