

HOUSE BILL No. 5714

June 2, 1988, Introduced by Reps. Willis Bullard, Munsell and Krause
and referred to the Committee on Taxation.

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. 414 of the Public Acts of 1982, being sec-
tion 208.31 of the Michigan Compiled Laws.

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. 414 of the Public Acts of 1982, being
3 section 208.31 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 31. (1) There is ~~hereby~~ levied and imposed a spe-
6 cific tax of ~~2.35%~~ 1.95% upon the adjusted tax base of every
7 person with business activity in this state which is allocated or
8 apportioned to this state.

1 (2) As used in this section, "adjusted tax base" means the
2 tax base allocated or apportioned to this state pursuant to
3 chapter 3 ~~and~~ WITH the adjustments permitted by section 23 and
4 the exemptions permitted by ~~sections~~ SECTION 35. ~~and 37.~~

5 (3) If the adjusted tax base exceeds 50% of the sum of gross
6 receipts plus the adjustments provided in section 23(b) and (d),
7 apportioned or allocated to Michigan with the apportionment frac-
8 tion calculated pursuant to chapter 3, the adjusted tax base may,
9 at the option of the taxpayer, be reduced by ~~such~~ THAT excess.
10 ~~The taxpayer shall not be entitled to the adjustment provided in~~
11 ~~subsection (5), (6), or (7) for the same taxable year.~~

12 ~~(3) A person whose interest paid and whose depreciation on~~
13 ~~assets acquired before January 1, 1976 together comprise 70% or~~
14 ~~more of the adjusted tax base as defined in subsection (2)~~
15 ~~derived from rental investments, may elect to reduce the adjusted~~
16 ~~tax base by the amount the adjusted tax base is in excess of the~~
17 ~~following percentage of the sum of gross receipts plus the~~
18 ~~adjustments provided in section 23(b) and (d), apportioned or~~
19 ~~allocated to this state: 35% for the 1977 tax year; 38% for the~~
20 ~~1978 tax year; 41% for the 1979 tax year; 44% for the 1980 tax~~
21 ~~year; 47% for the 1981 tax year; and 50% for the 1982 tax year.~~
22 ~~This subsection shall not apply to a person whose tax base is~~
23 ~~calculated pursuant to section 21 and shall expire December 31,~~
24 ~~1982.~~

25 (4) The tax so levied and imposed is upon the privilege of
26 doing business and not upon income.

1 ~~(5) In lieu of the adjustment provided in subsection (2) or~~
2 ~~(3) a person may elect to reduce the adjusted tax base by the~~
3 ~~percentage that the compensation divided by the tax base exceeds~~
4 ~~63%. The deduction shall not exceed 37% of the adjusted tax~~
5 ~~base. For the 1976 tax year and each tax year thereafter, for~~
6 ~~purposes of computing the deduction allowed by this subsection,~~
7 ~~as effective for the respective tax year compensation shall not~~
8 ~~include amounts of compensation exempt from tax under section~~
9 ~~35(1)(e) or (f).~~

10 ~~(6) A person whose business includes the sale at retail of~~
11 ~~food for human consumption as defined in section 4g of Act No.~~
12 ~~167 of the Public Acts of 1933, as amended, being section 205.54g~~
13 ~~of the Michigan Compiled Laws, and whose gross receipts from the~~
14 ~~sale at retail of food for human consumption as defined in sec-~~
15 ~~tion 4g of Act No. 167 of the Public Acts of 1933, as amended,~~
16 ~~equals 75% or more of the gross receipts may elect to reduce the~~
17 ~~adjusted tax base by the percentage that compensation divided by~~
18 ~~the tax base exceeds 35% for the 1977 and 1978 tax years; 40% for~~
19 ~~the 1979 tax year; 45% for the 1980 tax year; 50% for the 1981~~
20 ~~tax year; 55% for the 1982 tax year; and 60% for the 1983 tax~~
21 ~~year. The deduction shall not exceed 65% of the adjusted tax~~
22 ~~base for the 1977 and 1978 tax years; 60% for the 1979 tax year;~~
23 ~~55% for the 1980 tax year; 50% for the 1981 tax year; 45% for the~~
24 ~~1982 tax year; and 40% for the 1983 tax year. For tax years~~
25 ~~beginning after December 31, 1975, "gross receipts", as used in~~
26 ~~this subsection, does not include collections made by the~~
27 ~~taxpayer under section 23 of the general sales tax act, Act No.~~

1 ~~167 of the Public Acts of 1933, as amended, being section 205.73~~
2 ~~of the Michigan Compiled Laws, to reimburse the taxpayer for the~~
3 ~~tax levied under that act. This subsection shall expire December~~
4 ~~31, 1983.~~

5 ~~(7) A person whose principal business is licensed and regu-~~
6 ~~lated under Act No. 330 of the Public Acts of 1968, as amended,~~
7 ~~being sections 338.1051 to 338.1085 of the Michigan Compiled~~
8 ~~Laws, a person whose principal business is described in section~~
9 ~~1003(3) of Act No. 299 of the Public Acts of 1980, being section~~
10 ~~339.1003 of the Michigan Compiled Laws, or a person whose princi-~~
11 ~~pal business is a building maintenance company may elect to~~
12 ~~reduce the adjusted tax base by the percentage that compensation~~
13 ~~divided by the tax base exceeds 35% for the 1977 tax year, 40%~~
14 ~~for the 1978 tax year, 45% for the 1979 tax year, 50% for the~~
15 ~~1980 tax year, 55% for the 1981 tax year, and 60% for the 1982~~
16 ~~tax year. The deduction shall not exceed 65% of the adjusted tax~~
17 ~~base for the 1977 tax year, 60% for the 1978 tax year, 55% for~~
18 ~~the 1979 tax year, 50% for the 1980 tax year, 45% for the 1981~~
19 ~~tax year, and 40% for the 1982 tax year. As used in this subsec-~~
20 ~~tion, "building maintenance company" means a person whose gross~~
21 ~~receipts from the cleaning of the interior of a building equals~~
22 ~~85% or more of total gross receipts and who performs those serv-~~
23 ~~ices on not less than a monthly basis. This subsection shall~~
24 ~~expire December 31, 1983.~~