

House Bill 5106 as introduced
First Analysis (10-28-97)

Sponsor: Rep. Kirk A. Profit
Committee: Tax Policy

THE APPARENT PROBLEM:

Recent legislation, beginning with Public Act 23 of 1993, has authorized the formation of limited liability companies and partnerships, a new form of business entity. (For information on this kind of entity, see the analysis of House Bill 4606 of this session [dated 5-13-97] and a recent House Fiscal Agency publication [10-10-97] entitled "Recent Legislative Changes to Michigan's Limited Liability Company Act.") This new kind of entity, it has been pointed out, is not specifically mentioned in the General Sales Tax Act as many other entities are.

The Department of Treasury supports the bill. (10-22-97)

THE CONTENT OF THE BILL:

The bill would amend the General Sales Tax Act to include a limited liability partnership and a limited liability company in the definition of "person."

(Currently, that definition refers to "an individual, firm, partnership, joint venture, association, social club, fraternal organization, municipal or private corporation, whether organized for profit or not, company, estate, trust, receiver, trustee, syndicate, the United States, this state, county, or any other group or combination acting as a unit.")

MCL 205.51

FISCAL IMPLICATIONS:

The bill would have no fiscal impact, according to the House Fiscal Agency. (Fiscal Note dated 10-20-97)

ARGUMENTS:

For:

The bill is described as a technical amendment to the General Sales Tax Act to ensure that a relatively new form of company and a new form of partnership are covered under that act.

POSITIONS:

Analyst: C. Couch

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