

# SENATE BILL No. 408

April 24, 2003, Introduced by Senator EMERSON and referred to the Committee on Finance.

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.