

Act No. 245
Public Acts of 1994
Approved by the Governor
July 1, 1994
Filed with the Secretary of State
July 5, 1994

**STATE OF MICHIGAN
87TH LEGISLATURE
REGULAR SESSION OF 1994**

Introduced by Senators Steil Emmons Cisky, Gougeon Schwarz Welborn Arthurhultz Hoffman Carl Geake, Wartner, Dingell Koivisto McManus Posthumus Dingell, Gast, Berryman, Hart Bouchard and DeGrow

ENROLLED SENATE BILL No. 1145

AN ACT to amend section 31 of Act No 228 of the Public Acts of 1975 entitled An act to provide for the imposition levy computation collection assessment and enforcement by lien or otherwise of taxes 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 public officers and state departments to permit the inspection of records of taxpayers to provide for interest and penalties on unpaid taxes to provide exemptions credits and refunds to provide penalties to provide for the disposition of funds to provide for the interrelation of this act with other acts and to provide an appropriation as amended by Act No 329 of the Public Acts of 1993 being section 208 3 of the Michigan Compiled Laws

The People of the State of Michigan enact

Section 1 Section 31 of Act No 228 of the Public Acts of 1975 as amended by Act No 329 of the Public Acts of 1993 being section 208 31 of the Michigan Compiled Laws is amended to read as follows

Sec 31 (1) There is levied and imposed a specific tax of 2 35% before October 1 1994 and 2 30% after September 30 1994 calculated as provided in section 31a upon the adjusted tax base of every person with business activity in this state that is allocated or apportioned to this state

(2) As used in this section adjusted tax base means the tax base allocated or apportioned to this state pursuant to chapter 3 with the adjustments prescribed by sections 23 and 23b and the exemptions prescribed by section 35 If the adjusted tax base exceeds 50% of the sum of gross receipts plus the adjustments provided in section 23b(a) (b) and (c) apportioned or allocated to Michigan with the apportionment fraction calculated pursuant to chapter 3 the adjusted tax base may at the option of the taxpayer be reduced by that excess If a taxpayer reduces the adjusted tax base under this subsection the taxpayer is not entitled to the adjustment provided in subsection (4) for the same taxable year This subsection does not apply to an adjusted tax base under section 22a

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

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

Section 2 This amendatory act shall not take effect unless all of the following bills of the 87th Legislature are enacted into law

- (a) Senate Bill No 145
- (b) House Bill No 4801
- (c) House Bill No 4958
- (d) House Bill No 5090
- (e) House Bill No 5278
- (f) House Bill No 5614

This act is ordered to take immediate effect

Secretary of the Senate

Co Clerk of the House of Representatives

Approved

Governor