



SENATE BILL No. 232

February 2, 1995, Introduced by Senators HONIGMAN, CISKY, GOUGEON, BENNETT, STEIL, GEAKE, GAST, HOFFMAN, DUNASKISS, SCHUETTE, BOUCHARD, NORTH, ROGERS, STILLE, MC MANUS and SHUGARS and referred to the Committee on Finance.

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:

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

Sec. 3. (1) ~~(a)~~ In computing the tax imposed under this 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, THROUGH CALENDAR YEAR 1993 OR A
 3 FISCAL YEAR ENDING BEFORE 1994, THE SUM OF \$175.00 from the total
 4 tax as computed ~~in accordance with~~ UNDER section 2. ~~, the sum~~
 5 ~~of \$175.00. The~~ HOWEVER, THE total deduction from the tax by a
 6 husband and wife filing a joint return shall not exceed \$350.00.
 7 BEGINNING THE CALENDAR YEAR 1994, OR A FISCAL YEAR ENDING AFTER
 8 1993, THE SUM OF \$280.00 FROM THE TOTAL TAX AS COMPUTED UNDER
 9 SECTION 2. HOWEVER, THE TOTAL DEDUCTION FROM THE TAX BY A HUS-
 10 BAND AND WIFE FILING A JOINT RETURN SHALL NOT EXCEED \$560.00. For
 11 a tax return covering a period of less than 1 year, the deduction
 12 shall be reduced proportionately. The deduction ~~shall~~ IS not
 13 ~~be~~ allowed in connection with the tax imposed under this act on
 14 ~~moneys~~ MONEY on hand, ~~or~~ in transit, or on deposit in a bank
 15 or shares of stock in building and loan or savings and loan
 16 associations.

17 (B) ~~(2)~~ From real estate mortgages receivable and land
 18 contracts receivable, mortgages payable and land contracts pay-
 19 able on the same property covered by the mortgage or land con-
 20 tract receivable.

21 (2) ~~(b)~~ ~~The~~ ALL OF THE following ~~shall be~~ ARE exempt
 22 from the tax imposed by this act:

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

1 (B) A debt or obligation ~~which is~~ secured by a mortgage
2 upon the real estate ~~as may be~~ owned and occupied by A library,
3 AN armory, OR A benevolent, charitable, educational, ~~and~~ OR
4 scientific ~~institutions~~ INSTITUTION, incorporated under the
5 laws of this state, with the buildings and other property
6 ~~thereon~~ ON THE REAL ESTATE, while occupied by ~~them~~ THE
7 LIBRARY, ARMORY, OR BENEVOLENT, CHARITABLE, EDUCATIONAL, OR SCI-
8 ENTIFIC INSTITUTION solely for the purposes for which they were
9 incorporated. ~~or~~

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

15 (D) ~~(2)~~ Bonds, notes, debts, or written or printed obliga-
16 tions upon which the specific tax imposed by FORMER Act No. 142
17 of the Public Acts of 1913, ~~as amended, being sections 3654 to~~
18 ~~3658 of the Compiled Laws of 1929,~~ was paid before September 29,
19 1939.

20 (E) ~~(3)~~ Bonds or other similar obligations of ~~the~~ THIS
21 state or of a political subdivision of ~~the~~ THIS state.

22 (F) ~~(4)~~ Obligations of the United States, or guaranteed as
23 to principal or interest by the United States, ~~which~~ THAT are
24 exempt from taxation by reason of AN act of congress. The term
25 "United States" includes a possession, agency, or instrumentality
26 of the United States.

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

5 (H) ~~(6)~~ Intangible personal property belonging to benevo-
 6 lent, charitable, religious, educational, ~~and~~ OR nonprofit sci-
 7 entific institutions incorporated under the laws of this state.
 8 This exemption ~~shall~~ DOES not apply to secret or fraternal
 9 societies, ~~—~~ but the intangible personal property of charitable
 10 homes of those societies ~~shall be~~ IS exempt.

11 (I) ~~(7)~~ Intangible personal property belonging to posts of
 12 the Grand Army of the Republic, sons of veterans' unions, ~~and~~
 13 ~~of~~ OR the women's relief corps connected ~~therewith~~ WITH THEM,
 14 of all young men's Christian associations, young women's
 15 Christian associations, women's Christian temperance union asso-
 16 ciations, young people's Christian unions, ~~and~~ OR other similar
 17 associations.

