

HOUSE BILL NO. 4288

February 23, 2021, Introduced by Reps. Tisdell and Hall and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.713) by adding sections 254 and 675 and part 4.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 254. (1) Except as otherwise provided under this section,**
2 **for tax years beginning on and after January 1, 2021, a taxpayer**
3 **who is either a member of a flow-through entity that elects to file**
4 **a return and pay the tax imposed under part 4 or a direct or**
5 **indirect member of another flow-through entity that elects to file**

1 a return and pay the tax imposed under part 4 may claim a credit
2 against the tax imposed under this part in an amount equal to the
3 member's allocated share of the tax as reported to the member by
4 the flow-through entity pursuant to section 789(2) for the tax year
5 ending on or within the taxpayer's same tax year.

6 (2) For a taxpayer that is an estate or trust, the amount of
7 the credit allowed under this section shall be determined by
8 multiplying the amount calculated under subsection (1) by a
9 percentage equal to a fraction, the numerator of which is the flow-
10 through entity business income tax base that is retained by the
11 estate or trust and the denominator of which is the total flow-
12 through entity business income tax base that is included in
13 distributable net income.

14 (3) For a taxpayer who is a beneficiary of an estate or trust
15 that is either a member of a flow-through entity that elects to
16 file a return and pay the tax imposed under part 4 or a direct or
17 indirect member of another flow-through entity that elects to file
18 a return and pay the tax imposed under part 4, the amount of the
19 credit allowed under this section is equal to the allocable share
20 of the tax imposed under part 4 for the year ending on or within
21 the taxpayer's same tax year as reported to the beneficiary in
22 accordance with section 789(3).

23 (4) If the credit allowed under this section exceeds the tax
24 liability of the taxpayer for the tax year, that portion of the
25 credit that exceeds the tax liability shall be refunded.

26 Sec. 675. (1) Except as otherwise provided under this section,
27 for tax years beginning on and after January 1, 2021, a taxpayer
28 who is either a member of a flow-through entity that elects to file
29 a return and pay the tax imposed under part 4 or a direct or

1 indirect member of another flow-through entity that elects to file
2 a return and pay the tax imposed under part 4 may claim a credit
3 against the tax imposed under this part in an amount equal to the
4 member's allocated share of the tax as reported to the member by
5 the flow-through entity pursuant to section 789(2) for the tax year
6 ending on or within the taxpayer's same tax year.

7 (2) If the credit allowed under this section exceeds the tax
8 liability of the taxpayer for the tax year, that portion of the
9 credit that exceeds the tax liability shall be refunded.

10 PART 4

11 CHAPTER 18

12 Sec. 751. A term used in this part and not defined differently
13 shall have the same meaning as when used in comparable context in
14 the laws of the United States relating to federal income taxes in
15 effect for the tax year unless a different meaning is clearly
16 required. A reference in this part to the internal revenue code
17 includes other provisions of the laws of the United States relating
18 to federal income taxes.

19 Sec. 753. (1) "Business activity" means a transfer of legal or
20 equitable title to or rental of property, whether real, personal,
21 or mixed, tangible or intangible, or the performance of services,
22 or a combination thereof, made or engaged in, or caused to be made
23 or engaged in, whether in intrastate, interstate, or foreign
24 commerce, with the object of gain, benefit, or advantage, whether
25 direct or indirect, to the taxpayer or to others, but does not
26 include the services rendered by an employee to his or her
27 employer, services as a director of a corporation or S corporation,
28 or services as a manager of a limited liability company that has
29 elected to file as a C corporation or S corporation for federal

1 income tax purposes. Although an activity of a taxpayer may be
2 incidental to another or to others of his or her business
3 activities, each activity shall be considered to be business
4 engaged in within the meaning of this part.

5 (2) "Business income" means federal taxable income and
6 includes payments and items of income and expense that are
7 attributable to business activity of the flow-through entity and
8 separately reported to its members.

9 (3) "Corporation" means a person that is required or has
10 elected to file as a C corporation as defined under section
11 1361(a)(2) and section 7701(a)(3) of the internal revenue code.

12 (4) "Department" means the department of treasury.

13 (5) "Domicile" means the principal place from which the trade
14 or business of the flow-through entity is directed or managed.

