

HOUSE BILL No. 4557

(As amended May 1, 2003)

April 10, 2003, Introduced by Rep. Farrah and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 4 (MCL 206.4).

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4. (1) "Board" means the state board of tax appeals.

2 (2) "Business income" means **all** income arising from
3 transactions, activities, and sources in the regular course of
4 the taxpayer's trade or business and includes, **[and is limited to the**
5 **following:]**

6 **(a)** All income from tangible and intangible property if the
7 acquisition, rental, management, ~~and~~ or disposition of the
8 property constitutes integral parts of the taxpayer's regular
9 trade or business operations.

10 **(b)** Gains or losses from stock and securities of any foreign
11 or domestic corporation and dividend and interest income.

House Bill 4557 as amended May 1, 2003

1 (c) Income derived from isolated sales, leases, assignment,
2 licenses, divisions, or other infrequently occurring
3 dispositions, transfers, or transactions involving property if
4 the property is or was used in the taxpayer's trade or business
5 operation.

6 (d) Income derived from the sale, liquidation, or winding up
7 of a business.

[(3) Not later than 2 years after the effective date of the
amendatory act that added subsection (2)(b), the department shall report
the impact of the amendatory act that added subsection (2)(b) on the tax
liability under this act of resident and nonresident taxpayers to the
house tax policy committee and the senate finance committee.]

8 Enacting section 1. This amendatory act is curative and
9 intended to clarify the original intent of the legislature with
10 respect to, and prevent any misinterpretation of, the term
11 regular as used in the definition of business income.