



HOUSE BILL No. 4950

September 13, 2017, Introduced by Rep. Vaupel and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 635 (MCL 206.635), as added by 2011 PA 38.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 635. (1) Except as otherwise provided under subsection
2 (4) **OR (6)**, each insurance company shall pay a tax determined under
3 this chapter.

4 (2) The tax imposed by this chapter on each insurance company
5 shall be a tax equal to 1.25% of gross direct premiums written on
6 property or risk located or residing in this state. Direct premiums
7 do not include any of the following:

8 (a) Premiums on policies not taken.

9 (b) Returned premiums on canceled policies.

10 (c) Receipts from the sale of annuities.

11 (d) Receipts on reinsurance premiums if the tax has been paid

1 on the original premiums.

2 (e) The first \$190,000,000.00 of disability insurance premiums
3 written in this state, other than credit insurance and disability
4 income insurance premiums, of each insurance company subject to tax
5 under this chapter. This exemption shall be reduced by \$2.00 for
6 each \$1.00 by which the insurance company's gross direct premiums
7 from insurance carrier services in this state and outside this
8 state exceed \$280,000,000.00.

9 (3) The tax calculated under this chapter is in lieu of all
10 other privilege or franchise fees or taxes imposed by this part or
11 any other law of this state, except taxes on real and personal
12 property, taxes collected under the general sales tax act, 1933 PA
13 167, MCL 205.51 to 205.78, and taxes collected under the use tax
14 act, 1937 PA 94, MCL 205.91 to 205.111, and except as otherwise
15 provided in the insurance code of 1956, 1956 PA 218, MCL 500.100 to
16 500.8302.

17 (4) The tax imposed and levied under this chapter does not
18 apply to an insurance company authorized under chapter 46 or 47 of
19 the insurance code of 1956, 1956 PA 218, MCL 500.4601 to 500.4673
20 and 500.4701 to 500.4747.

21 (5) For a taxpayer subject to the tax imposed under chapter
22 11, that portion of the tax base attributable to the services
23 provided by an attorney-in-fact to a reciprocal insurer pursuant to
24 chapter 72 of the insurance code of 1956, 1956 PA 218, MCL 500.7200
25 to 500.7234, is exempt from the tax imposed by that chapter.

26 **(6) THE TAX IMPOSED AND LEVIED UNDER THIS CHAPTER DOES NOT**
27 **APPLY TO A HEALTH MAINTENANCE ORGANIZATION AUTHORIZED UNDER CHAPTER**

1 35 OF THE INSURANCE CODE OF 1956, 1956 PA 218, MCL 500.3501 TO
2 500.3573.

3 Enacting section 1. This amendatory act is retroactive and
4 effective for tax years that begin on and after January 1, 2016.