



STATE OF MICHIGAN
EXECUTIVE OFFICE
LANSING

RICK SNYDER
GOVERNOR

SECRETARY OF SENATE
ENROLLING CLERKS

BRIAN CALLEY
LT. GOVERNOR

2018 DEC 28 P 4:30

December 28, 2018

Michigan House of Representatives
Michigan Senate
State Capitol Building
Lansing, Michigan 48913

Ladies and Gentlemen:

Today I am returning to you unsigned Senate Bill 1170.

The bill would create a new state tax on "Pass-through" entities of 4.25% to be paid in lieu of the Michigan Individual Income Tax. The bill would then provide individuals with flow through income a credit to offset the tax paid at the entity level.

This substantial change to the state tax code was passed in a little over a month. The passage of such a bill and implementation of a brand-new tax in such a limited time is inappropriate given the significance of such a change, and the risk of IRS action.

I appreciate the fact that over the eight years in which I was governor, my Administration worked closely with our legislative partners to craft sound public policy. However, I believe that this particular legislation has significant issues, and therefore, I am returning Senate Bill 1170 to you today without my approval.

Sincerely,

Rick Snyder
Governor