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BILL



ANALYSIS

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Senate Bill 367 (as reported without amendment)  
Sponsor: Senator Jack Brandenburg  
Committee: Finance

### **CONTENT**

The bill would amend Part 2 (Corporate Income Tax) of the Income Tax Act to allow a taxpayer that was part of an affiliated group to elect to have all of the members of that group treated as a unitary business group, without the consent of the Department of Treasury. The taxpayer would have to compute its tax under Part 2 in accordance with all other provisions of the part that apply to a unitary business group.

Any member included in the affiliated group would be considered to have waived any objection to its inclusion in that group and treatment as a unitary business group.

The election would be binding for and applicable to the tax year for which it was made and for the next nine tax years. When the election expired after having been in effect for 10 tax years, it could be renewed for another 10 tax years, without the Department's consent. If an election were not renewed, however, a new election could not be made in any of the following three tax years.

"Affiliated group" would mean that term as defined in Section 1504 of the Internal Revenue Code, except that it would include all persons, other than a foreign operating entity, incorporated in the United States or formed under the laws of the U.S., any state, the District of Columbia, or any territory or possession of the U.S., that are commonly owned, directly or indirectly, by any member of the affiliated group and other members of the group of which more than 50% of the ownership interest with voting rights or ownership interests that confer comparable rights is directly or indirectly owned by a common owner or owners.

MCL 206.603 et al.

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

The bill would reduce State General Fund revenue by an unknown amount. The actual amount of the reduction would depend on how many taxpayers made the election and the specific characteristics of those taxpayers. Depending on the taxpayers, the reduction in revenue could be significant. Taxpayers that would experience higher liabilities would not be expected to elect to file under the provisions of the bill.

Date Completed: 6-13-13

Fiscal Analyst: David Zin