

HOUSE BILL No. 6272

June 27, 2006, Introduced by Reps. Ward and Stakoe and referred to the Committee on Tax Policy.

A bill to provide for the imposition, levy, computation, collection, assessment, and enforcement, by lien or otherwise, of fees on certain commercial, business, and financial activities; to prescribe the manner and times of making certain reports and paying taxes; to prescribe the powers and duties of certain public officers and state departments; to permit the inspection of records; to provide for interest and penalties on unpaid fees; to provide exemptions, credits, and refunds; to provide penalties; to provide for the disposition of funds; and to provide for the interrelation of this act with other acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1. This act shall be known and may be cited as the
2 "business activities licensing fee act".

3 Sec. 2. As used in this act:

4 (a) "Sale" or "sales" means the amounts received by the person

1 liable for a fee under this act as consideration from any of the
2 following:

3 (i) The transfer of title to, or possession of, property that
4 is stock in trade or other property of a kind that would properly
5 be included in the inventory of the person liable for a fee under
6 this act if on hand at the close of the calendar year or property
7 held by the person liable for a fee under this act primarily for
8 sale to customers in the ordinary course of its trade or business.

9 (ii) The performance of services that constitute business
10 activities other than those included in subparagraph (i), or any
11 combination of business activities described in this subparagraph
12 and subparagraph (i).

13 (iii) The rental, lease, licensing, or use of tangible or
14 intangible property that constitutes business activity.

15 (b) "Sale" or "sales" does not include dividends, interest,
16 and royalties received by the person liable for a fee under this
17 act to the extent deducted from the sales except those royalties
18 paid to a franchisor as consideration for the use outside of this
19 state of trade names, trademarks, and similar intangible property.

20 Sec. 3. Beginning on and after January 1, 2008, and except as
21 provided in this act, there is levied and imposed a business
22 license fee as specified upon every person with the following
23 amount of sales allocated or apportioned to this state:

24 (a) Sales of \$350,001.00 or more but equal to or less than
25 \$500,000.00, a fee of \$1,000.00.

26 (b) Sales of \$500,001.00 or more but equal to or less than
27 \$750,000.00, a fee of \$2,000.00.

1 (c) Sales of \$750,001.00 or more but equal to or less than
2 \$1,000,000.00, a fee of \$2,500.00.

3 (d) Sales of \$1,000,001.00 or more but equal to or less than
4 \$2,500,000.00, a fee of \$5,000.00.

5 (e) Sales of \$2,500,001.00 or more but equal to or less than
6 \$5,000,000.00, a fee of \$7,500.00.

7 (f) Sales of \$5,000,001.00 or more but equal to or less than
8 \$10,000,000.00, a fee of \$15,000.00.

9 (g) Sales of \$10,000,001.00 or more but equal to or less than
10 \$20,000,000.00, a fee of \$30,000.00.

11 (h) Sales of \$20,000,001.00 or more but equal to or less than
12 \$30,000,000.00, a fee of \$50,000.00.

13 (i) Sales of \$30,000,001.00 or more but equal to or less than
14 \$40,000,000.00, a fee of \$75,000.00.

15 (j) Sales of \$40,000,001.00 or more but equal to or less than
16 \$50,000,000.00, a fee of \$100,000.00.

17 (k) Sales of \$50,000,001.00 or more but equal to or less than
18 \$60,000,000.00, a fee of \$150,000.00.

19 (l) Sales of \$60,000,001.00 or more but equal to or less than
20 \$70,000,000.00, a fee of \$200,000.00.

21 (m) Sales of \$70,000,001.00 or more but equal to or less than
22 \$80,000,000.00, a fee of \$250,000.00.

23 (n) Sales of \$80,000,001.00 or more but equal to or less than
24 \$90,000,000.00, a fee of \$300,000.00.

25 (o) Sales of \$90,000,001.00 or more but equal to or less than
26 \$100,000,000.00, a fee of \$500,000.00.

27 (p) Sales of \$100,000,001.00 or more, a fee of \$1,000,000.00.

1 Sec. 4. (1) Sales in this state are total sales of the person
2 liable for a fee under this act in this state during the calendar
3 year.

4 (2) For a foreign person, the sales are total sales of the
5 person liable for a fee under this act in this state during the
6 calendar year.

7 (3) Sales of tangible personal property are in this state if
8 the tangible personal property is shipped or delivered to any
9 purchaser within this state regardless of the free on board point
10 or other conditions of the sales.

11 (4) Sales, other than sales of tangible personal property, are
12 in this state in any of the following circumstances:

13 (a) The business activity related to the sales is performed in
14 this state.

15 (b) The business activity related to the sales is performed
16 both in and outside this state and, based on costs of performance,
17 a greater proportion of the business activity is performed in this
18 state than is performed outside this state.

19 (c) The receipts are derived from services performed for
20 planning, design, or construction activities within this state.

21 Sec. 5. A person with business activity in this state shall
22 file a business license application with the department in the form
23 and content prescribed by the department on or before January 1 for
24 the following year and pay the business license fee as prescribed
25 in section 3 if that person had \$350,001.00 or more in sales in the
26 immediately preceding calendar year.