

# SENATE BILL No. 674

September 15, 2011, Introduced by Senator ROBERTSON and referred to the Committee on Finance.

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
by amending section 661 (MCL 206.661), as added by 2011 PA 38.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 661. (1) Except as otherwise provided in this part, the  
2 tax base established under this part shall be apportioned in  
3 accordance with this chapter.

4       (2) The tax base of a taxpayer whose business activities are  
5 confined solely to this state shall be allocated to this state. The  
6 tax base of a taxpayer whose business activities are subject to tax  
7 both within and outside of this state shall be apportioned to this  
8 state by multiplying the tax base by the sales factor calculated  
9 under section 663. For a taxpayer that has a direct, or indirect  
10 through 1 or more other flow-through entities, ownership interest  
11 or beneficial interest in a flow-through entity, ~~that has business~~

1 ~~activity in this state,~~ the taxpayer's business income that is  
2 directly attributable to the business activity of the flow-through  
3 entity shall be apportioned to this state using an apportionment  
4 factor determined under section 663 based on the business activity  
5 of the flow-through entity.

6 (3) A taxpayer is subject to tax in another state in either of  
7 the following circumstances:

8 (a) The taxpayer is subject to a business privilege tax, a net  
9 income tax, a franchise tax measured by net income, a franchise tax  
10 for the privilege of doing business, or a corporate stock tax.

11 (b) That state has jurisdiction to subject the taxpayer to 1  
12 or more of the taxes listed in subdivision (a) regardless of  
13 whether that state does or does not subject the taxpayer to that  
14 tax.

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