



SENATE BILL No. 802

January 10, 1996, Introduced by Senator SCHUETTE and referred to the Committee on Finance.

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; and to repeal acts and parts of acts.

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~~ EXCEPT AS PROVIDED IN SUBSECTION (5),
6 THERE is levied and imposed a specific tax of 2.35% before
7 October 1, 1994 and 2.30% after September 30, 1994 calculated as
8 provided in section 31a upon the adjusted tax base of every

1 person with business activity in this state that is allocated or
2 apportioned to this state.

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

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

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

1 (5) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2004, A TAX
2 IS NOT LEVIED OR IMPOSED UNDER THIS ACT. FOR TAX YEARS THAT
3 BEGIN AFTER DECEMBER 31, 1995 AND BEFORE JANUARY 1, 2005, EACH
4 TAXPAYER'S TAX LIABILITY SHALL BE REDUCED BY THE FOLLOWING PER-
5 CENTAGES FOR THE FOLLOWING TAX YEARS:

6 (A) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 1995 AND
7 BEFORE JANUARY 1, 1997, 10%.

8 (B) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 1996 AND
9 BEFORE JANUARY 1, 1998, 20%.

10 (C) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 1997 AND
11 BEFORE JANUARY 1, 1999, 30%.

12 (D) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 1998 AND
13 BEFORE JANUARY 1, 2000, 40%.

14 (E) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 1999 AND
15 BEFORE JANUARY 1, 2001, 50%.

16 (F) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2000 AND
17 BEFORE JANUARY 1, 2002, 60%.

18 (G) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2001 AND
19 BEFORE JANUARY 1, 2003, 70%.

20 (H) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2002 AND
21 BEFORE JANUARY 1, 2004, 80%.

22 (I) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2003 AND
23 BEFORE JANUARY 1, 2005, 90%.

24 Section 2. Act No. 228 of the Public Acts of 1975, being
25 sections 208.1 to 208.145 of the Michigan Compiled Laws, is
26 repealed effective January 1, 2005.