15 (6) "Employee" means an employee as defined in section 3401(c)
16 of the internal revenue code. A person from whom an employer is
17 required to withhold for federal income tax purposes is prima facie
18 considered an employee.

19 (7) "Employer" means an employer as defined in section 3401(d)
20 of the internal revenue code. A person required to withhold for
21 federal income tax purposes is prima facie considered an employer.

22 (8) "Federal taxable income" means taxable income as defined
23 in section 63 of the internal revenue code without the deductions
24 described under section 703(a)(2) of the internal revenue code. For
25 the purposes of this part in computing federal taxable income, an S
26 corporation shall be treated as a corporation under section
27 1361(a)(2) of the internal revenue code and a partnership shall be
28 treated as an association taxable as a corporation pursuant to an
29 election under 26 CFR 301.7701-3(a).

1 (9) "Financial institution" means that term as defined in
2 section 651.

3 (10) "Flow-through entity" means an entity that for the
4 applicable tax year is treated as an S corporation or a partnership
5 under the internal revenue code for federal income tax purposes.
6 Flow-through entity does not include a publicly traded partnership,
7 any entity disregarded under section 797, or any person subject to
8 the tax imposed under chapter 13.

9 (11) "Gross receipts" means that term as defined under section
10 607.

11 (12) "Insurance company" means that term as defined in section
12 607.

13 (13) "Internal revenue code" means the United States internal
14 revenue code of 1986 in effect on January 1, 2021 or, at the option
15 of the taxpayer, in effect for the tax year.

16 (14) "Member", when used in reference to a flow-through
17 entity, means a shareholder of an S corporation or a partner or
18 member in a partnership.

19 (15) "Partnership" means an entity that is required to or has
20 elected to file as a partnership for federal income tax purposes.
21 Partnership includes a limited liability company that is treated as
22 a partnership for federal income tax purposes.

23 (16) "Person" means an individual, bank, financial
24 institution, insurance company, association, corporation, flow-
25 through entity, receiver, estate, trust, or any other group or
26 combination of groups acting as a unit.

27 (17) "Publicly traded partnership" means that term as defined
28 under section 7704 of the internal revenue code.

29 (18) "Resident" means a flow-through entity domiciled in this

1 state or incorporated, formed, or organized under the laws of this
2 state.

3 (19) "S corporation" means a United States person electing
4 taxation under sections 1361 to 1379 of the internal revenue code.

5 (20) "Sale" or "sales" means that term as defined in section
6 609.

7 (21) "State" means any state of the United States, the
8 District of Columbia, the Commonwealth of Puerto Rico, any
9 territory or possession of the United States, and any foreign
10 country, or a political subdivision of any of the foregoing.

11 (22) "Tax" means the tax imposed under this part, including
12 interest and penalties under this part, unless the term is given a
13 more limited meaning in the context of this part or a provision of
14 this part.

15 (23) "Tax year" means the calendar year, or the fiscal year
16 ending during the calendar year, upon the basis of which the tax
17 base of a taxpayer is computed under this part. If a return is made
18 for a fractional part of a year, tax year means the period for
19 which the return is made. Except for the first return required by
20 this part, a taxpayer's tax year is for the same period as is
21 covered by its federal income tax return. A taxpayer that has a 52-
22 or 53-week tax year beginning not more than 7 days before the end
23 of any month is considered to have a tax year beginning on the
24 first day of the subsequent month.

25 (24) "Taxpayer" means a flow-through entity that elects
26 pursuant to section 757 to be subject to the tax under this part.

27 (25) "United States person" means that term as defined in
28 section 7701(a)(30) of the internal revenue code.

29 Sec. 755. (1) Except as otherwise provided in this part, a

1 taxpayer has substantial nexus in this state and is subject to the
2 tax imposed under this part if the taxpayer elects to pay the tax
3 pursuant to section 757 and if the taxpayer has a physical presence
4 in this state for a period of more than 1 day during the tax year,
5 actively solicits sales in this state and has gross receipts
6 sourced to this state, or is a member or has an ownership interest
7 or a beneficial interest in a flow-through entity, directly, or
8 indirectly through 1 or more other flow-through entities, that has
9 substantial nexus in this state.

10 (2) As used in this section:

11 (a) "Actively solicits" means either of the following:

12 (i) Speech, conduct, or activity that is purposefully directed
13 at or intended to reach persons within this state and that
14 explicitly or implicitly invites an order for a purchase or sale.

