

# HOUSE BILL NO. 5682

April 25, 2024, Introduced by Reps. Hill, Steckloff, Rheingans, Dievendorf, Paiz, Neeley, Miller, MacDonell, Hope, Wilson, Andrews, Hood, Arbit, Coffia, Scott and Brenda Carter and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled "Income tax act of 1967," by amending sections 30, 623, and 815 (MCL 206.30, 206.623, and 206.815), section 30 as amended by 2023 PA 4 and section 623 as amended and section 815 as added by 2021 PA 135.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

**1**       Sec. 30. (1) "Taxable income" means, for a person other than a  
**2** corporation, estate, or trust, adjusted gross income as defined in  
**3** the internal revenue code subject to the following adjustments

1 under this section:

2 (a) Add gross interest income and dividends derived from  
3 obligations or securities of states other than Michigan, in the  
4 same amount that has been excluded from adjusted gross income less  
5 related expenses not deducted in computing adjusted gross income  
6 because of section 265(a) (1) of the internal revenue code.

7 (b) Add taxes on or measured by income to the extent the taxes  
8 have been deducted in arriving at adjusted gross income including  
9 any direct or indirect allocated share of taxes paid by a flow-  
10 through entity under part 4.

11 (c) Add losses on the sale or exchange of obligations of the  
12 United States government, the income of which this state is  
13 prohibited from subjecting to a net income tax, to the extent that  
14 the loss has been deducted in arriving at adjusted gross income.

15 (d) Deduct, to the extent included in adjusted gross income,  
16 income derived from obligations, or the sale or exchange of  
17 obligations, of the United States government that this state is  
18 prohibited by law from subjecting to a net income tax, reduced by  
19 any interest on indebtedness incurred in carrying the obligations  
20 and by any expenses incurred in the production of that income to  
21 the extent that the expenses, including amortizable bond premiums,  
22 were deducted in arriving at adjusted gross income.

23 (e) Deduct, to the extent included in adjusted gross income,  
24 the following:

25 (i) Compensation, including retirement or pension benefits,  
26 received for services in the Armed Forces of the United States.

27 (ii) Retirement or pension benefits under the railroad  
28 retirement act of 1974, 45 USC 231 to 231v.

29 (iii) Beginning January 1, 2012, retirement or pension benefits

1 received for services in the Michigan National Guard.

2 (f) Deduct the following to the extent included in adjusted  
3 gross income subject to the limitations and restrictions set forth  
4 in subsection (9), (10), or (11), as applicable:

5 (i) Retirement or pension benefits received from a federal  
6 public retirement system or from a public retirement system of or  
7 created by this state or a political subdivision of this state.

8 (ii) Retirement or pension benefits received from a public  
9 retirement system of or created by another state or any of its  
10 political subdivisions if the income tax laws of the other state  
11 permit a similar deduction or exemption or a reciprocal deduction  
12 or exemption of a retirement or pension benefit received from a  
13 public retirement system of or created by this state or any of the  
14 political subdivisions of this state.

15 (iii) Social Security benefits as defined in section 86 of the  
16 internal revenue code.

17 (iv) Beginning on and after January 1, 2007, retirement or  
18 pension benefits not deductible under subparagraph (i) or  
19 subdivision (e) from any other retirement or pension system or  
20 benefits from a retirement annuity policy in which payments are  
21 made for life to a senior citizen, to a maximum of \$42,240.00 for a  
22 single return and \$84,480.00 for a joint return. The maximum  
23 amounts allowed under this subparagraph shall be reduced by the  
24 amount of the deduction for retirement or pension benefits claimed  
25 under subparagraph (i) or subdivision (e) and by the amount of a  
26 deduction claimed under subdivision (p). For the 2008 tax year and  
27 each tax year after 2008, the maximum amounts allowed under this  
28 subparagraph shall be adjusted by the percentage increase in the  
29 United States Consumer Price Index for the immediately preceding

1 calendar year. The department shall annualize the amounts provided  
2 in this subparagraph as necessary.

3 (v) The amount determined to be the section 22 amount eligible  
4 for the elderly and the permanently and totally disabled credit  
5 provided in section 22 of the internal revenue code.

6 (g) Adjustments resulting from the application of section 271.

7 (h) Adjustments with respect to estate and trust income as  
8 provided in section 36.

9 (i) Adjustments resulting from the allocation and  
10 apportionment provisions of chapter 3.

11 (j) Deduct the following payments made by the taxpayer in the  
12 tax year:

13 (i) The amount of a charitable contribution made to the advance  
14 tuition payment fund created under section 9 of the Michigan  
15 education trust act, 1986 PA 316, MCL 390.1429.

16 (ii) The amount of payment made under an advance tuition  
17 payment contract as provided in the Michigan education trust act,  
18 1986 PA 316, MCL 390.1421 to 390.1442.

19 (iii) The amount of payment made under a contract with a private  
20 sector investment manager that meets all of the following criteria:

21 (A) The contract is certified and approved by the board of  
22 directors of the Michigan education trust to provide equivalent  
23 benefits and rights to purchasers and beneficiaries as an advance  
24 tuition payment contract as described in subparagraph (ii).

25 (B) The contract applies only for a state institution of  
26 higher education as defined in the Michigan education trust act,  
27 1986 PA 316, MCL 390.1421 to 390.1442, or a community or junior  
28 college in Michigan.

29 (C) The contract provides for enrollment by the contract's

1 qualified beneficiary in not less than 4 years after the date on  
2 which the contract is entered into.

3 (D) The contract is entered into after either of the  
4 following:

5 (I) The purchaser has had the purchaser's offer to enter into  
6 an advance tuition payment contract rejected by the board of  
7 directors of the Michigan education trust, if the board determines  
8 that the trust cannot accept an unlimited number of enrollees upon  
9 an actuarially sound basis.

10 (II) The board of directors of the Michigan education trust  
11 determines that the trust can accept an unlimited number of  
12 enrollees upon an actuarially sound basis.

13 (k) If an advance tuition payment contract under the Michigan  
14 education trust act, 1986 PA 316, MCL 390.1421 to 390.1442, or  
15 another contract for which the payment was deductible under  
16 subdivision (j) is terminated and the qualified beneficiary under  
17 that contract does not attend a university, college, junior or  
18 community college, or other institution of higher education, add  
19 the amount of a refund received by the taxpayer as a result of that  
20 termination or the amount of the deduction taken under subdivision  
21 (j) for payment made under that contract, whichever is less.

