

Act No. 183
Public Acts of 2011
Approved by the Governor
October 17, 2011
Filed with the Secretary of State
October 18, 2011
EFFECTIVE DATE: January 1, 2012

**STATE OF MICHIGAN
96TH LEGISLATURE
REGULAR SESSION OF 2011**

Introduced by Senator Brandenburg

ENROLLED SENATE BILL No. 650

AN ACT to amend 1967 PA 281, entitled "An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, and enforcement by lien and otherwise of taxes on or measured by net income; to prescribe the manner and time of making reports and paying the taxes, and the functions of public officers and others as to the taxes; to permit the inspection of the records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits and refunds of the taxes; to prescribe penalties for the violation of this act; to provide an appropriation; and to repeal certain acts and parts of acts," by amending section 653 (MCL 206.653), as added by 2011 PA 38.

The People of the State of Michigan enact:

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

(2) For purposes of this section, a financial institution has substantial nexus in this state if the financial institution satisfies any of the following:

(a) Has a physical presence in this state for a period of more than 1 day during the tax year.

(b) Actively solicits sales in this state and has gross receipts of \$350,000.00 or more sourced to this state. As used in this subdivision, "actively solicits" means that term as defined under section 621.

(c) Has an ownership interest or a beneficial interest in a flow-through entity, directly or indirectly through 1 or more other flow-through entities, that has substantial nexus in this state as provided under this section or section 621.

(3) The tax under this chapter is in lieu of the tax levied and imposed under chapter 11 of this part.

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

This act is ordered to take immediate effect.

Carol Morey Viventi

Secretary of the Senate

Gay E. Randall

Clerk of the House of Representatives

Approved

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Governor