



STATE OF MICHIGAN
EXECUTIVE OFFICE
LANSING

RICK SNYDER
GOVERNOR

BRIAN CALLEY
LT. GOVERNOR

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,

A handwritten signature in black ink, appearing to read "Rick Snyder", written over a horizontal line.

Rick Snyder
Governor