18 (J) ~~(8)~~ Pensions, including, ~~so called "annuities"~~ BUT
 19 NOT LIMITED TO, ANNUITIES payable under old age, retirement, or
 20 pension provisions of a public authority or private employer,
 21 irrespective of the source of contributions ~~thereto~~ TO THE
 22 PENSIONS. ~~All intangible~~

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

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

3 (M) ANNUITIES before the time when the periodic payments
4 ~~thereunder shall actually~~ OF THE ANNUITIES commence. ~~—, and~~
5 ~~royalties.—~~

6 (N) ROYALTIES.

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

10 (P) ~~(10)~~ Intangible personal property belonging to rail-
11 road companies, union station and depot companies, telegraph com-
12 panies, telephone companies, sleeping car companies, express com-
13 panies, car loaning companies, stock car companies, refrigerator
14 car companies, fast freight LINE companies, ~~and all~~ OR other
15 companies paying the tax assessed and levied under Act No. 282 of
16 the Public Acts of 1905, as amended, being sections 207.1 to
17 207.21 of the Michigan Compiled Laws.

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

21 (i) BANKS.

22 (ii) NATIONAL banking associations. ~~—, savings—~~

23 (iii) SAVINGS and loan associations. ~~—, savings—~~

24 (iv) SAVINGS and loan holding companies as defined in ~~+2~~
25 U.S.C. 1730a, which pursuant to that section controls a savings
26 and loan association subsidiary located in this state, trust

1 SECTION 10(a)(1)(D) OF THE HOME OWNERS' LOAN ACT, CHAPTER 64, 103
2 STAT. 318, 12 U.S.C. 1467a.

3 (v) TRUST companies. ~~, and incorporated bank~~

4 (vi) BANK holding companies as defined in SECTION 2 OF THE
5 BANK HOLDING COMPANY ACT OF 1956, CHAPTER 240, 70 STAT. 133, 12
6 U.S.C. 1841, ~~which pursuant to that section~~ THAT ARE INCORPO-
7 RATED AND control a bank, national banking association, trust
8 company, or industrial bank subsidiary located in this state. ~~7~~
9 ~~doing business in this state under whatever authority organized.~~

10 (R) ~~(+2)~~ Intangible personal property owned by or compris-
11 ing the assets of a person ~~or business enterprise~~ engaged in
12 business activity as defined by section 3 of THE SINGLE BUSINESS
13 TAX ACT, Act No. 228 of the Public Acts of 1975, as amended,
14 being section 208.3 of the Michigan Compiled Laws, if ~~7 were~~
15 ANY income received from ~~such~~ THAT intangible personal property
16 ~~7 it~~ would be considered, even if deducted or excluded, in
17 determining the amount, even if zero or negative, of business
18 income as defined by section 3 of ~~that act~~ ACT NO. 228 OF THE
19 PUBLIC ACTS OF 1975.

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

24 (T) ~~(+3)~~ Intangible personal property ~~which~~ THAT repre-
25 sents other property taxed under this act or other laws of this
26 state and is so closely identified ~~therewith~~ WITH THAT PROPERTY

1 that to impose an additional tax under this act would be
2 unconstitutional as double taxation.

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

5 (3) THE TAX COMPUTED UNDER SECTION 2 LESS DEDUCTIONS TAKEN
6 UNDER SUBSECTION (1) AND SECTION 3A SHALL BE REDUCED BY THE FOL-
7 LOWING PERCENTAGES:

8 (A) FOR CALENDAR YEAR 1994, OR A FISCAL YEAR ENDING IN 1994,
9 25%.

10 (B) FOR CALENDAR YEAR 1995, OR A FISCAL YEAR ENDING IN 1995,
11 25%.

12 (C) FOR CALENDAR YEAR 1996, OR A FISCAL YEAR ENDING IN 1996,
13 50%.

14 (D) FOR A CALENDAR YEAR AFTER 1996, OR A FISCAL YEAR ENDING
15 AFTER DECEMBER 31, 1996, 75%.