

# HOUSE BILL No. 4308

February 15, 1991, Introduced by Rep. Bennett and referred to the Committee on Taxation.

A bill to amend section 3 of Act No. 301 of the Public Acts of 1939, entitled as amended

"An act to provide for the imposition and the collection of a specific tax upon the privilege of ownership of intangible personal property and on certain enterprises having possession of intangible personal property of another; to define owners of intangible personal property; to provide for the disposition of the proceeds thereof; to prescribe the powers and duties of the department of revenue with respect thereto; to prescribe penalties; to make an appropriation to carry out the provisions of this act; and to repeal all acts and parts of acts inconsistent with the provisions of this act,"

being section 205.133 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 3 of Act No. 301 of the Public Acts of  
2 1939, being section 205.133 of the Michigan Compiled Laws, is  
3 amended to read as follows:

4 Sec. 3. (1) ~~(a)~~ In computing the tax imposed under this  
5 act for a tax year, the following deductions may be made:

1 (A) ~~(1)~~ Beginning with the calendar year 1973, or a fiscal  
 2 year ending after June 30, 1973, from the total tax as computed  
 3 ~~in accordance with~~ UNDER section 2, the sum of \$175.00. The  
 4 total deduction from the tax by a husband and wife filing a joint  
 5 return shall not exceed \$350.00. For a tax return covering a  
 6 period of less than 1 year, the deduction shall be reduced  
 7 proportionately. The deduction ~~shall not be~~ IS NOT allowed in  
 8 connection with the tax imposed under this act on ~~moneys~~ MONEY  
 9 on hand, ~~or~~ in transit, or on deposit in a bank or shares of  
 10 stock in building and loan or savings and loan associations.

11 (B) ~~(2)~~ From real estate mortgages receivable and land  
 12 contracts receivable, mortgages payable and land contracts pay-  
 13 able on the same property covered by the mortgage or land con-  
 14 tract receivable.

15 (2) ~~(b)~~ The following ~~shall be~~ IS exempt from the tax  
 16 imposed by this act:

17 (A) ~~(1)~~ Mortgages and land contracts and the evidences of  
 18 indebtedness secured thereby upon which the specific tax imposed  
 19 by FORMER Act No. 91 of the Public Acts of 1911 ~~, as amended,~~  
 20 ~~being sections 3640 to 3649 of the Compiled Laws of 1929,~~ has  
 21 been paid before September 29, 1939. ~~, or a~~

22 (B) A debt or obligation ~~which is~~ secured by a mortgage  
 23 upon the real estate ~~as may be~~ owned and occupied by A library,  
 24 armory, OR benevolent, charitable, educational, ~~and~~ OR scien-  
 25 tific ~~institutions~~ INSTITUTION, incorporated under the laws of  
 26 this state, with the buildings and other property ~~thereon~~ ON  
 27 THE REAL ESTATE, while occupied by ~~them~~ THE LIBRARY, ARMORY, OR

1 BENEVOLENT, CHARITABLE, EDUCATIONAL, OR SCIENTIFIC INSTITUTION  
2 solely for the purposes for which they were incorporated. ~~or~~

3 (C) A DEBT OR OBLIGATION secured by a mortgage upon a house  
4 of public worship with the land on which ~~it~~ THE HOUSE OF PUBLIC  
5 WORSHIP stands, the furniture ~~therein~~ IN THE HOUSE OF PUBLIC  
6 WORSHIP, or ~~any~~ A parsonage owned and occupied as a parsonage  
7 by ~~any~~ A regularly organized religious society of this state.

8 (D) ~~(2)~~ Bonds, notes, debts, or written or printed obliga-  
9 tions upon which the specific tax imposed by FORMER Act No. 142  
10 of the Public Acts of 1913, ~~as amended, being sections 3654 to~~  
11 ~~3658 of the Compiled Laws of 1929,~~ was paid before September 29,  
12 1939.

13 (E) ~~(3)~~ Bonds or other similar obligations of the state or  
14 of a political subdivision of the state.

15 (F) ~~(4)~~ Obligations of the United States, or guaranteed as  
16 to principal or interest by the United States, ~~which~~ THAT are  
17 exempt from taxation by reason of AN act of congress. The term  
18 "United States" includes a possession, agency, or instrumentality  
19 of the United States.

20 (G) ~~(5)~~ Bonds, mortgages, ~~and~~ OR other certificates of  
21 indebtedness made and issued by a municipality, organization, or  
22 private individual for the purpose of erecting armories in this  
23 state.

24 (H) ~~(6)~~ Intangible personal property belonging to benevo-  
25 lent, charitable, religious, educational, ~~and~~ OR nonprofit sci-  
26 entific institutions incorporated under the laws of this state.

27 This exemption ~~shall~~ DOES not apply to secret or fraternal

1 societies, ~~—~~ but the intangible personal property of charitable  
2 homes of those societies ~~shall be~~ IS exempt.

