SENATE BILL No. 807

November 9, 2011, Introduced by Senator HILDENBRAND 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 amended by 2011 PA 191.

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

1 or beneficial interest in a flow-through entity, the taxpayer's

2 business income that is directly attributable to the business

3 activity of the flow-through entity shall be apportioned to this

4 state using an apportionment factor determined under section 663

5 based on the business activity of the flow-through entity **UNLESS**

6 **THE FLOW-THROUGH ENTITY IS UNITARY WITH THE TAXPAYER FOR**

7 **APPORTIONMENT PURPOSES AS PROVIDED UNDER SECTION 663**.

8 (3) A taxpayer is subject to tax in another state in either of

9 the following circumstances:

10 (a) The taxpayer is subject to a business privilege tax, a net

11 income tax, a franchise tax measured by net income, a franchise tax

12 for the privilege of doing business, or a corporate stock tax.

13 (b) That state has jurisdiction to subject the taxpayer to 1

14 or more of the taxes listed in subdivision (a) regardless of

15 whether that state does or does not subject the taxpayer to that

16 tax.

17 Enacting section 1. This amendatory act takes effect January

18 1, 2012.