

SENATE BILL No. 1016

May 16, 2018, Introduced by Senators STAMAS, HORN, SHIRKEY and MACGREGOR and referred to the Committee on Michigan Competitiveness.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 635 (MCL 206.635), as amended by 2018 PA 31.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 635. (1) Except as otherwise provided under subsection
2 (4) or (6), each insurance company shall pay a tax determined under
3 this chapter.

4 (2) ~~The~~ **EXCEPT AS OTHERWISE PROVIDED UNDER THIS SUBSECTION,**
5 **THE** tax imposed by this chapter on each insurance company shall be
6 a tax equal to 1.25% of gross direct premiums written on property
7 or risk located or residing in this state. **BEGINNING JANUARY 1,**
8 **2019, THE TAX IMPOSED BY THIS CHAPTER ON EACH INSURANCE COMPANY**
9 **THAT OFFERS A HEALTH INSURANCE POLICY AS DEFINED UNDER SECTION 608**

1 OF THE INSURANCE CODE OF 1956, 1956 PA 218, MCL 500.608, SHALL BE A
2 TAX EQUAL TO 1.05% OF GROSS DIRECT PREMIUMS WRITTEN ON HEALTH
3 INSURANCE PROVIDED UNDER A HEALTH INSURANCE POLICY FOR RISK LOCATED
4 OR RESIDING IN THIS STATE AND 1.25% OF GROSS DIRECT PREMIUMS
5 WRITTEN ON ANY OTHER PROPERTY OR RISK LOCATED OR RESIDING IN THIS
6 STATE. Direct premiums do not include any of the following:

7 (a) Premiums on policies not taken.

8 (b) Returned premiums on canceled policies.

9 (c) Receipts from the sale of annuities.

10 (d) Receipts on reinsurance premiums if the tax has been paid
11 on the original premiums.

12 (e) The first \$190,000,000.00 of disability insurance premiums
13 written in this state, other than credit insurance and disability
14 income insurance premiums, of each insurance company subject to tax
15 under this chapter. This exemption shall be reduced by \$2.00 for
16 each \$1.00 by which the insurance company's gross direct premiums
17 from insurance carrier services in this state and outside this
18 state exceed \$280,000,000.00.

19 (3) The tax calculated under this chapter is in lieu of all
20 other privilege or franchise fees or taxes imposed by this part or
21 any other law of this state, except taxes on real and personal
22 property, taxes collected under the general sales tax act, 1933 PA
23 167, MCL 205.51 to 205.78, and taxes collected under the use tax
24 act, 1937 PA 94, MCL 205.91 to 205.111, and except as otherwise
25 provided in the insurance code of 1956, 1956 PA 218, MCL 500.100 to
26 500.8302.

27 (4) The tax imposed and levied under this chapter does not

1 apply to an insurance company authorized under chapter 46 or 47 of
2 the insurance code of 1956, 1956 PA 218, MCL 500.4601 to 500.4673
3 and 500.4701 to 500.4747.

4 (5) For a taxpayer subject to the tax imposed under chapter
5 11, that portion of the tax base attributable to the services
6 provided by an attorney-in-fact to a reciprocal insurer pursuant to
7 chapter 72 of the insurance code of 1956, 1956 PA 218, MCL 500.7200
8 to 500.7234, is exempt from the tax imposed by that chapter.

9 (6) The tax imposed and levied under this chapter does not
10 apply to a health maintenance organization authorized under chapter
11 35 of the insurance code of 1956, 1956 PA 218, MCL 500.3501 to
12 500.3573.