

HOUSE BILL No. 4953

September 13, 2011, Introduced by Rep. Foster and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 603 (MCL 206.603), as added by 2011 PA 38.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 603. (1) "Business activity" means a transfer of legal or
2 equitable title to or rental of property, whether real, personal,
3 or mixed, tangible or intangible, or the performance of services,
4 or a combination thereof, made or engaged in, or caused to be made
5 or engaged in, whether in intrastate, interstate, or foreign
6 commerce, with the object of gain, benefit, or advantage, whether
7 direct or indirect, to the taxpayer or to others, but does not
8 include the services rendered by an employee to his or her employer
9 or services as a director of a corporation. Although an activity of
10 a taxpayer may be incidental to another or to others of his or her
11 business activities, each activity shall be considered to be

1 business engaged in within the meaning of this part.

2 (2) "Business income" means federal taxable income. ~~For a~~
3 ~~taxpayer that is a mutual or cooperative electric company exempt~~
4 ~~under section 501(c)(12) of the internal revenue code, business~~
5 ~~income equals the organization's excess or deficiency of revenues~~
6 ~~over expenses as reported to the federal government by those~~
7 ~~organizations exempt from the federal income tax under the internal~~
8 ~~revenue code, less capital credits paid to members of that~~
9 ~~organization, less income attributed to equity in another~~
10 ~~organization's net income, and less income resulting from a charge~~
11 ~~approved by a state or federal regulatory agency that is restricted~~
12 ~~for a specified purpose and refundable if it is not used for the~~
13 ~~specified purpose. For a tax-exempt taxpayer, business income means~~
14 only that part of federal taxable income derived from unrelated
15 business activity.

16 Enacting section 1. This amendatory act takes effect January
17 1, 2012.