

Legislative Analysis



EXEMPT SELF-INSURED WORKER'S COMPENSATION GROUPS FROM CORPORATE INCOME TAX

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House Bill 4502 as introduced
Sponsor: Rep. James A. Lower
Committee: Tax Policy
Complete to 5-2-17

Analysis available at
<http://www.legislature.mi.gov>

(Enacted as Public Act 216 of 2017)

SUMMARY:

House Bill 4502 would amend the Income Tax Act (MCL 206.625) to exempt from the Corporate Income Tax "a person that is a self-insurer group operating under an agreement entered pursuant to Section 611(2) of the Worker's Disability Compensation Act of 1969, 1969 PA 317, MCL 418.611."

BACKGROUND:

Section 611(2) of the Worker's Disability Compensation Act allows multiple employers in the same industry with combined assets of \$1 million or more, and multiple public employers of the same type of unit, to form self-insured groups for worker's compensation coverage. The groups must apply to the Worker's Compensation Agency, within the Department of Licensing and Regulatory Affairs to form a group.

FISCAL IMPACT:

As written, the bill is reaffirming the existing practice of exempting self-insured workers' compensation groups from the corporate income tax, and as such should have no fiscal impact. See the Department of Treasury's Letter Ruling on the topic at:
https://www.michigan.gov/documents/treasury/LR_2016-1_542234_7.pdf

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