22 (l) Deduct from the taxable income of a purchaser the amount  
23 included as income to the purchaser under the internal revenue code  
24 after the advance tuition payment contract entered into under the  
25 Michigan education trust act, 1986 PA 316, MCL 390.1421 to  
26 390.1442, is terminated because the qualified beneficiary attends  
27 an institution of postsecondary education other than either a state  
28 institution of higher education or an institution of postsecondary  
29 education located outside this state with which a state institution

1 of higher education has reciprocity.

2 (m) Add, to the extent deducted in determining adjusted gross  
3 income, the net operating loss deduction under section 172 of the  
4 internal revenue code.

5 (n) Deduct a net operating loss deduction for the taxable year  
6 as determined under section 172 of the internal revenue code  
7 subject to the modifications under section 172(b)(2) of the  
8 internal revenue code and subject to the allocation and  
9 apportionment provisions of chapter 3 for the taxable year in which  
10 the loss was incurred.

11 (o) Deduct, to the extent included in adjusted gross income,  
12 benefits from a discriminatory self-insurance medical expense  
13 reimbursement plan.

14 (p) Beginning on and after January 1, 2007, subject to any  
15 limitation provided in this subdivision, a taxpayer who is a senior  
16 citizen may deduct to the extent included in adjusted gross income,  
17 interest, dividends, and capital gains received in the tax year not  
18 to exceed \$9,420.00 for a single return and \$18,840.00 for a joint  
19 return. The maximum amounts allowed under this subdivision shall be  
20 reduced by the amount of a deduction claimed for retirement or  
21 pension benefits under subdivision (e) or a deduction claimed under  
22 subdivision (f) (i), (ii), (iv), or (v). For the 2008 tax year and each  
23 tax year after 2008, the maximum amounts allowed under this  
24 subdivision shall be adjusted by the percentage increase in the  
25 United States Consumer Price Index for the immediately preceding  
26 calendar year. The department shall annualize the amounts provided  
27 in this subdivision as necessary. Beginning January 1, 2012, the  
28 deduction under this subdivision is not available to a senior  
29 citizen born after 1945.

1 (q) Deduct, to the extent included in adjusted gross income,  
2 all of the following:

3 (i) The amount of a refund received in the tax year based on  
4 taxes paid under this part and any direct or indirect allocated  
5 share of a refund received by a flow-through entity under part 4.

6 (ii) The amount of a refund received in the tax year based on  
7 taxes paid under the city income tax act, 1964 PA 284, MCL 141.501  
8 to 141.787.

9 (iii) The amount of a credit received in the tax year based on a  
10 claim filed under sections 520 and 522 to the extent that the taxes  
11 used to calculate the credit were not used to reduce adjusted gross  
12 income for a prior year.

13 (r) Add the amount paid by the state on behalf of the taxpayer  
14 in the tax year to repay the outstanding principal on a loan taken  
15 on which the taxpayer defaulted that was to fund an advance tuition  
16 payment contract entered into under the Michigan education trust  
17 act, 1986 PA 316, MCL 390.1421 to 390.1442, if the cost of the  
18 advance tuition payment contract was deducted under subdivision (j)  
19 and was financed with a Michigan education trust secured loan.

20 (s) Deduct, to the extent included in adjusted gross income,  
21 any amount, and any interest earned on that amount, received in the  
22 tax year by a taxpayer who is a Holocaust victim as a result of a  
23 settlement of claims against any entity or individual for any  
24 recovered asset pursuant to the German act regulating unresolved  
25 property claims, also known as Gesetz zur Regelung offener  
26 Vermögensfragen, as a result of the settlement of the action  
27 entitled *In re: Holocaust victim assets litigation*, CV-96-4849, CV-  
28 96-5161, and CV-97-0461 (E.D. NY), or as a result of any similar  
29 action if the income and interest are not commingled in any way

1 with and are kept separate from all other funds and assets of the  
2 taxpayer. As used in this subdivision:

3 (i) "Holocaust victim" means a person, or the heir or  
4 beneficiary of that person, who was persecuted by Nazi Germany or  
5 any Axis regime during any period from 1933 to 1945.

6 (ii) "Recovered asset" means any asset of any type and any  
7 interest earned on that asset, including, but not limited to, bank  
8 deposits, insurance proceeds, or artwork owned by a Holocaust  
9 victim during the period from 1920 to 1945, withheld from that  
10 Holocaust victim from and after 1945, and not recovered, returned,  
11 or otherwise compensated to the Holocaust victim until after 1993.

12 (t) Deduct all of the following:

13 (i) To the extent not deducted in determining adjusted gross  
14 income, contributions made by the taxpayer in the tax year less  
15 qualified withdrawals made in the tax year from education savings  
16 accounts, calculated on a per education savings account basis,  
17 pursuant to the Michigan education savings program act, 2000 PA  
18 161, MCL 390.1471 to 390.1486, not to exceed a total deduction of  
19 \$5,000.00 for a single return or \$10,000.00 for a joint return per  
20 tax year. The amount calculated under this subparagraph for each  
21 education savings account shall not be less than zero.

22 (ii) To the extent included in adjusted gross income, interest  
23 earned in the tax year on the contributions to the taxpayer's  
24 education savings accounts if the contributions were deductible  
25 under subparagraph (i).

26 (iii) To the extent included in adjusted gross income,  
27 distributions that are qualified withdrawals from an education  
28 savings account to the designated beneficiary of that education  
29 savings account.



1           (u) Add, to the extent not included in adjusted gross income,  
2 the amount of money withdrawn by the taxpayer in the tax year from  
3 education savings accounts, not to exceed the total amount deducted  
4 under subdivision (t) in the tax year and all previous tax years,  
5 if the withdrawal was not a qualified withdrawal as provided in the  
6 Michigan education savings program act, 2000 PA 161, MCL 390.1471  
7 to 390.1486. This subdivision does not apply to withdrawals that  
8 are less than the sum of all contributions made to an education  
9 savings account in all previous tax years for which no deduction  
10 was claimed under subdivision (t), less any contributions for which  
11 no deduction was claimed under subdivision (t) that were withdrawn  
12 in all previous tax years.

