



# SENATE BILL No. 803

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 is levied and imposed a specific tax of  
6 2.35% before October 1, 1994, ~~and~~ 2.30% after September 30,  
7 1994 ~~calculated as provided in section 31a~~ FOR TAX YEARS THAT  
8 BEGIN BEFORE JANUARY 1, 1997, AND 2.20% FOR TAX YEARS THAT BEGIN

1 AFTER DECEMBER 31, 1996 upon the adjusted tax base of every  
2 person with business activity in this state that is allocated or  
3 apportioned to this state. THE DEPARTMENT SHALL ANNUALIZE THE  
4 RATE AS NECESSARY FOR TAX YEARS THAT END AFTER SEPTEMBER 30, 1994  
5 AND BEGIN BEFORE JANUARY 1, 1997.

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

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

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

1 35(1)(e). This subsection does not apply to an adjusted tax base  
2 under section 22a.

3 Section 2. Section 31a of Act No. 228 of the Public Acts of  
4 1975, being section 208.31a of the Michigan Compiled Laws, is  
5 repealed.