

Act No. 6
Public Acts of 1995
Approved by the Governor
March 8, 1995
Filed with the Secretary of State
March 8, 1995

STATE OF MICHIGAN
88TH LEGISLATURE
REGULAR SESSION OF 1995

Introduced by Senators Steil, DeGrow, Hoffman, Gast, Geake, Bennett, Gougeon, Cisky, Stille, Rogers, North, Bouchard, Honigman, Schuette, Dunaskiss, Shugars, Emmons, Posthumus, Carl, McManus, Byrum, Koivisto, Berryman and Peters

ENROLLED SENATE BILL No. 235

AN ACT to amend section 4 of Act No. 228 of the Public Acts of 1975, entitled "An act to provide for the imposition, levy, computation, collection, assessment and enforcement, by lien or otherwise, of taxes on certain commercial, business, and financial activities; to prescribe the manner and times of making certain reports and paying taxes; to prescribe the powers and duties of public officers and state departments; to permit the inspection of records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits, and refunds; to provide penalties; to provide for the disposition of funds; to provide for the interrelation of this act with other acts; and to provide an appropriation," as amended by Act No. 484 of the Public Acts of 1982, being section 208.4 of the Michigan Compiled Laws; and to add sections 4a and 4c.

The People of the State of Michigan enact:

Section 1. Sections 4 and 136 of Act No. 228 of the Public Acts of 1975, section 4 as amended by Act No. 484 of the Public Acts of 1982 and section 136 as amended by Act No. 300 of the Public Acts of 1994, being sections 208.4 and 208.136 of the Michigan Compiled Laws, are amended and sections 4a and 4c are added to read as follows:

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

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

(3) Except as otherwise provided in sections 4a, 4b, and 4c, "compensation" means all wages, salaries, fees, bonuses, commissions, or other payments made in the taxable year on behalf of or for the benefit of employees, officers, or directors of the taxpayers and subject to or specifically exempt from withholding under chapter 24, sections 3401 to 3406 of the internal revenue code. Compensation includes, on a cash or accrual basis consistent with the taxpayer's method of accounting for federal income tax purposes, payments to state and federal unemployment compensation funds, payments under the federal insurance contribution act and similar social insurance programs, payments, including self-insurance, for worker's compensation insurance, payments to individuals not currently working, payments to dependents and heirs of individuals because of current or former labor services rendered by those individuals, payments to a pension, retirement, or profit sharing plan, and payments for insurance for which employees are the beneficiaries, including payments under health and welfare and noninsured benefit plans and payments of fees for the administration of health and welfare and noninsured benefit plans. Compensation does not include discounts on the price of the

taxpayer's merchandise or services sold to the taxpayer's employees, officers, or directors that are not available to other customers or payments to an independent contractor.

(4) "Department" means the revenue division of the department of treasury.

Sec. 4a. For tax year beginning after December 31, 1994, compensation does not include payments to state and federal unemployment compensation funds.

Sec. 4c. For tax years beginning after December 31, 1994, compensation does not include payments, including self-insurance payments, for worker's compensation insurance or federal employers liability act insurance pursuant to chapter 149, 35 Stat. 65, 45 U.S.C. 51 to 60.

Section 2. This amendatory act shall not take effect unless all of the following bills of the 88th Legislature are enacted into law:

(a) House Bill No. 4233.

(b) Senate Bill No. 233.

This act is ordered to take immediate effect.

Secretary of the Senate.

Clerk of the House of Representatives.

Approved -----

Governor.