13           (v) A taxpayer who is a resident tribal member may deduct, to  
14 the extent included in adjusted gross income, all nonbusiness  
15 income earned or received in the tax year and during the period in  
16 which an agreement entered into between the taxpayer's tribe and  
17 this state pursuant to section 30c of 1941 PA 122, MCL 205.30c, is  
18 in full force and effect. As used in this subdivision:

19           (i) "Business income" means business income as defined in  
20 section 4 and apportioned under chapter 3.

21           (ii) "Nonbusiness income" means nonbusiness income as defined  
22 in section 14 and, to the extent not included in business income,  
23 all of the following:

24           (A) All income derived from wages whether the wages are earned  
25 within the agreement area or outside of the agreement area.

26           (B) All interest and passive dividends.

27           (C) All rents and royalties derived from real property located  
28 within the agreement area.

29           (D) All rents and royalties derived from tangible personal

1 property, to the extent the personal property is utilized within  
2 the agreement area.

3 (E) Capital gains from the sale or exchange of real property  
4 located within the agreement area.

5 (F) Capital gains from the sale or exchange of tangible  
6 personal property located within the agreement area at the time of  
7 sale.

8 (G) Capital gains from the sale or exchange of intangible  
9 personal property.

10 (H) All pension income and benefits, including, but not  
11 limited to, distributions from a 401(k) plan, individual retirement  
12 accounts under section 408 of the internal revenue code, or a  
13 defined contribution plan, or payments from a defined benefit plan.

14 (I) All per capita payments by the tribe to resident tribal  
15 members, without regard to the source of payment.

16 (J) All gaming winnings.

17 (iii) "Resident tribal member" means an individual who meets all  
18 of the following criteria:

19 (A) Is an enrolled member of a federally recognized tribe.

20 (B) The individual's tribe has an agreement with this state  
21 pursuant to section 30c of 1941 PA 122, MCL 205.30c, that is in  
22 full force and effect.

23 (C) The individual's principal place of residence is located  
24 within the agreement area as designated in the agreement under sub-  
25 subparagraph (B).

26 (w) Eliminate all of the following:

27 (i) Income from producing oil and gas to the extent included in  
28 adjusted gross income.

29 (ii) Expenses of producing oil and gas to the extent deducted

1 in arriving at adjusted gross income.

2 (x) Deduct all of the following:

3 (i) To the extent not deducted in determining adjusted gross  
4 income, contributions made by the taxpayer in the tax year less  
5 qualified withdrawals made in the tax year from an ABLE savings  
6 account, pursuant to the Michigan achieving a better life  
7 experience (ABLE) program act, 2015 PA 160, MCL 206.981 to 206.997,  
8 not to exceed a total deduction of \$5,000.00 for a single return or  
9 \$10,000.00 for a joint return per tax year. The amount calculated  
10 under this subparagraph for an ABLE savings account shall not be  
11 less than zero.

12 (ii) To the extent included in adjusted gross income, interest  
13 earned in the tax year on the contributions to the taxpayer's ABLE  
14 savings account if the contributions were deductible under  
15 subparagraph (i).

16 (iii) To the extent included in adjusted gross income,  
17 distributions that are qualified withdrawals from an ABLE savings  
18 account to the designated beneficiary of that ABLE savings account.

19 (y) Add, to the extent not included in adjusted gross income,  
20 the amount of money withdrawn by the taxpayer in the tax year from  
21 an ABLE savings account, not to exceed the total amount deducted  
22 under subdivision (x) in the tax year and all previous tax years,  
23 if the withdrawal was not a qualified withdrawal as provided in the  
24 Michigan achieving a better life experience (ABLE) program act,  
25 2015 PA 160, MCL 206.981 to 206.997. This subdivision does not  
26 apply to withdrawals that are less than the sum of all  
27 contributions made to an ABLE savings account in all previous tax  
28 years for which no deduction was claimed under subdivision (x),  
29 less any contributions for which no deduction was claimed under

1 subdivision (x) that were withdrawn in all previous tax years.

2 (z) For tax years that begin after December 31, 2018, deduct,  
3 to the extent included in adjusted gross income, compensation  
4 received in the tax year pursuant to the wrongful imprisonment  
5 compensation act, 2016 PA 343, MCL 691.1751 to 691.1757.

6 (aa) For the 2016, 2017, 2018, and 2019 tax years and for each  
7 tax year that begins on and after January 1, 2025, a taxpayer who  
8 is a disabled veteran may deduct, to the extent included in  
9 adjusted gross income, income reported on a federal income tax form  
10 1099-C that is attributable to the cancellation or discharge of a  
11 student loan by the United States Department of Education pursuant  
12 to the total and permanent disability discharge program, 34 CFR  
13 685.213. As used in this subdivision, "disabled veteran" means an  
14 individual who meets either of the following criteria:

15 (i) Has been determined by the United States Department of  
16 Veterans Affairs to be permanently and totally disabled as a result  
17 of military service and entitled to veterans' benefits at the 100%  
18 rate.

19 (ii) Has been rated by the United States Department of Veterans  
20 Affairs as individually unemployable.

21 (bb) For tax years that begin on and after January 1, 2021,  
22 and subject to the limitation under this subdivision, deduct, to  
23 the extent not deducted in determining adjusted gross income,  
24 wagering losses deducted under section 165(d) of the internal  
25 revenue code on the taxpayer's federal income tax return for the  
26 same tax year. For a nonresident, only wagering losses that are  
27 attributable to wagering transactions placed at or through a casino  
28 or licensed race meeting located in this state may be deducted and  
29 must not exceed the gains on wagering transactions allocated to

1 this state under section 110(2)(d). As used in this subdivision,  
2 "casino" and "licensed race meeting" mean those terms as defined in  
3 section 110.

4 (cc) Except as otherwise provided under subparagraph (i), for  
5 tax years that begin on and after January 1, 2022, deduct all of  
6 the following:

7 (i) To the extent not deducted in determining adjusted gross  
8 income, contributions made by the taxpayer in the tax year less  
9 qualified withdrawals made in the tax year from a first-time home  
10 buyer savings account, pursuant to the Michigan first-time home  
11 buyer savings program act, 2022 PA 6, MCL 565.1001 to 565.1013, not  
12 to exceed a total deduction of \$5,000.00 for a single return or  
13 \$10,000.00 for a joint return per tax year. The amount calculated  
14 under this subparagraph for a first-time home buyer savings account  
15 shall not be less than zero. The deduction under this subparagraph  
16 does not apply for tax years that begin after December 31, 2026.

