

# SENATE BILL No. 427

April 26, 2001, Introduced by Senator STEIL and referred to the Committee on Finance.

A bill to amend 1964 PA 284, entitled  
"City income tax act,"  
by amending section 7 of chapter 11 (MCL 141.607).

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

CHAPTER 11

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Sec. 7. (1) "Fiscal year" means an accounting period of 12 months ending on any day other than December 31. Only fiscal years accepted by the internal revenue service for federal income tax purposes may be used for city tax purposes.

(2) "Net profits" means the net gain from the operation of a business, profession, or enterprise, after provision for all costs and expenses incurred in the conduct ~~thereof~~ OF THE BUSINESS, PROFESSION, OR ENTERPRISE, determined on either a cash or accrual method, on the same basis as provided for in the federal internal revenue code for federal income tax purposes, excluding

1 items exempted under this ordinance, but without deduction of  
2 federal and city taxes based on income and without deduction of  
3 net operating loss carry-over or capital loss carry-over sus-  
4 tained prior to the effective date of this tax, except that net  
5 operating losses and capital losses sustained after the effective  
6 date of this tax may be carried over to the same extent and on  
7 the same basis as under the federal internal revenue code but  
8 shall not be carried back to prior years. NET PROFIT DOES NOT  
9 INCLUDE INCOME FROM THE OWNERSHIP OR OPERATION OF A PUBLIC SCHOOL  
10 FACILITY THAT IS OWNED BY AN ENTITY OTHER THAN AN AUTHORITY FOR  
11 WHICH A LEASE AGREEMENT IS IN EFFECT WITH THAT AUTHORITY. AS  
12 USED IN THIS SUBSECTION, THE TERMS "AUTHORITY" AND "PUBLIC SCHOOL  
13 FACILITY" MEAN THOSE TERMS AS DEFINED IN THE PUBLIC SCHOOL FACIL-  
14 ITY AUTHORITY ACT.

15 Enacting section 1. This amendatory act does not take  
16 effect unless Senate Bill No. 21 of the 91st Legislature is  
17 enacted into law.