

SUBSTITUTE FOR
HOUSE BILL NO. 4565

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 12 (MCL 206.12), as amended by 1996 PA 484.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 12. (1) "Flow-through entity" means an S corporation,
2 partnership, limited partnership, limited liability partnership,
3 or limited liability company. Flow-through entity does not
4 include a publicly traded partnership as that term is defined in
5 section 7704 of the internal revenue code that has equity
6 securities registered with the securities and exchange commission
7 under section 12 of title I of the securities exchange act of
8 1934, chapter 404, 48 Stat. 881, 15 U.S.C. 78/.

9 (2) ~~-(1)-~~ "Gross income" means gross income as defined in the
10 internal revenue code.

11 (3) ~~-(2)-~~ "Internal revenue code" means the United States

House Bill No. 4565 as amended June 4, 2003

1 internal revenue code of 1986 in effect on January 1, 1996 or at
2 the option of the taxpayer, in effect for the tax year.

3 (4) "Member of a flow-through entity" means a shareholder of
4 an S corporation; a partner in a partnership or limited
5 partnership; or a member of a limited liability company.

6 (5) "Nonresident member" means any of the following that is a
7 member of a flow-through entity:

8 (a) An individual who is not domiciled in this state.

9 (b) A nonresident estate or trust.

10 (c) A flow-through entity with a <<nonresident member.

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12 Enacting section 1. This amendatory act takes effect
13 October 1, 2003.

14 <<Enacting section 2. This amendatory act does not take effect
15 unless House Bill No. 4561 of the 92nd Legislature is enacted into law.

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