

MEMO# 21495

August 17, 2007

Michigan Enacts RIC Apportionment Legislation

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TO: ADVISER DISTRIBUTOR TAX ISSUES TASK FORCE No. 13-07
TAX MEMBERS No. 36-07 RE: MICHIGAN ENACTS RIC APPORTIONMENT LEGISLATION

The Michigan Legislature has enacted apportionment rules for sales derived from services to regulated investment companies ("RICs"). The enacted legislation (S. 94) [\[1\]](#) requires RIC service providers to apportion sales to Michigan to the extent that the RIC's shareholders are domiciled in Michigan. The RIC apportionment provision in S. 94 originally was included in a separate bill (S. 95), which was part of a package of three bills (S. 94, S. 95 and S. 96) proposed to replace Michigan's single business tax before its expiration at the end of 2007. The Institute submitted comments requesting amendments to the RIC apportionment provision to address, among other issues, apportionment for omnibus accounts. [\[2\]](#)

The legislature transferred a number of provisions, including the RIC apportionment rules, into S. 94. This legislation is effective beginning January 1, 2008. As enacted, S. 94 does not address apportionment rules for omnibus accounts or the other issues raised by the Institute in its letter. The legislature and various state regulatory agencies are aware of the Institute's concerns and are considering whether and how to address them.

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endnotes

[1] Go to <http://www.legislature.mi.gov/documents/2007-2008/publicact/pdf/2007-PA-0036.pdf> to read the legislation.

[2] See Institute [Memorandum](#) (21335) to Adviser Distributor Tax Issues Task Force No. 10-07 and Tax Members No. 29-07, dated July 10, 2007.

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