

Act No. 4
Public Acts of 1995
Approved by the Governor
March 8, 1995
Filed with the Secretary of State
March 8, 1995

**STATE OF MICHIGAN
88TH LEGISLATURE
REGULAR SESSION OF 1995**

Introduced by Reps. Perricone, Bryant, Kukuk, Bush, Hill, Goschka, Kaza, Bullard, Munsell, Cropsey, Geiger, Voorhees, Whyman, Horton, Ryan, Jaye, Gernaat, Crissman, Hammerstrom, Brackenridge, Johnson, Rocca, Gnodtke, McBryde, Middaugh, Gustafson, McManus, Dalman, Dolan, Law, London, Middleton, Galloway, Dobb, Bodem, Bobier, Oxender, DeHart, Llewellyn, Randall, Fitzgerald, Jellema, Sikkema and Rhead
Reps. Jamian and Walberg named co-sponsors

ENROLLED HOUSE BILL No. 4233

AN ACT to amend sections 3 and 4 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 sections 205.133 and 205.134 of the Michigan Compiled Laws; and to repeal acts and parts of acts.

The People of the State of Michigan enact:

Section 1. Sections 3 and 4 of Act No. 301 of the Public Acts of 1939, being sections 205.133 and 205.134 of the Michigan Compiled Laws, are amended to read as follows:

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

(a) Through calendar year 1993 or a fiscal year ending before 1994, the sum of \$175.00 from the total tax as computed under section 2. However, the total deduction from the tax by a husband and wife filing a joint return shall not exceed \$350.00. Beginning in calendar year 1994, or a fiscal year ending after 1993, the sum of \$280.00 from the total tax as computed under section 2. However, the total deduction from the tax by a husband and wife filing a joint return shall not exceed \$560.00. For a tax return covering a period of less than 1 year, the deduction shall be reduced proportionately. The deduction is not allowed in connection with the tax imposed under this act on money on hand, in transit, or on deposit in a bank or shares of stock in building and loan or savings and loan associations.

(b) From real estate mortgages receivable and land contracts receivable, mortgages payable and land contracts payable on the same property covered by the mortgage or land contract receivable.

(2) All of the following are exempt from the tax imposed by this act:

(a) Mortgages and land contracts and the evidences of indebtedness secured thereby upon which the specific tax imposed by former Act No. 91 of the Public Acts of 1911 was paid before September 29, 1939.

(b) A debt or obligation secured by a mortgage upon the real estate owned and occupied by a library, an armory, or a benevolent, charitable, educational, or scientific institution, incorporated under the laws of this state, with the

buildings and other property on the real estate, while occupied by the library, armory, or benevolent, charitable, educational, or scientific institution solely for the purposes for which they were incorporated.

(c) A debt or obligation secured by a mortgage upon a house of public worship with the land on which the house of public worship stands, the furniture in the house of public worship, or a parsonage owned and occupied as a parsonage by a regularly organized religious society of this state.

(d) Bonds, notes, debts, or written or printed obligations upon which the specific tax imposed by former Act No. 142 of the Public Acts of 1913, was paid before September 29, 1939.

(e) Bonds or other similar obligations of this state or of a political subdivision of this state.

(f) Obligations of the United States, or guaranteed as to principal or interest by the United States, that are exempt from taxation by reason of an act of congress. The term "United States" includes a possession, agency, or instrumentality of the United States.

(g) Bonds, mortgages, or other certificates of indebtedness made and issued by a municipality, organization, or private individual for the purpose of erecting armories in this state.

(h) Intangible personal property belonging to benevolent, charitable, religious, educational, or nonprofit scientific institutions incorporated under the laws of this state. This exemption does not apply to secret or fraternal societies, but the intangible personal property of charitable homes of those societies is exempt.

(i) Intangible personal property belonging to posts of the Grand Army of the Republic, sons of veterans' unions, or the women's relief corps connected with them, of all young men's Christian associations, young women's Christian associations, women's Christian temperance union associations, young people's Christian unions, or other similar associations.

