206.114 Patent and copyright royalties; allocation.  

Sec. 114. (1) Patent and copyright royalties are allocable to this state:
(a) If and to the extent that the patent or copyright is utilized by the payer in this state; or
(b) If and to the extent that the patent or copyright is utilized by the payer in a state in which the taxpayer is not taxable and the taxpayer is a resident partnership, estate or trust or individual of this state or has a commercial domicile in this state.

(2) A patent is utilized in a state to the extent that it is employed in production, fabrication, manufacturing or other processing in the state or to the extent that a patented product is produced in the state. If the basis of receipts from patent royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the patent is utilized in this state if the taxpayer is a resident partnership, estate or trust or individual or has a commercial domicile in this state.

(3) A copyright is utilized in a state to the extent that printing or other publication originates in the state. If the basis of receipts from copyright royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the copyright is utilized in this state if the taxpayer is a resident partnership, estate or trust or individual or has a commercial domicile in this state.