15 (ii) Speech, conduct, or activity that is purposefully directed
16 at or intended to reach persons within this state that neither
17 explicitly nor implicitly invites an order for a purchase or sale,
18 but is entirely ancillary to requests for an order for a purchase
19 or sale.

20 (b) "Physical presence" means any activity conducted by the
21 taxpayer or on behalf of the taxpayer by the taxpayer's employee,
22 agent, or independent contractor acting in a representative
23 capacity. Physical presence does not include the activities of
24 professionals providing services in a professional capacity or
25 other service providers if the activity is not significantly
26 associated with the taxpayer's ability to establish and maintain a
27 market in this state.

28 Sec. 757. For tax years beginning on and after January 1,
29 2021, a flow-through entity may, in a form and manner as prescribed

1 by the department, elect to file a return and pay the tax imposed
2 by this part. An election made under this section is an irrevocable
3 election that shall continue for the next 2 subsequent tax years
4 and the taxpayer shall continue to file a return and pay the tax
5 imposed under this part as provided in section 785. A flow-through
6 entity that elects to pay the tax imposed under this part shall
7 file its election with the department on or before the fifteenth
8 day of the fourth month of that tax year. A separate election must
9 be made after the expiration of the irrevocable period described in
10 this section to continue to pay the tax imposed by this part.

11 Sec. 759. (1) Beginning January 1, 2021 and each tax year
12 after 2021, there is levied and imposed a flow-through entity tax
13 on every taxpayer with business activity in this state unless
14 prohibited by 15 USC 381 to 384. Except as otherwise provided under
15 subsection (5), the flow-through entity tax is imposed on the
16 positive business income tax base, after allocation or
17 apportionment to this state, at the same rate levied and imposed
18 under section 51 for that same tax year. A negative business income
19 tax base of a flow-through entity, after allocation or
20 apportionment to this state, is includible in the business income
21 tax base of each member of the flow-through entity and is not
22 available as an offset to the allocated or apportioned business
23 income tax base of the flow-through entity in any other tax year
24 for which an election is made under section 757.

25 (2) The business income tax base means a taxpayer's business
26 income subject to the following adjustments, before allocation or
27 apportionment, and the adjustment in subsection (4) after
28 allocation or apportionment:

29 (a) Add interest income and dividends derived from obligations

1 or securities of states other than this state, in the same amount
2 that was excluded from federal taxable income, less the related
3 portion of expenses not deducted in computing federal taxable
4 income because of sections 265 and 291 of the internal revenue
5 code.

6 (b) Add all taxes on or measured by net income including the
7 tax imposed under this part to the extent that the taxes were
8 deducted in arriving at federal taxable income.

9 (c) To the extent included in federal taxable income, deduct
10 dividends and royalties received from persons other than United
11 States persons and foreign operating entities, including, but not
12 limited to, amounts determined under section 78 of the internal
13 revenue code or sections 951 to 965 of the internal revenue code.

14 (d) Except as otherwise provided under this subdivision, to
15 the extent deducted in arriving at federal taxable income, add any
16 royalty, interest, or other expense paid to a person related to the
17 taxpayer by ownership or control for the use of an intangible
18 asset. The addition of any royalty, interest, or other expense
19 described under this subdivision is not required to be added if the
20 taxpayer can demonstrate that the transaction has a nontax business
21 purpose, is conducted with arm's-length pricing and rates and terms
22 as applied in accordance with sections 482 and 1274(d) of the
23 internal revenue code, and 1 of the following is true:

24 (i) The transaction is a pass through of another transaction
25 between a third party and the related person with comparable rates
26 and terms.

27 (ii) An addition would result in double taxation. For purposes
28 of this subparagraph, double taxation exists if the transaction is
29 subject to tax in another jurisdiction.

1 (iii) An addition would be unreasonable as determined by the
2 state treasurer.

3 (iv) The related person recipient of the transaction is
4 organized under the laws of a foreign nation that has in force a
5 comprehensive income tax treaty with the United States.

6 (e) To the extent included in federal taxable income, deduct
7 interest income derived from United States obligations.

8 (f) Eliminate all of the following:

9 (i) Income from producing oil and gas to the extent included in
10 federal taxable income.