17 (ii) To the extent not deducted in determining adjusted gross  
18 income, interest earned in the tax year on the contributions to the  
19 taxpayer's first-time home buyer savings account.

20 (iii) To the extent included in adjusted gross income,  
21 distributions that are qualified withdrawals from a first-time home  
22 buyer savings account to the qualified beneficiary of that savings  
23 account.

24 (dd) For tax years that begin on and after January 1, 2022,  
25 add, to the extent not included in adjusted gross income, the  
26 amount of money withdrawn by the taxpayer in the tax year from a  
27 first-time home buyer savings account, not to exceed the total  
28 amount deducted under subdivision (cc) in the tax year and all  
29 previous tax years, if the withdrawal was not a qualified

1 withdrawal as provided in the Michigan first-time home buyer  
2 savings program act, 2022 PA 6, MCL 565.1001 to 565.1013. This  
3 subdivision does not apply to withdrawals that are less than the  
4 sum of all contributions made to a first-time home buyer savings  
5 account in all previous tax years for which no deduction was  
6 claimed under subdivision (cc), less any contributions for which no  
7 deduction was claimed under subdivision (cc) that were withdrawn in  
8 all previous tax years.

9 (ee) For tax years beginning on and after January 1, 2023,  
10 deduct, to the extent included in adjusted gross income, grant  
11 money received from an eligible grant issued by this state, a  
12 political subdivision of this state, any other state, or the  
13 federal government under a state, local, or federal program for the  
14 purpose of providing, improving, or expanding broadband expansion  
15 in this state. As used in this subdivision, "eligible grant" means  
16 a grant issued under any of the following:

17 (i) The broadband expansion act of Michigan, 2020 PA 224, MCL  
18 484.3251 to 484.3261.

19 (ii) The broadband equity, access, and deployment program  
20 established under 47 USC 1702.

21 (iii) The middle mile grant program established under 47 USC  
22 1741.

23 (iv) The connect America fund, alternative connect America cost  
24 model, and enhanced alternative connect America cost model programs  
25 administered by the Federal Communications Commission under the  
26 Federal Communications Commission connect America fund order 14-  
27 190, 80 FR 445, 353, including various phases and revisions.

28 (v) The rural digital opportunity fund established and  
29 administered by the Federal Communications Commission under 47 CFR

1 54.801 to 54.806.

2 (vi) The reconnect program, also known as the rural  
3 econnectivity program, established under 7 CFR 1740.1 to 1740.100.

4 (vii) The tribal broadband connectivity program administered by  
5 the National Telecommunications and Information Administration.

6 (viii) The broadband infrastructure program administered by the  
7 National Telecommunications and Information Administration.

8 (ix) The coronavirus capital projects fund established under 42  
9 USC 804.

10 (x) The state digital equity capacity grant program  
11 established under 47 USC 1723.

12 (xi) The digital equity competitive grants program established  
13 under 47 USC 1724.

14 (xii) Rural broadband access loan and loan guarantee program  
15 administered by the United States Department of Agriculture Rural  
16 Utilities Service under 7 CFR 1738.1 to 17358.350.

17 (xiii) The connecting Michigan communities grant program  
18 established under section 806 of 2018 PA 618 and section 841 of  
19 article 5 of 2020 PA 166.

20 (2) Except as otherwise provided in subsection (7), and  
21 section 30a, a personal exemption of \$3,700.00 multiplied by the  
22 number of personal and dependency exemptions shall be subtracted in  
23 the calculation that determines taxable income. The number of  
24 personal and dependency exemptions allowed shall be determined as  
25 follows:

26 (a) Each taxpayer may claim 1 personal exemption. However, if  
27 a joint return is not made by the taxpayer and the taxpayer's  
28 spouse, the taxpayer may claim a personal exemption for the spouse  
29 if the spouse, for the calendar year in which the taxable year of

1 the taxpayer begins, does not have any gross income and is not the  
2 dependent of another taxpayer.

3 (b) A taxpayer may claim a dependency exemption for each  
4 individual who is a dependent of the taxpayer for the tax year.

5 (c) For tax years beginning on and after January 1, 2019, a  
6 taxpayer may claim an additional exemption under this subsection in  
7 the tax year for which the taxpayer has a certificate of stillbirth  
8 from the department of health and human services as provided under  
9 section 2834 of the public health code, 1978 PA 368, MCL 333.2834.

10 (3) Except as otherwise provided in subsection (7), a single  
11 additional exemption determined as follows shall be subtracted in  
12 the calculation that determines taxable income in each of the  
13 following circumstances:

14 (a) \$1,800.00 for each taxpayer and every dependent of the  
15 taxpayer who is a deaf person as defined in section 2 of the deaf  
16 persons' interpreters act, 1982 PA 204, MCL 393.502; a paraplegic,  
17 a quadriplegic, or a hemiplegic; a person who is blind as defined  
18 in section 504; or a person who is totally and permanently disabled  
19 as defined in section 522. When a dependent of a taxpayer files an  
20 annual return under this part, the taxpayer or dependent of the  
21 taxpayer, but not both, may claim the additional exemption allowed  
22 under this subdivision.

23 (b) For tax years beginning after 2007, \$250.00 for each  
24 taxpayer and every dependent of the taxpayer who is a qualified  
25 disabled veteran. When a dependent of a taxpayer files an annual  
26 return under this part, the taxpayer or dependent of the taxpayer,  
27 but not both, may claim the additional exemption allowed under this  
28 subdivision. As used in this subdivision:

29 (i) "Qualified disabled veteran" means a veteran with a



1 service-connected disability.

2 (ii) "Service-connected disability" means a disability incurred  
3 or aggravated in the line of duty in the active military, naval, or  
4 air service as described in 38 USC 101(16).

5 (iii) "Veteran" means an individual who served in the active  
6 military, naval, marine, coast guard, or air service and who was  
7 discharged or released from the individual's service with an  
8 honorable or general discharge.

9 (4) An individual with respect to whom a deduction under  
10 subsection (2) is allowable to another taxpayer during the tax year  
11 is not entitled to an exemption for purposes of subsection (2), but  
12 may subtract \$1,500.00 in the calculation that determines taxable  
13 income for a tax year.

