

HOUSE BILL No. 4843

May 30, 2001, Introduced by Reps. Cassis, Tabor, Drolet, Patterson, Neumann, Voorhees, Vander Veen, Richner, Birkholz, Hansen, Bisbee, Ruth Johnson, Stewart and Van Woerkom and referred to the Committee on Tax Policy.

A bill to amend 1975 PA 228, entitled
"Single business tax act,"
by amending section 4 (MCL 208.4), as amended by 1999 PA 115.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

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

8 (3) Except as otherwise provided in this section,
9 "compensation" means all wages, salaries, fees, bonuses,
10 commissions, or other payments made in the taxable year on behalf
11 of or for the benefit of employees, officers, or directors of the

1 taxpayers. Compensation includes, but is not limited to,
2 payments that are subject to or specifically exempt or excepted
3 from withholding under sections 3401 to 3406 of the internal rev-
4 enue code. Compensation also includes, on a cash or accrual
5 basis consistent with the taxpayer's method of accounting for
6 federal income tax purposes, payments to state and federal unem-
7 ployment compensation funds, payments under the federal insurance
8 contribution act and similar social insurance programs, payments,
9 including self-insurance, for worker's compensation insurance,
10 payments to individuals not currently working, payments to depen-
11 dents and heirs of individuals because of current or former labor
12 services rendered by those individuals, payments to a pension,
13 retirement, or profit sharing plan, and payments for insurance
14 for which employees are the beneficiaries, including payments
15 under health and welfare and noninsured benefit plans and pay-
16 ments of fees for the administration of health and welfare and
17 noninsured benefit plans. Compensation does not include any of
18 the following:

19 (a) Discounts on the price of the taxpayer's merchandise or
20 services sold to the taxpayer's employees, officers, or directors
21 that are not available to other customers.

22 (b) Payments to an independent contractor.

23 (c) For tax years beginning after December 31, 1994, pay-
24 ments to state and federal unemployment compensation funds.

25 (d) For tax years beginning after December 31, 1994, the
26 employer's portion of payments under the federal insurance
27 contributions act, chapter 21 of subtitle C of the internal

1 revenue code, 26 U.S.C. 3101 to 3128, the railroad retirement tax
2 act, chapter 22 of subtitle C of the internal revenue code, 26
3 U.S.C. 3201 to 3233, and similar social insurance programs.

4 (e) For tax years beginning after December 31, 1994, pay-
5 ments, including self-insurance payments, for worker's compensa-
6 tion insurance or federal employers' liability act insurance pur-
7 suant to chapter 149, 35 Stat. 65, 45 U.S.C. 51 to 60.

8 (F) FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 2000, THE
9 FOLLOWING PAYMENTS UNDER HEALTH AND WELFARE AND NONINSURED BENE-
10 FIT PLANS AND PAYMENTS OF FEES FOR THE ADMINISTRATION OF HEALTH
11 AND WELFARE AND NONINSURED BENEFIT PLANS FOR THE SPECIFIED
12 YEARS:

13 (i) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2000 AND
14 BEFORE JANUARY 1, 2002, 50%.

15 (ii) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2001, 100%.

16 (4) "Department" means the revenue bureau of the department
17 of treasury.