

SENATE BILL No. 650

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

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 653 (MCL 206.653), as added by 2011 PA 38.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 653. (1) Every financial institution with **SUBSTANTIAL**
2 nexus in this state ~~as determined under section 621~~ is subject to a
3 franchise tax. The franchise tax is imposed upon the tax base of
4 the financial institution as determined under section 655 after
5 allocation or apportionment to this state, at the rate of 0.29%.

6 (2) **FOR PURPOSES OF THIS SECTION, A FINANCIAL INSTITUTION HAS**
7 **SUBSTANTIAL NEXUS IN THIS STATE IF THE FINANCIAL INSTITUTION**
8 **SATISFIES ANY OF THE FOLLOWING:**

9 (A) **HAS A PHYSICAL PRESENCE IN THIS STATE FOR A PERIOD OF MORE**
10 **THAN 1 DAY DURING THE TAX YEAR.**

11 (B) **ACTIVELY SOLICITS SALES IN THIS STATE AND HAS GROSS**

1 RECEIPTS OF \$350,000.00 OR MORE SOURCED TO THIS STATE. AS USED IN
2 THIS SUBDIVISION, "ACTIVELY SOLICITS" MEANS THAT TERM AS DEFINED
3 UNDER SECTION 621.

4 (C) HAS AN OWNERSHIP INTEREST OR A BENEFICIAL INTEREST IN A
5 FLOW-THROUGH ENTITY, DIRECTLY OR INDIRECTLY THROUGH 1 OR MORE OTHER
6 FLOW-THROUGH ENTITIES, THAT HAS SUBSTANTIAL NEXUS IN THIS STATE AS
7 PROVIDED UNDER THIS SECTION OR SECTION 621.

8 (3) ~~(2)~~—The tax under this chapter is in lieu of the tax
9 levied and imposed under chapter 11 of this part.

10 Enacting section 1. This amendatory act takes effect January
11 1, 2012.