11 (ii) Expenses of producing oil and gas to the extent deducted
12 in arriving at federal taxable income.

13 (iii) Income derived from a mineral to the extent included in
14 federal taxable income.

15 (iv) Expenses related to the income deductible under
16 subparagraph (iii) to the extent deducted in arriving at federal
17 taxable income.

18 (3) For a taxpayer that has a direct, or indirect through 1 or
19 more other flow-through entities, ownership or beneficial interest
20 in a flow-through entity for which an election was made under
21 section 757 and that reported positive business income in a tax
22 year ending on or within the taxpayer's tax year, the adjustments
23 in subsection (2) shall not include the taxpayer's share of the
24 electing flow-through entities adjustments under subsection (2).

25 (4) For a taxpayer that has a direct, or indirect through 1 or
26 more other flow-through entities, ownership or beneficial interest
27 in a flow-through entity for which an election was made under
28 section 757, deduct the taxpayer's share of the electing flow-
29 through entity's positive business income as determined under

1 section 761(2).

2 (5) In computing the tax due under this part, the flow-through
3 entity may elect to pay the tax due only on the business income
4 allocable to those members who are individuals, estates, or trusts
5 and exclude the business income allocable to those members that are
6 corporations, insurance companies, or financial institutions.

7 (6) As used in this section, "oil and gas" means oil and gas
8 that is subject to severance tax under 1929 PA 48, MCL 205.301 to
9 205.317.

10 Sec. 761. (1) Except as otherwise provided in this part, the
11 tax base established under this part shall be apportioned in
12 accordance with allocation and apportionment provisions in chapter
13 3.

14 (2) For a taxpayer that has a direct, or indirect through 1 or
15 more other flow-through entities, ownership interest or beneficial
16 interest in a flow-through entity, the taxpayer's business income
17 that is directly attributable to the business activity of the flow-
18 through entity shall be apportioned to this state using an
19 apportionment factor determined under chapter 3 based on the
20 business activity of the flow-through entity.

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

23 (a) The taxpayer is subject to, or would be subject to, if the
24 taxpayer was not a flow-through entity, a business privilege tax, a
25 net income tax, a franchise tax measured by net income, a franchise
26 tax for the privilege of doing business, or a corporate stock tax.

27 (b) That state has jurisdiction to subject the taxpayer to 1
28 or more of the taxes listed in subdivision (a) regardless of
29 whether, in fact, that state does or does not subject the taxpayer

1 to that tax.

2 Sec. 771. (1) Any taxpayer allocated income as a member of a
3 flow-through entity by the flow-through entity may claim a credit
4 against the tax imposed by this part in an amount equal to the
5 taxpayer's allocated share of the tax as reported by the other
6 flow-through entity pursuant to section 789(2).

7 (2) A taxpayer is allowed a credit against the tax due under
8 this part for the amount of an income tax imposed on the taxpayer
9 for the tax year by another state of the United States, a political
10 subdivision of another state of the United States, the District of
11 Columbia, or a Canadian province, on income derived from sources
12 outside this state that is also subject to tax under this part or
13 the amount determined under this subsection, whichever is less. For
14 purposes of the Canadian provincial credit, the credit is allowed
15 for only that portion of the provincial tax not claimed as a credit
16 for federal income tax purposes. It is presumed that the Canadian
17 federal income tax is claimed first. The provincial tax claimed as
18 a carryover deduction as provided in the internal revenue code is
19 not allowed as a credit under this section. The credit under this
20 subsection shall not exceed an amount determined by dividing income
21 that is subject to taxation both in this state and in another
22 jurisdiction by taxable income and then multiplying that result by
23 the taxpayer's tax liability before any credits are deducted.

24 Sec. 781. (1) Except as otherwise provided under this section,
25 a taxpayer that reasonably expects liability for the tax year to
26 exceed \$800.00 shall file an estimated return and pay an estimated
27 tax for each quarter of the taxpayer's tax year.

28 (2) For taxpayers on a calendar year basis, the quarterly
29 returns and estimated payments shall be made by April 15, July 15,

1 October 15, and January 15. Taxpayers not on a calendar year basis
2 shall file quarterly returns and make estimated payments on the
3 appropriate due date that in the taxpayer's fiscal year corresponds
4 to the calendar year.