(j) Pensions, including, but not limited to, annuities payable under old age, retirement, or pension provisions of a public authority or private employer, irrespective of the source of contributions to the pensions.

(k) Intangible personal property comprising all or a part of the assets of stock bonus, pension, or profit sharing plans or trusts that qualify for exemption from federal income taxes under the internal revenue code.

(l) Cash surrender values and loan values of insurance policies.

(m) Annuities before the time when the periodic payments of the annuities commence.

(n) Royalties.

(o) Intangible personal property belonging to domestic or foreign insurance companies or annuity companies lawfully doing business in this state.

(p) Intangible personal property belonging to railroad companies, union station and depot companies, telegraph companies, telephone companies, sleeping car companies, express companies, car loaning companies, stock car companies, refrigerator car companies, fast freight line companies, or other companies paying the tax assessed and levied under Act No. 282 of the Public Acts of 1905, being sections 207.1 to 207.21 of the Michigan Compiled Laws.

(q) Intangible personal property belonging to 1 or more of the following entities doing business in this state under whatever authority organized:

(i) Banks.

(ii) National banking associations.

(iii) Savings and loan associations.

(iv) Savings and loan holding companies as defined in section 10(a)(1)(D) of the home owners' loan act, chapter 64, 103 Stat. 318, 12 U.S.C. 1467a.

(v) Trust companies.

(vi) Bank holding companies as defined in section 2 of the bank holding company act of 1956, chapter 240, 70 Stat. 133, 12 U.S.C. 1841, that are incorporated and control a bank, national banking association, trust company, or industrial bank subsidiary located in this state.

(r) Intangible personal property owned by or comprising the assets of a person engaged in business activity as defined by section 3 of the single business tax act, Act No. 228 of the Public Acts of 1975, being section 208.3 of the Michigan Compiled Laws, if any income received from that intangible personal property would be considered, even if deducted or excluded, in determining the amount, even if zero or negative, of business income as defined by section 3 of Act No. 228 of the Public Acts of 1975.

(s) Intangible personal property belonging to credit unions doing business in this state pursuant to Act No. 285 of the Public Acts of 1925, being sections 490.1 to 490.31 of the Michigan Compiled Laws.

(t) Intangible personal property that represents other property taxed under this act or other laws of this state and is so closely identified with that property that to impose an additional tax under this act would be unconstitutional as double taxation.

(u) Shares of stock in banks, trust companies, and national banking associations.

(3) The tax computed under section 2 less deductions taken under subsection (1) and section 3a shall be reduced by the following percentages:

(a) For calendar year 1994, or a fiscal year ending in 1994, 25%.

(b) For calendar year 1995, or a fiscal year ending in 1995, 25%.

(c) For calendar year 1996, or a fiscal year ending in 1996, 50%.

(d) For a calendar year after 1996, or a fiscal year ending after 1996, 75%.

Sec. 4. (1) On or before the last day of the fourth month following the end of the tax year, each person owning intangible personal property subject to tax under this act in which that tax exceeds the amount of the credit provided in sections 3 and 3a, shall make a return in form and content as prescribed by the department. The return shall show the personal property subject to taxation under this act for the preceding tax year and also show the face, par, or contribution value of each item of that property. A person required to file a return under this act shall transmit the return to the department with his or her remittance covering the tax payable by him or her for the preceding tax year. The department, for good cause shown and on the application of any taxpayer, may extend the time by not more than 90 days for making the annual return but interest at $\frac{3}{4}$ of 1% per month shall be added to the amount of tax due for the period of any extension.

(2) In collecting the tax levied under this act, the department may in special circumstances prescribe a return form different than the form described in subsection (1).

(3) In the annual return each person shall also list separately, and in the name of his or her principal, all intangible personal property held by him or her for investment or reinvestment as agent, trustee, manager, or attorney, or on account of any other person, and credits due him or her.

Section 2. This amendatory act shall not take effect unless Senate Bill No. 233 of the 88th Legislature is enacted into law.

Clerk of the House of Representatives.

Secretary of the Senate.

Approved -----

Governor.