14 (5) A nonresident or a part-year resident is allowed that  
15 proportion of an exemption or deduction allowed under subsection  
16 (2), (3), or (4) that the taxpayer's portion of adjusted gross  
17 income from Michigan sources bears to the taxpayer's total adjusted  
18 gross income.

19 (6) In calculating taxable income, a taxpayer shall not  
20 subtract from adjusted gross income the amount of prizes won by the  
21 taxpayer under the McCauley-Traxler-Law-Bowman-McNeely lottery act,  
22 1972 PA 239, MCL 432.1 to 432.47.

23 (7) For each tax year beginning on and after January 1, 2013,  
24 the personal exemption allowed under subsection (2) shall be  
25 adjusted by multiplying the exemption for the tax year beginning in  
26 2012 by a fraction, the numerator of which is the United States  
27 Consumer Price Index for the state fiscal year ending in the tax  
28 year prior to the tax year for which the adjustment is being made  
29 and the denominator of which is the United States Consumer Price

1 Index for the 2010-2011 state fiscal year. For the 2022 tax year  
2 and each tax year after 2022, the adjusted amount determined under  
3 this subsection shall be increased by an additional \$600.00. The  
4 resultant product shall be rounded to the nearest \$100.00  
5 increment. For each tax year, the exemptions allowed under  
6 subsection (3) shall be adjusted by multiplying the exemption  
7 amount under subsection (3) for the tax year by a fraction, the  
8 numerator of which is the United States Consumer Price Index for  
9 the state fiscal year ending the tax year prior to the tax year for  
10 which the adjustment is being made and the denominator of which is  
11 the United States Consumer Price Index for the 1998-1999 state  
12 fiscal year. The resultant product shall be rounded to the nearest  
13 \$100.00 increment.

14 (8) As used in this section, "retirement or pension benefits"  
15 means distributions from all of the following:

16 (a) Except as provided in subdivision (d), qualified pension  
17 trusts and annuity plans that qualify under section 401(a) of the  
18 internal revenue code, including all of the following:

19 (i) Plans for self-employed persons, commonly known as Keogh or  
20 HR10 plans.

21 (ii) Individual retirement accounts that qualify under section  
22 408 of the internal revenue code if the distributions are not made  
23 until the participant has reached 59-1/2 years of age, except in  
24 the case of death, disability, or distributions described by  
25 section 72(t)(2)(A)(iv) of the internal revenue code.

26 (iii) Employee annuities or tax-sheltered annuities purchased  
27 under section 403(b) of the internal revenue code by organizations  
28 exempt under section 501(c)(3) of the internal revenue code, or by  
29 public school systems.

1           (iv) Distributions from a 401(k) plan attributable to employee  
2 contributions mandated by the plan or attributable to employer  
3 contributions.

4           (b) The following retirement and pension plans not qualified  
5 under the internal revenue code:

6           (i) Plans of the United States, state governments other than  
7 this state, and political subdivisions, agencies, or  
8 instrumentalities of this state.

9           (ii) Plans maintained by a church or a convention or  
10 association of churches.

11           (iii) All other unqualified pension plans that prescribe  
12 eligibility for retirement and predetermine contributions and  
13 benefits if the distributions are made from a pension trust.

14           (c) Retirement or pension benefits received by a surviving  
15 spouse if those benefits qualified for a deduction prior to the  
16 decedent's death. Benefits received by a surviving child are not  
17 deductible.

18           (d) Retirement and pension benefits do not include:

19           (i) Amounts received from a plan that allows the employee to  
20 set the amount of compensation to be deferred and does not  
21 prescribe retirement age or years of service. These plans include,  
22 but are not limited to, all of the following:

23           (A) Deferred compensation plans under section 457 of the  
24 internal revenue code.

25           (B) Distributions from plans under section 401(k) of the  
26 internal revenue code other than plans described in subdivision  
27 (a) (iv) .

28           (C) Distributions from plans under section 403(b) of the  
29 internal revenue code other than plans described in subdivision

1 (a) *(iii)* .

2 *(ii)* Premature distributions paid on separation, withdrawal, or  
3 discontinuance of a plan prior to the earliest date the recipient  
4 could have retired under the provisions of the plan.

5 *(iii)* Payments received as an incentive to retire early unless  
6 the distributions are from a pension trust.

7 (9) Except as otherwise provided in subsection (10) or (11),  
8 in determining taxable income under this section, the following  
9 limitations and restrictions apply:

10 (a) For a person born before 1946, this subsection provides no  
11 additional restrictions or limitations under subsection (1)(f).

12 (b) Except as otherwise provided in subdivision (c), for a  
13 person born in 1946 through 1952, the sum of the deductions under  
14 subsection (1)(f) *(i)*, *(ii)*, and *(iv)* is limited to \$20,000.00 for a  
15 single return and \$40,000.00 for a joint return. After that person  
16 reaches the age of 67, the deductions under subsection (1)(f) *(i)*,  
17 *(ii)*, and *(iv)* do not apply and that person is eligible for a  
18 deduction of \$20,000.00 for a single return and \$40,000.00 for a  
19 joint return, which deduction is available against all types of  
20 income and is not restricted to income from retirement or pension  
21 benefits. A person who takes the deduction under subsection (1)(e)  
22 is not eligible for the unrestricted deduction of \$20,000.00 for a  
23 single return and \$40,000.00 for a joint return under this  
24 subdivision.

25 (c) Beginning January 1, 2013 for a person born in 1946  
26 through 1952 and beginning January 1, 2018 for a person born after  
27 1945 who has retired as of January 1, 2013, if that person receives  
28 retirement or pension benefits from employment with a governmental  
29 agency that was not covered by the federal social security act,

1 chapter 531, 49 Stat 620, the sum of the deductions under  
2 subsection (1) (f) (i), (ii), and (iv) is limited to \$35,000.00 for a  
3 single return and, except as otherwise provided under this  
4 subdivision, \$55,000.00 for a joint return. If both spouses filing  
5 a joint return receive retirement or pension benefits from  
6 employment with a governmental agency that was not covered by the  
7 federal social security act, chapter 531, 49 Stat 620, the sum of  
8 the deductions under subsection (1) (f) (i), (ii), and (iv) is limited  
9 to \$70,000.00 for a joint return. After that person reaches the age  
10 of 67, the deductions under subsection (1) (f) (i), (ii), and (iv) do  
11 not apply and that person is eligible for a deduction of \$35,000.00  
12 for a single return and \$55,000.00 for a joint return, or  
13 \$70,000.00 for a joint return if applicable, which deduction is  
14 available against all types of income and is not restricted to  
15 income from retirement or pension benefits. A person who takes the  
16 deduction under subsection (1) (e) is not eligible for the  
17 unrestricted deduction of \$35,000.00 for a single return and  
18 \$55,000.00 for a joint return, or \$70,000.00 for a joint return if  
19 applicable, under this subdivision.