3 (I) ~~(7)~~ Intangible personal property belonging to posts of  
4 the Grand Army of the Republic, sons of veterans' unions, ~~and~~  
5 ~~of~~ OR the women's relief corps connected ~~therewith, of all~~  
6 WITH THEM, OR young men's Christian associations, young women's  
7 Christian associations, women's Christian temperance union asso-  
8 ciations, young people's Christian unions, ~~and~~ OR similar  
9 associations.

10 (J) ~~(8)~~ Pensions, including ~~so called~~ " annuities "  
11 payable under old age, retirement, or pension provisions of a  
12 public authority or private employer, irrespective of the source  
13 of contributions ~~thereto. All intangible~~ TO THE PENSIONS.

14 (K) INTANGIBLE personal property comprising all or a part of  
15 the assets of stock bonus, pension, or profit sharing plans or  
16 trusts ~~which~~ THAT qualify for exemption from federal income  
17 taxes under the internal revenue code. ~~—, cash~~

18 (L) CASH surrender values and loan values of insurance  
19 policies. ~~—, annuities~~

20 (M) ANNUITIES before the time when the periodic payments  
21 ~~thereunder shall actually~~ UNDER THE ANNUITIES commence. ~~—, and~~  
22 ~~royalties.~~

23 (N) ROYALTIES.

24 (O) ~~(9)~~ Intangible personal property belonging to domestic  
25 ~~and~~ OR foreign insurance companies ~~and~~ OR annuity companies  
26 lawfully doing business in this state.

1 (P) ~~(+10)~~ Intangible personal property belonging to  
 2 railroad companies, union station and depot companies, telegraph  
 3 companies, telephone companies, sleeping car companies, express  
 4 companies, car loaning companies, stock car companies, refrigera-  
 5 tor car companies, fast freight LINE companies, ~~and all~~ OR  
 6 other companies paying the tax assessed and levied under Act  
 7 No. 282 of the Public Acts of 1905, as amended, being sections  
 8 207.1 to 207.21 of the Michigan Compiled Laws.

9 (Q) ~~(+11)~~ Intangible personal property belonging to ~~banks,~~  
 10 ~~national~~ 1 OR MORE OF THE FOLLOWING ENTITIES DOING BUSINESS IN  
 11 THIS STATE UNDER WHATEVER AUTHORITY ORGANIZED:

12 (i) BANKS.

13 (ii) NATIONAL banking associations. ~~, savings~~

14 (iii) SAVINGS and loan associations. ~~, savings~~

15 (iv) SAVINGS and loan holding companies as defined in ~~+2~~  
 16 ~~U.S.C. 1730a, which pursuant to that section controls a savings~~  
 17 ~~and loan association subsidiary located in this state, trust~~  
 18 SECTION 10(a)(1)(D) OF THE HOME OWNERS' LOAN ACT, 12  
 19 U.S.C. 1467a.

20 (v) TRUST companies. ~~, and incorporated~~

21 (vi) INCORPORATED bank holding companies as defined in  
 22 SECTION 2 OF THE BANK HOLDING COMPANY ACT OF 1956, CHAPTER 240,  
 23 70 STAT. 133, 12 U.S.C. 1841, which pursuant to ~~that~~ section  
 24 ~~control~~ 2 OF THE BANK HOLDING COMPANY ACT OF 1956 CONTROL a  
 25 bank, national banking association, trust company, or industrial  
 26 bank subsidiary located in this state. ~~, doing business in this~~  
 27 ~~state under whatever authority organized.~~

1 (R) ~~(+2)~~ Intangible personal property owned by or  
2 comprising the assets of a person ~~or business enterprise~~  
3 engaged in business activity as defined by section 3 of THE  
4 SINGLE BUSINESS TAX ACT, Act No. 228 of the Public Acts of 1975,  
5 as amended, being section 208.3 of the Michigan Compiled Laws, if  
6 ~~, were~~ THE income received from ~~such~~ THAT intangible personal  
7 property, ~~it~~ IF ANY, would be considered, even if deducted or  
8 excluded, in determining the amount, even if zero or negative, of  
9 business income as defined by section 3 of ~~that act~~ ACT NO. 228  
10 OF THE PUBLIC ACTS OF 1975.

11 (S) ~~(+2a)~~ Intangible personal property belonging to credit  
12 unions doing business in this state under ~~whatever authority~~  
13 ~~organized~~ ACT NO. 285 OF THE PUBLIC ACTS OF 1925, BEING SECTIONS  
14 490.1 TO 490.31 OF THE MICHIGAN COMPILED LAWS.

15 (T) ~~(+3)~~ Intangible personal property ~~which~~ THAT repre-  
16 sents other property taxed under this act or other laws of this  
17 state and is so closely identified ~~therewith~~ WITH THAT PROPERTY  
18 that to impose an additional tax under this act would be uncon-  
19 stitutional as double taxation.

20 (U) ~~(+4)~~ Shares of stock in banks, trust companies, ~~and~~  
21 OR national banking associations.

22 (V) INTANGIBLE PERSONAL PROPERTY OWNED BY A TAXPAYER WHO IS  
23 65 YEARS OF AGE OR OLDER.