5 (3) Except as otherwise provided under this subsection, the
6 estimated payment made with each quarterly return of each tax year
7 shall be for the estimated tax base that is applicable to the
8 taxpayer under this part for the quarter or 25% of the estimated
9 annual liability. The second, third, and fourth estimated payments
10 in each tax year shall include adjustments, if necessary, to
11 correct underpayments or overpayments from previous quarterly
12 payments in the tax year to a revised estimate of the annual tax
13 liability. For a taxpayer that calculates and pays estimated
14 payments for federal income tax purposes pursuant to section
15 6655(e) of the internal revenue code, that taxpayer may use the
16 same methodology as used to calculate the annualized income
17 installment or the adjusted seasonal installment, whichever is used
18 as the basis for the federal estimated payment, to calculate the
19 estimated payments required each quarter under this section. The
20 interest and penalty provided by this part shall not be assessed if
21 any of the following occur:

22 (a) If the sum of the estimated payments equals at least 85%
23 of the liability and the amount of each estimated payment
24 reasonably approximates the tax liability incurred during the
25 quarter for which the estimated payment was made.

26 (b) For the 2022 tax year and each subsequent tax year, if the
27 preceding year's tax liability under this part was \$20,000.00 or
28 less and if the taxpayer submitted 4 equal installments the sum of
29 which equals the immediately preceding tax year's tax liability.

1 (4) Each estimated return shall be made on a form prescribed
2 by the department and shall include an estimate of the annual tax
3 liability and other information required by the state treasurer.
4 The form prescribed under this subsection may be combined with any
5 other tax reporting form prescribed by the department.

6 (5) With respect to a taxpayer filing an estimated tax return
7 for the taxpayer's first tax year of less than 12 months, the
8 amounts paid with each return shall be proportional to the number
9 of payments made in the first tax year. A taxpayer with a tax year
10 of less than 4 months is not required to file an estimated tax
11 return or remit estimated payments.

12 (6) Payments made under this section shall be a credit against
13 the payment required with the annual tax return required in section
14 785.

15 (7) If the department considers it necessary to insure payment
16 of the tax or to provide a more efficient administration of the
17 tax, the department may require filing of the returns and payment
18 of the tax for other than quarterly or annual periods.

19 Sec. 785. (1) An annual or final return for the tax imposed
20 under this part shall be filed with the department in the form and
21 content prescribed by the department by the last day of the third
22 month after the end of the taxpayer's tax year. Any final liability
23 shall be remitted by the annual due date of the taxpayer's annual
24 or final return, excluding any extension of time to file the return
25 as provided under subsections (2) and (3). A taxpayer whose tax
26 liability under this part is less than or equal to \$100.00 does not
27 need to file a return or pay the tax imposed under this part. The
28 department may provide rules for filing an information only return
29 for tax years for which an election under section 757 is not made

1 after a tax year for which a return was filed under this part.

2 (2) The department, upon application of the taxpayer and for
3 good cause shown, may extend the date for filing the annual return.
4 Interest at the rate under section 23(2) of 1941 PA 122, MCL
5 205.23, shall be added to the amount of the tax unpaid for the
6 period of the extension. The state treasurer shall require with the
7 application payment of the estimated tax liability unpaid for the
8 tax period covered by the extension.

9 (3) If a taxpayer is granted an extension of time within which
10 to file the federal income tax return for any tax year, the filing
11 of a copy of the request for extension together with a tentative
12 return and payment of an estimated tax with the department by the
13 due date provided in subsection (1) shall automatically extend the
14 due date for the filing of an annual or final return under this
15 part until the last day of the eighth month following the original
16 due date of the return. Interest at the rate under section 23(2) of
17 1941 PA 122, MCL 205.23, shall be added to the amount of the tax
18 unpaid for the period of the extension.

19 Sec. 787. (1) A taxpayer required to file a return under this
20 part may be required to furnish a true and correct copy of any
21 return or portion of any return filed under the provisions of the
22 internal revenue code.

23 (2) A taxpayer shall file an amended return with the
24 department showing any alteration in or modification of a federal
25 income tax return that affects its tax base under this part. The
26 amended return shall be filed within 120 days after the final
27 determination by the internal revenue service.