20 (d) Except as otherwise provided under subdivision (c) for a  
21 person who was retired as of January 1, 2013, for a person born  
22 after 1952 who has reached the age of 62 through 66 years of age  
23 and who receives retirement or pension benefits from employment  
24 with a governmental agency that was not covered by the federal  
25 social security act, chapter 531, 49 Stat 620, the sum of the  
26 deductions under subsection (1) (f) (i), (ii), and (iv) is limited to  
27 \$15,000.00 for a single return and, except as otherwise provided  
28 under this subdivision, \$15,000.00 for a joint return. If both  
29 spouses filing a joint return receive retirement or pension

1 benefits from employment with a governmental agency that was not  
2 covered by the federal social security act, chapter 531, 49 Stat  
3 620, the sum of the deductions under subsection (1)(f)(i), (ii), and  
4 (iv) is limited to \$30,000.00 for a joint return.

5 (e) Except as otherwise provided under subdivision (c) or (d),  
6 for a person born after 1952, the deduction under subsection  
7 (1)(f)(i), (ii), or (iv) does not apply. When that person reaches the  
8 age of 67, that person is eligible for a deduction of \$20,000.00  
9 for a single return and \$40,000.00 for a joint return, which  
10 deduction is available against all types of income and is not  
11 restricted to income from retirement or pension benefits. If a  
12 person takes the deduction of \$20,000.00 for a single return and  
13 \$40,000.00 for a joint return, that person shall not take the  
14 deduction under subsection (1)(f)(iii) and shall not take the  
15 personal exemption under subsection (2). That person may elect not  
16 to take the deduction of \$20,000.00 for a single return and  
17 \$40,000.00 for a joint return and elect to take the deduction under  
18 subsection (1)(f)(iii) and the personal exemption under subsection  
19 (2) if that election would reduce that person's tax liability. A  
20 person who takes the deduction under subsection (1)(e) is not  
21 eligible for the unrestricted deduction of \$20,000.00 for a single  
22 return and \$40,000.00 for a joint return under this subdivision.

23 (f) For a joint return, the limitations and restrictions in  
24 this subsection shall be applied based on the date of birth of the  
25 older spouse filing the joint return. If a deduction under  
26 subsection (1)(f) was claimed on a joint return for a tax year in  
27 which a spouse died and the surviving spouse has not remarried  
28 since the death of that spouse, the surviving spouse is entitled to  
29 claim the deduction under subsection (1)(f) in subsequent tax years

1 subject to the same restrictions and limitations, for a single  
2 return, that would have applied based on the date of birth of the  
3 older of the 2 spouses. For tax years beginning after December 31,  
4 2019, a surviving spouse born after 1945 who has reached the age of  
5 67 and has not remarried since the death of that spouse may elect  
6 to take the deduction that is available against all types of income  
7 subject to the same limitations and restrictions as provided under  
8 this subsection based on the surviving spouse's date of birth  
9 instead of taking the deduction allowed under subsection (1)(f),  
10 for a single return, based on the date of birth of the older  
11 spouse.

12 (10) In determining taxable income under this section, a  
13 taxpayer may elect to deduct retirement or pension benefits as  
14 provided under subsection (1)(f) with the following limitations and  
15 restrictions or elect to apply the limitations and restrictions in  
16 subsection (9), or subsection (11) if applicable:

17 (a) For the 2023 tax year, a taxpayer who was born after 1945  
18 and before 1959 may deduct an amount of retirement or pension  
19 benefits not to exceed 25% of the maximum amount of retirement or  
20 pension benefits that the taxpayer would be allowed to deduct for  
21 the tax year under subsection (1)(f)(iv) if the taxpayer's  
22 retirement or pension benefits were subject to the limitations of  
23 that subsection only.

24 (b) For the 2024 tax year, a taxpayer who was born after 1945  
25 and before 1963 may deduct an amount of retirement or pension  
26 benefits not to exceed 50% of the maximum amount of retirement or  
27 pension benefits that the taxpayer would be allowed to deduct for  
28 the tax year under subsection (1)(f)(iv) if the taxpayer's  
29 retirement or pension benefits were subject to the limitations of

1 that subsection only.

2 (c) For the 2025 tax year, a taxpayer who was born after 1945  
3 and before 1967 may deduct an amount of retirement or pension  
4 benefits not to exceed 75% of the maximum amount of retirement or  
5 pension benefits that the taxpayer would be allowed to deduct for  
6 the tax year under subsection (1)(f)(iv) if the taxpayer's  
7 retirement or pension benefits were subject to the limitations of  
8 that subsection only.

9 (d) For the 2026 tax year and each tax year after 2026, a  
10 taxpayer may deduct retirement or pension benefits as provided  
11 under subsection (1)(f), except that the amounts deductible under  
12 subsection (1)(f)(i) and (ii) combined are subject to the same  
13 maximum amounts allowed under subsection (1)(f)(iv) for a single  
14 return and a joint return for that same tax year.

15 (e) For a joint return, the limitations and restrictions in  
16 this subsection shall be applied based on the date of birth of the  
17 older spouse filing the joint return. If a deduction under  
18 subsection (1)(f) was claimed on a joint return for a tax year in  
19 which a spouse died and the surviving spouse has not remarried  
20 since the death of that spouse, the surviving spouse is entitled to  
21 claim the deduction under subsection (1)(f) in subsequent tax years  
22 subject to the same restrictions and limitations under this  
23 subsection, for a single return, that would have applied based on  
24 the date of birth of the older of the 2 spouses.

