

HOUSE BILL No. 4556

April 10, 2003, Introduced by Rep. Bieda and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled "Income tax act of 1967," by amending section 110 (MCL 206.110), as amended by 1996 PA 484.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 110. (1) For a resident individual, estate, or trust,
2 all taxable income from any source whatsoever, except that
3 attributable to another state under sections 111 to 115 and
4 subject to section 255, is allocated to this state.

5 (2) For a nonresident individual, estate, or trust, all
6 taxable income is allocated to this state to the extent it is
7 earned, received, or acquired in 1 or more of the following
8 ways:

9 (a) For the rendition of personal services performed in this
10 state.

1 (b) As a distributive share of the net profits of a business,
2 profession, enterprise, undertaking, or other activity as the
3 result of work done, services rendered, or other business
4 activities conducted in this state, except as allocated to
5 another state pursuant to sections 111 to 114 and subject to
6 section 256.

7 (c) For tax years beginning after 1996, as a prize won by the
8 taxpayer under the McCauley-Traxler-Law-Bowman-McNeely lottery
9 act, ~~Act No. 239 of the Public Acts of 1972, being~~
10 ~~sections 432.1 to 432.47 of the Michigan Compiled Laws 1972 PA~~
11 ~~239, MCL 432.1 to 432.47.~~

12 (d) As winnings that are proceeds of a wagering transaction
13 paid on or after October 1, 2003 by a casino or as a payoff price
14 on a winning ticket that is the result of pari-mutuel wagering at
15 a licensed race meeting if the casino or licensed race meeting is
16 located in this state. As used in this section:

17 (i) "Casino" means a casino regulated by this state under the
18 Michigan gaming control and revenue act, the Initiated Law of
19 1996, MCL 432.201 to 432.226, or a building on Native American
20 land or land held in trust by the United States for a federally
21 recognized Indian tribe on which gaming is conducted under the
22 Indian gaming regulatory act, Public Law 100-497, 102
23 Stat. 2467.

24 (ii) "Pari-mutuel wagering" and "licensed race meeting" mean
25 those terms as used in the horse racing law of 1995, 1995 PA 279,
26 MCL 431.301 to 431.336.

27 (3) The respective shares of a nonresident estate or trust

1 and its beneficiaries, including, solely for purposes of
2 allocation, resident and nonresident beneficiaries, in the income
3 attributable to ~~Michigan~~ **this state** shall be in proportion to
4 the respective shares of distributable net income of the
5 beneficiaries under the internal revenue code. If the estate or
6 trust has no distributable net income for the tax year, the share
7 of each beneficiary in the income attributable to ~~Michigan~~ **this**
8 **state** shall be in proportion to his or her share of the estate or
9 trust income for that year, under local law or the terms of the
10 instrument, that is required to be distributed currently and
11 other amounts of the income distributed in the year. Any balance
12 of the income attributable to ~~Michigan~~ **this state** shall be
13 allocated to the estate or trust.

14 (4) A nonresident estate or trust is allowed the credit
15 provided in section 256, except that the limitation shall be
16 computed by reference to the taxable income of the estate or
17 trust.

18 (5) Rents and royalties from real or tangible personal
19 property, capital gains, interest, dividends, or patent or
20 copyright royalties, to the extent that they constitute a
21 nonbusiness income, shall be allocated as provided in sections
22 111 to 114.