28 Sec. 789. (1) At the request of the department, a taxpayer
29 required by the internal revenue code to file or submit an

1 information only return of income paid to others shall, to the
2 extent the information is applicable to residents of this state, at
3 the same time file or submit the information in the form and
4 content prescribed to the department.

5 (2) A taxpayer or a flow-through entity that did not make the
6 election under section 757 shall provide on or before the due date
7 of the return under section 785, upon the amendment of a return
8 filed under section 785 or the adjustment of the tax under this
9 part by the department, to any member to which the provision of
10 information is required by the internal revenue code all of the
11 following for the tax year:

12 (a) Information regarding the allocation and apportionment of
13 the business income described under this part.

14 (b) The amount of tax under this part that was deducted or
15 included in the determination of the member's share of business
16 income.

17 (c) If the reporting flow-through entity is a taxpayer, the
18 member's share of the tax imposed under this part on the taxpayer
19 for the tax year.

20 (d) If the reporting flow-through entity did not make the
21 election under section 757, the member's share of the amount of tax
22 allocated to the reporting flow-through entity under subdivisions
23 (c) and (d) by the other flow-through entities with tax years
24 ending on or within the reporting flow-through entity's tax year.

25 (e) The member's share of the tax allocated under subdivisions
26 (c) and (d) must be determined based on the member's share of the
27 income or gain generating the tax imposed under this part and
28 included in the member's share of business income. If a member is
29 allocated different portions of separately reported categories of

1 income and gain, then the allocated share of tax must be based on
2 the tax imposed under this part on each separate category of income
3 or gain.

4 (3) An estate or trust who is either a member of a flow-
5 through entity that elects to file a return and pay the tax imposed
6 under this part or a direct or indirect member of another flow-
7 through entity that elects to file a return and pay the tax imposed
8 under this part shall on or before the due date of the return
9 required under part 1 report to its beneficiaries their allocable
10 share of the tax imposed under this part and incurred by the estate
11 or trust in the same tax year. The allocable share is determined by
12 multiplying the total amount of tax imposed under this part and
13 incurred by the estate or trust in the tax year by a percentage
14 equal to a fraction, the numerator of which is the flow-through
15 entity business income tax base that is distributed to the
16 beneficiaries and the denominator of which is the total flow-
17 through entity business income tax base that is included in
18 distributable net income.

19 Sec. 791. (1) The tax imposed by this part shall be
20 administered by the department of treasury pursuant to 1941 PA 122,
21 MCL 205.1 to 205.31, and this part. If a conflict exists between
22 1941 PA 122, MCL 205.1 to 205.31, and this part, the provisions of
23 this part apply.

24 (2) The department may promulgate rules to implement this part
25 pursuant to the administrative procedures act of 1969, 1969 PA 306,
26 MCL 24.201 to 24.328.

27 (3) The department shall prescribe forms for use by taxpayers
28 and may promulgate rules in conformity with this part for the
29 maintenance by taxpayers of records, books, and accounts, and for

1 the computation of the tax, the manner and time of changing or
2 electing accounting methods and of exercising the various options
3 contained in this part, the making of returns, and the
4 ascertainment, assessment, and collection of the tax imposed under
5 this part.

6 (4) The tax imposed by this part is in addition to all other
7 taxes for which the taxpayer may be liable.

8 (5) The department shall prepare and publish statistics from
9 the records kept to administer the tax imposed by this part that
10 detail the distribution of tax receipts by type of business, legal
11 form of organization, sources of tax base, timing of tax receipts,
12 and types of deductions. The statistics shall not result in the
13 disclosure of information regarding any specific taxpayer.

14 Sec. 793. From the tax levied under this part, that percentage
15 of the gross collections before refunds that is equal to 1.012%
16 divided by the tax rate levied under this part shall be deposited
17 in the state school aid fund created in section 11 of article IX of
18 the state constitution of 1963 and the balance of the revenue
19 collected under this part after the distribution to the school aid
20 fund shall be deposited into the general fund.

21 Sec. 797. Notwithstanding any other provision of this act, a
22 person that is a disregarded entity for federal income tax purposes
23 under the internal revenue code shall be classified as a
24 disregarded entity for purposes of this part.

25 Enacting section 1. This amendatory act is retroactive and
26 intended to apply retroactively effective for tax years beginning
27 on and after January 1, 2021.