

SENATE BILL No. 527

October 1, 1991, Introduced by Senator N. SMITH and
referred to the Committee on Finance.

A bill to amend Act No. 281 of the Public Acts of 1967,
entitled
"Income tax act of 1967,"
as amended, being sections 206.1 to 206.532 of the Michigan
Compiled Laws, by adding section 264.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 281 of the Public Acts of 1967, as
2 amended, being sections 206.1 to 206.532 of the Michigan Compiled
3 Laws, is amended by adding section 264 to read as follows:

4 SEC. 264. (1) A TAXPAYER THAT IS AN ELIGIBLE EMPLOYER
5 SUBJECT TO WITHHOLDING UNDER SECTION 351 AND THAT IS NOT SUBJECT
6 TO OR HAS NO LIABILITY UNDER THE SINGLE BUSINESS TAX ACT, ACT
7 NO. 228 OF THE PUBLIC ACTS OF 1975, BEING SECTIONS 208.1 TO
8 208.145 OF THE MICHIGAN COMPILED LAWS, MAY CLAIM A CREDIT AGAINST
9 THE TAX IMPOSED BY THIS ACT FOR EXPENDITURES MADE BY THE TAXPAYER

1 FOR PREMIUMS FOR A BASIC HEALTH POLICY EQUAL TO 33% OF THE TOTAL
2 PREMIUMS PAID TO A CARRIER DURING THE TAXABLE YEAR.

3 (2) A CREDIT SHALL NOT BE CLAIMED UNDER THIS SECTION FOR A
4 PREMIUM PAID AFTER THE ELIGIBLE EMPLOYER'S THIRD YEAR OF PARTICI-
5 PATION IN A BASIC HEALTH POLICY.

6 (3) AN EMPLOYER SHALL NOT CLAIM THE CREDIT UNDER THIS SEC-
7 TION FOR MORE THAN 1 PERIOD OF ELIGIBILITY.

8 (4) THE CREDIT ALLOWED UNDER THIS SECTION SHALL NOT EXCEED
9 THE TAX LIABILITY OF THE TAXPAYER FOR THE TAXABLE YEAR.

10 (5) AS USED IN THIS SECTION:

11 (A) "BASIC HEALTH POLICY" MEANS A BASIC HEALTH POLICY OR
12 CERTIFICATE ISSUED PURSUANT TO SECTION 3406F OF THE INSURANCE
13 CODE OF 1956, ACT NO. 218 OF THE PUBLIC ACTS OF 1956, BEING SEC-
14 TION 500.3406F OF THE MICHIGAN COMPILED LAWS, OR A BASIC HEALTH
15 CERTIFICATE ISSUED PURSUANT TO SECTION 502B OF THE NONPROFIT
16 HEALTH CARE CORPORATION REFORM ACT, ACT NO. 350 OF THE PUBLIC
17 ACTS OF 1980, BEING SECTION 550.1502B OF THE MICHIGAN COMPILED
18 LAWS.

19 (B) "ELIGIBLE EMPLOYER" MEANS 1 OF THE FOLLOWING:

20 (i) AN EMPLOYER THAT HAS NOT CONTRIBUTED TO A GROUP HEALTH
21 INSURANCE PROGRAM OR PLAN ON BEHALF OF THE EMPLOYEES WHO ARE TO
22 BE COVERED BY A BASIC HEALTH POLICY OR TO A POLICY, CERTIFICATE,
23 OR CONTRACT THAT HAS BENEFITS NOT LESS THAN THE BENEFITS CON-
24 TAINED IN A BASIC HEALTH POLICY.

25 (ii) AN EMPLOYER THAT, AT THE TIME THE CHANGE TO A BASIC
26 HEALTH POLICY IS MADE, WAS SPENDING MORE THAN 20% OF THE
27 EMPLOYER'S PAYROLL FOR A GROUP HEALTH INSURANCE PROGRAM OR PLAN

1 ON BEHALF OF EMPLOYEES WHO ARE TO BE COVERED BY THE BASIC HEALTH
2 POLICY.

3 (C) "PERIOD OF ELIGIBILITY" MEANS ANY 1 PERIOD OF CONSECU-
4 TIVE MONTHS OR YEARS OF NOT MORE THAN 3 YEARS OF PARTICIPATION.

5 (D) "YEAR OF PARTICIPATION" MEANS A YEAR DURING WHICH AN
6 ELIGIBLE EMPLOYER HAS PAID PREMIUMS FOR A BASIC HEALTH POLICY.