25 (11) For tax years beginning on and after January 1, 2023, in  
26 determining taxable income under this section, a taxpayer with  
27 retirement or pension benefits received for services as a public  
28 police or fire department employee subject to 1969 PA 312, MCL  
29 423.231 to 423.247, a state police trooper or state police sergeant



1 subject to 1980 PA 17, MCL 423.271 to 423.287, or a corrections  
2 officer employed by a county sheriff in a county jail, work camp,  
3 or other facility maintained by a county that houses adult  
4 prisoners may elect to deduct retirement or pension benefits as  
5 provided under subsection (1)(f) without any additional limitations  
6 or restrictions or elect to apply the limitations and restrictions  
7 in subsection (9) or (10).

8 (12) As used in this section:

9 (a) "Oil and gas" means oil and gas subject to severance tax  
10 under 1929 PA 48, MCL 205.301 to 205.317.

11 (b) "Senior citizen" means that term as defined in section  
12 514.

13 (c) "United States Consumer Price Index" means the United  
14 States Consumer Price Index for all urban consumers as defined and  
15 reported by the United States Department of Labor, Bureau of Labor  
16 Statistics.

17 Sec. 623. (1) Except as otherwise provided in this part, there  
18 is levied and imposed a corporate income tax on every taxpayer with  
19 business activity within this state or ownership interest or  
20 beneficial interest in a flow-through entity that has business  
21 activity in this state unless prohibited by 15 USC 381 to 384. The  
22 corporate income tax is imposed on the corporate income tax base,  
23 after allocation or apportionment to this state, at the rate of  
24 6.0%.

25 (2) The corporate 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 including any direct  
9 or indirect allocated share of taxes paid by a flow-through entity  
10 under part 4.

11 (c) Add any carryback or carryover of a net operating loss to  
12 the extent deducted in arriving at federal taxable income.

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

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

29 (i) The transaction is a pass through of another transaction

1 between a third party and the related person with comparable rates  
2 and terms.

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

6 (iii) An addition would be unreasonable as determined by the  
7 state treasurer.

8 (iv) The related person recipient of the transaction is  
9 organized under the laws of a foreign nation which has in force a  
10 comprehensive income tax treaty with the United States.

11 (f) To the extent included in federal taxable income, deduct  
12 interest income derived from United States obligations.

13 (g) Eliminate all of the following:

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

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

18 (h) For a qualified taxpayer, eliminate all of the following:

19 (i) Income derived from a mineral to the extent included in  
20 federal taxable income.

21 (ii) Expenses related to the income deductible under  
22 subparagraph (i) to the extent deducted in arriving at federal  
23 taxable income.

24 (i) **For tax years beginning on and after January 1, 2023,**  
25 **deduct, to the extent included in adjusted gross income, grant**  
26 **money received from an eligible grant issued by this state, a**  
27 **political subdivision of this state, any other state, or the**  
28 **federal government under a state, local, or federal program for the**  
29 **purpose of providing, improving, or expanding broadband expansion**

1 in this state. As used in this subdivision, "eligible grant" means  
2 a grant issued under any of the following:

3 (i) The broadband expansion act of Michigan, 2020 PA 224, MCL  
4 484.3251 to 484.3261.

5 (ii) The broadband equity, access, and deployment program  
6 established under 47 USC 1702.

7 (iii) The middle mile grant program established under 47 USC  
8 1741.

9 (iv) The connect America fund, alternative connect America cost  
10 model, and enhanced alternative connect America cost model programs  
11 administered by the Federal Communications Commission under the  
12 Federal Communications Commission connect America fund order 14-  
13 190, 80 FR 445, 353, including various phases and revisions.

14 (v) The rural digital opportunity fund established and  
15 administered by the Federal Communications Commission under 47 CFR  
16 54.801 to 54.806.

17 (vi) The reconnect program, also known as the rural  
18 econnectivity program, established under 7 CFR 1740.1 to 1740.100.

19 (vii) The tribal broadband connectivity program administered by  
20 the National Telecommunications and Information Administration.

21 (viii) The broadband infrastructure program administered by the  
22 National Telecommunications and Information Administration.

23 (ix) The coronavirus capital projects fund established under 42  
24 USC 804.

25 (x) The state digital equity capacity grant program  
26 established under 47 USC 1723.

27 (xi) The digital equity competitive grants program established  
28 under 47 USC 1724.

1           **(xii) Rural broadband access loan and loan guarantee program**  
 2           **administered by the United States Department of Agriculture Rural**  
 3           **Utilities Service under 7 CFR 1738.1 to 17358.350.**

4           **(xiii) The connecting Michigan communities grant program**  
 5           **established under section 806 of 2018 PA 618 and section 841 of**  
 6           **article 5 of 2020 PA 166.**

7           (3) For purposes of subsection (2), the business income of a  
 8           unitary business group is the sum of the business income of each  
 9           person included in the unitary business group less any items of  
 10          income and related deductions arising from transactions including  
 11          dividends between persons included in the unitary business group.

12          (4) Deduct any available business loss incurred after December  
 13          31, 2011. As used in this subsection, "business loss" means a  
 14          negative business income taxable amount after allocation or  
 15          apportionment. For purposes of this subsection, a taxpayer that  
 16          acquires the assets of another corporation in a transaction  
 17          described under section 381(a)(1) or (2) of the internal revenue  
 18          code may deduct any business loss attributable to that distributor  
 19          or transferor corporation. The business loss shall be carried  
 20          forward to the year immediately succeeding the loss year as an  
 21          offset to the allocated or apportioned corporate income tax base,  
 22          then successively to the next 9 taxable years following the loss  
 23          year or until the loss is used up, whichever occurs first.

24          (5) As used in this section, "oil and gas" means oil and gas  
 25          that is subject to severance tax under 1929 PA 48, MCL 205.301 to  
 26          205.317.

27          Sec. 815. (1) Subject to section 847, beginning January 1,  
 28          2021 and each tax year after 2021, there is levied and imposed a  
 29          flow-through entity tax on every taxpayer with business activity in

1 this state unless prohibited by 15 USC 381 to 384. Except as  
2 otherwise provided under subsection (5), the flow-through entity  
3 tax is imposed on the positive business income tax base, after  
4 allocation or apportionment to this state, at the same rate levied  
5 and imposed under section 51 for that same tax year. A negative  
6 business income tax base of a flow-through entity, after allocation  
7 or apportionment to this state, is includible in the business  
8 income tax base of each member of the flow-through entity and is  
9 not available as an offset to the allocated or apportioned business  
10 income tax base of the flow-through entity in any other tax year  
11 for which an election is made under section 813.

