



# SENATE BILL No. 235

February 2, 1995, Introduced by Senators STEIL, DE GROW, HOFFMAN, GAST, GEAKE, BENNETT, GOUGEON, CISKY, STILLE, ROGERS, NORTH, BOUCHARD, HONIGMAN, SCHUETTE, DUNASKISS and SHUGARS and referred to the Committee on Finance.

A bill to amend section 4 of Act No. 228 of the Public Acts of 1975, entitled "Single business tax act," as amended by Act No. 484 of the Public Acts of 1982, being section 208.4 of the Michigan Compiled Laws; and to add section 4b.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1 Section 1. Section 4 of Act No. 228 of the Public Acts of  
2 1975, as amended by Act No. 484 of the Public Acts of 1982, being  
3 section 208.4 of the Michigan Compiled Laws, is amended and sec-  
4 tion 4b is added to read as follows:

5 Sec. 4. (1) "Casual transaction" means a transaction made  
6 or engaged in other than in the ordinary course of repeated and  
7 successive transactions of a like character, except that a  
8 transaction made or engaged in by a person ~~which~~ THAT is

1 incidental to that person's regular business activity ~~shall be~~  
2 ~~considered to be~~ IS a business activity within the meaning of  
3 this act.

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

5 (3) ~~"Compensation"~~ EXCEPT AS OTHERWISE PROVIDED IN  
6 SECTIONS 4A, 4B, AND 4C, "COMPENSATION" means all wages, sala-  
7 ries, fees, bonuses, commissions, or other payments made in the  
8 taxable year on behalf of or for the benefit of employees, offi-  
9 cers, or directors of the taxpayers and subject to or specifi-  
10 cally exempt from withholding under ~~section~~ CHAPTER 24,  
11 SECTIONS 3401 TO 3406 of the internal revenue code. Compensation  
12 includes, on a cash or accrual basis consistent with the  
13 taxpayer's method of accounting for federal income tax purposes,  
14 payments to state and federal unemployment compensation funds,  
15 payments under the federal insurance contribution act and similar  
16 social insurance programs, payments, including self-insurance,  
17 for ~~workmen's~~ WORKER'S compensation insurance, payments to  
18 individuals not currently working, payments to dependents and  
19 heirs of individuals because of current or former labor services  
20 rendered by those individuals, payments to a pension, retirement,  
21 or profit sharing plan, and payments for insurance for which  
22 employees are the beneficiaries, including payments under health  
23 and welfare and noninsured benefit plans and payments of fees for  
24 the administration of health and welfare and noninsured benefit  
25 plans. Compensation does not include discounts on the price of  
26 the taxpayer's merchandise or services sold to the taxpayer's

1 employees, officers, or directors ~~which~~ THAT are not available  
2 to other customers or payments to an independent contractor.

3 (4) "Department" means the revenue division of the depart-  
4 ment of treasury.

5 SEC. 4B. FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 1994,  
6 COMPENSATION DOES NOT INCLUDE PAYMENTS UNDER THE FEDERAL INSUR-  
7 ANCE CONTRIBUTION ACT AND SIMILAR SOCIAL INSURANCE PROGRAMS.

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

11 (a) Senate Bill No. 233.

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13 (b) Senate Bill No. 232.

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