



# HOUSE BILL No. 4946

September 13, 2011, Introduced by Rep. Gilbert and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
by amending section 611 (MCL 206.611), as added by 2011 PA 38.

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

1           Sec. 611. (1) "Tangible personal property" means that term as  
2 defined in section 2 of the use tax act, 1937 PA 94, MCL 205.92.

3           (2) "Tax" means the tax imposed under this part, including  
4 interest and penalties under this part, unless the term is given a  
5 more limited meaning in the context of this part or a provision of  
6 this part.

7           (3) "Tax-exempt person" means an organization that is exempt  
8 from federal income tax under section 501(a) of the internal  
9 revenue code, except the following:

1 (a) An organization exempt under section 501(c)(12) or (16) of  
2 the internal revenue code.

3 (b) An organization exempt under section 501(c)(4) of the  
4 internal revenue code that would be exempt under section 501(c)(12)  
5 of the internal revenue code but for its failure to meet the  
6 requirement in section 501(c)(12) that 85% or more of its income  
7 must consist of amounts collected from members.

8 (4) "Tax year" means the calendar year, or the fiscal year  
9 ending during the calendar year, upon the basis of which the tax  
10 base of a taxpayer is computed under this part. If a return is made  
11 for a fractional part of a year, tax year means the period for  
12 which the return is made. Except for the first return required by  
13 this part, a taxpayer's tax year is for the same period as is  
14 covered by its federal income tax return. A taxpayer that has a 52-  
15 or 53-week tax year beginning not more than 7 days before the end  
16 of any month is considered to have a tax year beginning on the  
17 first day of the subsequent month. **A PERSON INCLUDED IN A UNITARY**  
18 **BUSINESS GROUP THAT JOINS OR DEPARTS THE UNITARY BUSINESS GROUP**  
19 **OTHER THAN AT THE END OF THAT PERSON'S FEDERAL TAX YEAR SHALL HAVE**  
20 **A TAX YEAR BEGINNING WITH ITS FEDERAL INCOME TAX PERIOD AND ENDING**  
21 **ON THE DATE OF JOINING OR DEPARTING THE UNITARY BUSINESS GROUP, AND**  
22 **ANOTHER TAX YEAR BEGINNING ON THE DATE IMMEDIATELY AFTER JOINING OR**  
23 **DEPARTING THE UNITARY BUSINESS GROUP AND ENDING WITH ITS FEDERAL**  
24 **INCOME TAX PERIOD.** If the term tax year in this part is used in  
25 reference to 1 or more previous or preceding tax years and those  
26 referenced tax years are before January 1, 2012, then those  
27 referenced tax years are deemed those same tax years during which

House Bill No. 4946 as amended September 28, 2011

1 **FORMER 1975 PA 228 OR** the Michigan business tax act, 2007 PA 36,  
2 MCL 208.1101 to 208.1601, applied.

3 (5) "Taxpayer" means a corporation, insurance company,  
4 financial institution, or unitary business group, whichever is  
5 applicable under each chapter, that is liable for a tax, interest,  
6 or penalty under this part. For purposes of chapters 11 and 14,  
7 taxpayer does not include an insurance company or a financial  
8 institution. For purposes of chapter 12, unless specifically  
9 included in the section, taxpayer does not include a corporation or  
10 a financial institution. For purposes of chapter 13, taxpayer does  
11 not include a corporation or an insurance company.

12 (6) "Unitary business group" means a group of United States  
13 persons that are corporations, insurance companies, or financial  
14 institutions, other than a foreign operating entity, 1 of which  
15 owns or controls, directly or indirectly, more than 50% of the  
16 ownership interest with voting rights or ownership interests that  
17 confer comparable rights to voting rights of the other members, and  
18 that has business activities or operations which result in a flow  
19 of value between or among members included in the unitary business  
20 group or has business activities or operations that are integrated  
21 with, are dependent upon, or contribute to each other.

22 (7) "United States person" means that term as defined in  
23 section 7701(a)(30) of the internal revenue code<<.

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26 (8) "Unrelated business activity" means, for a tax-exempt  
27 person, business activity directly connected with an unrelated

1 trade or business as defined in section 513 of the internal revenue  
2 code.

3 Enacting section 1. This amendatory act takes effect January  
4 1, 2012.