

**REVISE DEFINITION OF
'BUSINESS INCOME'**

House Bill 4557
Sponsor: Rep. Barbara Farrah
Committee: Tax Policy

Complete to 4-17-03

A SUMMARY OF HOUSE BILL 4557 AS INTRODUCED 4-10-03

Under the Income Tax Act, "business income" is defined to mean income arising from transactions, activities, and sources in the regular course of business of the taxpayer's trade or business, including income from tangible and intangible property if the acquisition, rental, management, and disposition of the property are considered to be integral to the taxpayer's regular trade or business operation.

The bill would amend the act to specify that "business income" also includes, but is not limited to, the following:

- Gains or losses from stock and securities of any foreign or domestic corporation and dividend and interest income;
- Income derived from isolated sales, leases, assignment licenses, divisions, or other infrequently occurring disposition, transfers or transactions involving property if that property is or was used in the taxpayer's trade or business operation; and
- Income derived from the sale, liquidation or winding up of a business.

The bill contains an enacting section that says: "this amendatory act is considered curative and intended to clarify the original intent of the legislature with respect to, and prevent any misinterpretation of, the term 'regular' as used in the definition of business income".

MCL 206.4

Analyst: M. Wolf

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.