

**SENATE BILL NO. 123**

January 27, 1999, Introduced by Senators STEIL, ROGERS, NORTH, MC COTTER, BULLARD, SHUGARS, JAYE, SIKKEMA, GOUGEON, GOSCHKA, MC MANUS, SCHUETTE, BENNETT and HAMMERSTROM and referred to the Committee on Finance.

A bill to amend 1975 PA 228, entitled "Single business tax act," by amending section 4 (MCL 208.4), as amended by 1995 PA 285.

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

1       Sec. 4. (1) "Casual transaction" means a transaction made  
2 or engaged in other than in the ordinary course of repeated and  
3 successive transactions of a like character, except that a trans-  
4 action made or engaged in by a person that is incidental to that  
5 person's regular business activity is a business activity within  
6 the meaning of this act.

7       (2) "Commissioner" means the state commissioner of revenue.

8       (3) Except as otherwise provided in this section,  
9 "compensation" means all wages, salaries, fees, bonuses,  
10 commissions, or other payments made in the taxable year on behalf  
11 of or for the benefit of employees, officers, or directors of the



1 taxpayers and subject to or specifically exempt from withholding  
2 under chapter 24, sections 3401 to 3406 of the internal revenue  
3 code. Compensation includes, on a cash or accrual basis consis-  
4 tent with the taxpayer's method of accounting for federal income  
5 tax purposes, payments to state and federal unemployment compen-  
6 sation funds, payments under the federal insurance contribution  
7 act and similar social insurance programs, payments, including  
8 self-insurance, for worker's compensation insurance, payments to  
9 individuals not currently working, payments to dependents and  
10 heirs of individuals because of current or former labor services  
11 rendered by those individuals, payments to a pension, retirement,  
12 or profit sharing plan, and payments for insurance for which  
13 employees are the beneficiaries, including payments under health  
14 and welfare and noninsured benefit plans and payments of fees for  
15 the administration of health and welfare and noninsured benefit  
16 plans. Compensation does not include any of the following:

17 (a) Discounts on the price of the taxpayer's merchandise or  
18 services sold to the taxpayer's employees, officers, or directors  
19 that are not available to other customers.

20 (b) Payments to an independent contractor.

21 (c) For tax years beginning after December 31, 1994, pay-  
22 ments to state and federal unemployment compensation funds.

23 (d) For tax years beginning after December 31, 1994, the  
24 employer's portion of payments under the federal insurance  
25 ~~contribution~~ CONTRIBUTIONS act, CHAPTER 21 OF SUBTITLE C OF  
26 CHAPTER 1 OF THE INTERNAL REVENUE CODE, 26 U.S.C. 3101 TO 3128,  
27 the railroad retirement tax act, chapter 22 of ~~title 26 of the~~

1 ~~United States Code~~ THE INTERNAL REVENUE CODE, 26 U.S.C. 3201 to  
2 3233, and similar social insurance programs.

3 (e) For tax years beginning after December 31, 1994, pay-  
4 ments, including self-insurance payments, for worker's compensa-  
5 tion insurance or federal employers liability act insurance pur-  
6 suant to chapter 149, 35 Stat. 65, 45 U.S.C. 51 to 60.

7 (F) FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 1998, PAY-  
8 MENTS UNDER HEALTH AND WELFARE AND NONINSURED BENEFIT PLANS AND  
9 PAYMENTS OF FEES FOR THE ADMINISTRATION OF HEALTH AND WELFARE AND  
10 NONINSURED BENEFIT PLANS.

11 (4) "Department" means the revenue division of the depart-  
12 ment of treasury.