

Act No. 45
Public Acts of 2003
Approved by the Governor
July 11, 2003
Filed with the Secretary of State
July 14, 2003
EFFECTIVE DATE: October 1, 2003

**STATE OF MICHIGAN
92ND LEGISLATURE
REGULAR SESSION OF 2003**

Introduced by Rep. Farrah

ENROLLED HOUSE BILL No. 4565

AN ACT to amend 1967 PA 281, entitled "An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, and enforcement by lien and otherwise of taxes on or measured by net income; to prescribe the manner and time of making reports and paying the taxes, and the functions of public officers and others as to the taxes; to permit the inspection of the records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits and refunds of the taxes; to prescribe penalties for the violation of this act; to provide an appropriation; and to repeal certain acts and parts of acts," by amending section 12 (MCL 206.12), as amended by 1996 PA 484.

The People of the State of Michigan enact:

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

(2) "Gross income" means gross income as defined in the internal revenue code.

(3) "Internal revenue code" means the United States internal revenue code of 1986 in effect on January 1, 1996 or at the option of the taxpayer, in effect for the tax year.

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

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

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

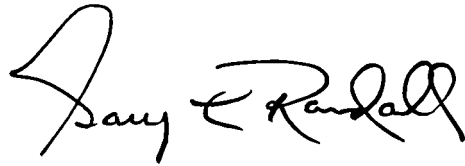
(b) A nonresident estate or trust.

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

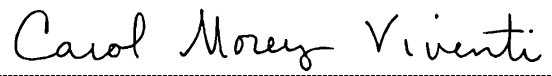
Enacting section 1. This amendatory act takes effect October 1, 2003.

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

This act is ordered to take immediate effect.



Clerk of the House of Representatives



Secretary of the Senate

Approved _____

Governor