

# HOUSE BILL No. 4953

September 13, 2011, Introduced by Rep. Foster and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
by amending section 603 (MCL 206.603), as added by 2011 PA 38.

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

1           Sec. 603. (1) "Business activity" means a transfer of legal or  
2 equitable title to or rental of property, whether real, personal,  
3 or mixed, tangible or intangible, or the performance of services,  
4 or a combination thereof, made or engaged in, or caused to be made  
5 or engaged in, whether in intrastate, interstate, or foreign  
6 commerce, with the object of gain, benefit, or advantage, whether  
7 direct or indirect, to the taxpayer or to others, but does not  
8 include the services rendered by an employee to his or her employer  
9 or services as a director of a corporation. Although an activity of  
10 a taxpayer may be incidental to another or to others of his or her  
11 business activities, each activity shall be considered to be

1 business engaged in within the meaning of this part.

2 (2) "Business income" means federal taxable income. ~~For a~~  
3 ~~taxpayer that is a mutual or cooperative electric company exempt~~  
4 ~~under section 501(c)(12) of the internal revenue code, business~~  
5 ~~income equals the organization's excess or deficiency of revenues~~  
6 ~~over expenses as reported to the federal government by those~~  
7 ~~organizations exempt from the federal income tax under the internal~~  
8 ~~revenue code, less capital credits paid to members of that~~  
9 ~~organization, less income attributed to equity in another~~  
10 ~~organization's net income, and less income resulting from a charge~~  
11 ~~approved by a state or federal regulatory agency that is restricted~~  
12 ~~for a specified purpose and refundable if it is not used for the~~  
13 ~~specified purpose. For a tax-exempt taxpayer, business income means~~  
14 only that part of federal taxable income derived from unrelated  
15 business activity.

16 Enacting section 1. This amendatory act takes effect January  
17 1, 2012.