12 (2) The business income tax base means a taxpayer's business  
13 income subject to the following adjustments, before allocation or  
14 apportionment, and the adjustment in subsection (4) after  
15 allocation or apportionment:

16 (a) Add interest income and dividends derived from obligations  
17 or securities of states other than this state, in the same amount  
18 that was excluded from federal taxable income, less the related  
19 portion of expenses not deducted in computing federal taxable  
20 income because of sections 265 and 291 of the internal revenue  
21 code.

22 (b) Add losses on the sale or exchange of obligations of the  
23 United States government, the income of which this state is  
24 prohibited from subjecting to a net income tax, to the extent that  
25 the loss has been deducted in arriving at federal taxable income.

26 (c) Deduct, to the extent included in federal taxable income,  
27 income derived from obligations, or the sale or exchange of  
28 obligations, of the United States government that this state is  
29 prohibited by law from subjecting to a net income tax, reduced by

1 any interest on indebtedness incurred in carrying the obligations  
2 and by any expenses incurred in the production of that income to  
3 the extent that the expenses, including amortizable bond premiums,  
4 were deducted in arriving at federal taxable income.

5 (d) Add charitable contributions to the extent deducted in  
6 arriving at federal taxable income.

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

10 (f) Deduct guaranteed payments for services rendered by a  
11 member who is an individual to the extent that those guaranteed  
12 payments were included in federal taxable income.

13 (g) Deduct, to the extent included in federal taxable income,  
14 all of the following:

15 (i) The amount of a refund received in the tax year based on  
16 taxes paid under this part.

17 (ii) The amount of a refund received in the tax year based on  
18 taxes paid under the city income tax act, 1964 PA 284, MCL 141.501  
19 to 141.787.

20 (h) Deduct business income received as a member of another  
21 flow-through entity to the extent that the business income  
22 increased federal taxable income.

23 (i) Eliminate all of the following:

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

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

28 (iii) Income derived from a mineral to the extent included in  
29 federal taxable income of a qualified taxpayer.

1 (iv) Expenses related to the income deductible under  
2 subparagraph (iii) to the extent deducted in arriving at federal  
3 taxable income.

4 (j) For tax years beginning on and after January 1, 2023,  
5 deduct, to the extent included in adjusted gross income, grant  
6 money received from an eligible grant issued by this state, a  
7 political subdivision of this state, any other state, or the  
8 federal government under a state, local, or federal program for the  
9 purpose of providing, improving, or expanding broadband expansion  
10 in this state. As used in this subdivision, "eligible grant" means  
11 a grant issued under any of the following:

12 (i) The broadband expansion act of Michigan, 2020 PA 224, MCL  
13 484.3251 to 484.3261.

14 (ii) The broadband equity, access, and deployment program  
15 established under 47 USC 1702.

16 (iii) The middle mile grant program established under 47 USC  
17 1741.

18 (iv) The connect America fund, alternative connect America cost  
19 model, and enhanced alternative connect America cost model programs  
20 administered by the Federal Communications Commission under the  
21 Federal Communications Commission connect America fund order 14-  
22 190, 80 FR 445, 353, including various phases and revisions.

23 (v) The rural digital opportunity fund established and  
24 administered by the Federal Communications Commission under 47 CFR  
25 54.801 to 54.806.

26 (vi) The reconnect program, also known as the rural  
27 econnectivity program, established under 7 CFR 1740.1 to 1740.100.

28 (vii) The tribal broadband connectivity program administered by  
29 the National Telecommunications and Information Administration.



1           (viii) The broadband infrastructure program administered by the  
2 National Telecommunications and Information Administration.

3           (ix) The coronavirus capital projects fund established under 42  
4 USC 804.

5           (x) The state digital equity capacity grant program  
6 established under 47 USC 1723.

7           (xi) The digital equity competitive grants program established  
8 under 47 USC 1724.

9           (xii) Rural broadband access loan and loan guarantee program  
10 administered by the United States Department of Agriculture Rural  
11 Utilities Service under 7 CFR 1738.1 to 17358.350.

12           (xiii) The connecting Michigan communities grant program  
13 established under section 806 of 2018 PA 618 and section 841 of  
14 article 5 of 2020 PA 166.

15           (3) For a taxpayer that has a direct, or indirect through 1 or  
16 more other flow-through entities, ownership or beneficial interest  
17 in a flow-through entity for which an election was made under  
18 section 813 and that reported positive business income in a tax  
19 year ending on or within the taxpayer's tax year, the adjustments  
20 in subsection (2) shall not include the taxpayer's share of the  
21 electing flow-through entities adjustments under subsection (2).

22           (4) For a taxpayer that has a direct, or indirect through 1 or  
23 more other flow-through entities, ownership or beneficial interest  
24 in a flow-through entity for which an election was not made under  
25 section 813, add the taxpayer's share of the non-electing flow-  
26 through entity's positive business income as determined under  
27 section 817(2).

28           (5) In computing the tax due under this part, the taxpayer  
29 shall pay the tax due only on the business income tax base

1 allocable to those members who are individuals, flow-through  
2 entities, estates, or trusts and exclude the business income tax  
3 base allocable to those members that are corporations, insurance  
4 companies, or financial institutions. The department may require  
5 the taxpayer to disclose identifying information for all members of  
6 the taxpayer and the allocable share of business income for each  
7 member.

8 (6) As used in this section:

9 (a) "Mineral" means that term as defined in section 2 of the  
10 nonferrous metallic minerals extraction severance tax act, 2012 PA  
11 410, MCL 211.782.

12 (b) "Oil and gas" means oil and gas that is subject to  
13 severance tax under 1929 PA 48, MCL 205.301 to 205.317.

14 (c) "Qualified taxpayer" means a taxpayer subject to the  
15 minerals severance tax levied under the nonferrous metallic  
16 minerals extraction severance tax act, 2012 PA 410, MCL 211.781 to  
17 211.791.

18 Enacting section 1. This amendatory act is intended to be  
19 retroactive and applies retroactively effective for tax years  
20 beginning on and after January 1, 2023.