



SENATE BILL No. 220

February 2, 1995, Introduced by Senators DINGELL, CHERRY, BYRUM, KOIVISTO, YOUNG and PETERS 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:

1 Section 1. Section 3 of Act No. 301 of the Public Acts of
2 1939, being section 205.133 of the Michigan Compiled Laws, is
3 amended to read as follows:

4 Sec. 3. (1) ~~(a)~~ In computing the tax imposed under this
5 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, from the total tax as computed
 3 ~~in accordance with~~ UNDER section 2, the sum of \$175.00. The
 4 total deduction from the tax by a husband and wife filing a joint
 5 return shall not exceed \$350.00. For a tax return covering a
 6 period of less than 1 year, the deduction shall be reduced
 7 proportionately. The deduction ~~shall~~ IS not ~~be~~ allowed in
 8 connection with the tax imposed under this act on ~~moneys~~ MONEY
 9 on hand, ~~or~~ in transit, or on deposit in a bank or shares of
 10 stock in building and loan or savings and loan associations.

11 (B) ~~(2)~~ From real estate mortgages receivable and land
 12 contracts receivable, mortgages payable and land contracts pay-
 13 able on the same property covered by the mortgage or land con-
 14 tract receivable.

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

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

22 (B) A debt or obligation ~~which is~~ secured by a mortgage
 23 upon the real estate ~~as may be~~ owned and occupied by A library,
 24 AN armory, OR A benevolent, charitable, educational, ~~and~~ OR
 25 scientific ~~institutions~~ INSTITUTION, incorporated under the
 26 laws of this state, with the buildings and other property
 27 ~~thereon~~ ON THE REAL ESTATE, while occupied by ~~them~~ THE

1 LIBRARY, ARMORY, OR BENEVOLENT, CHARITABLE, EDUCATIONAL, OR
2 SCIENTIFIC INSTITUTION solely for the purposes for which they
3 were incorporated. ~~or~~

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

9 (D) ~~(2)~~ Bonds, notes, debts, or written or printed obliga-
10 tions upon which the specific tax imposed by FORMER Act No. 142
11 of the Public Acts of 1913, ~~as amended, being sections 3654 to~~
12 ~~3658 of the Compiled Laws of 1929,~~ was paid before September 29,
13 1939.

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

16 (F) ~~(4)~~ Obligations of the United States, or guaranteed as
17 to principal or interest by the United States, ~~which~~ THAT are
18 exempt from taxation by reason of AN act of congress. The term
19 "United States" includes a possession, agency, or instrumentality
20 of the United States.

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

25 (H) ~~(6)~~ Intangible personal property belonging to benevo-
26 lent, charitable, religious, educational, ~~and~~ OR nonprofit
27 scientific institutions incorporated under the laws of this

1 state. This exemption ~~shall~~ DOES not apply to secret or
 2 fraternal societies, ~~;~~ but the intangible personal property of
 3 charitable homes of those societies ~~shall be~~ IS exempt.

4 (I) ~~(7)~~ Intangible personal property belonging to posts of
 5 the Grand Army of the Republic, sons of veterans' unions, ~~and~~
 6 ~~of~~ OR the women's relief corps connected ~~therewith~~ WITH THEM,
 7 of all young men's Christian associations, young women's
 8 Christian associations, women's Christian temperance union asso-
 9 ciations, young people's Christian unions, ~~and~~ OR other similar
 10 associations.

11 (J) ~~(8)~~ Pensions, including ~~so-called "annuities"~~
 12 ANNUITIES payable under old age, retirement, or pension provi-
 13 sions of a public authority or private employer, irrespective of
 14 the source of contributions ~~thereto~~ TO THE PENSIONS. ~~All~~
 15 intangible

16 (K) INTANGIBLE personal property comprising all or a part of
 17 the assets of stock bonus, pension, or profit sharing plans or
 18 trusts ~~which~~ THAT qualify for exemption from federal income
 19 taxes under the internal revenue code. ~~;~~ ~~cash~~

20 (L) CASH surrender values and loan values of insurance
 21 policies. ~~;~~ ~~annuities~~

22 (M) ANNUITIES before the time when the periodic payments
 23 ~~thereunder shall actually~~ OF THE ANNUITIES commence. ~~,~~ ~~and~~
 24 royalties.

25 (N) ROYALTIES.

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

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

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

15 (i) BANKS.

16 (ii) NATIONAL banking associations. ~~, savings~~

17 (iii) SAVINGS and loan associations. ~~, savings~~

18 (iv) SAVINGS and loan holding companies as defined in ~~12~~
 19 U.S.C. 1730a, which pursuant to that section controls a savings
 20 and loan association subsidiary located in this state, trust
 21 SECTION 10(a)(1)(D) OF THE HOME OWNERS' LOAN ACT, 12
 22 U.S.C. 1467a.

23 (v) TRUST companies. ~~, and incorporated~~

24 (vi) INCORPORATED bank holding companies as defined in
 25 SECTION 2 OF THE BANK HOLDING COMPANY ACT OF 1956, CHAPTER 240,
 26 70 STAT. 133, 12 U.S.C. 1841, which pursuant to ~~that~~ section 2
 27 OF THE BANK HOLDING COMPANY ACT OF 1956, control a bank, national

1 banking association, trust company, or industrial bank subsidiary
2 located in this state. ~~, doing business in this state under~~
3 ~~whatever authority organized.~~

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

14 (S) ~~(12a)~~ Intangible personal property belonging to credit
15 unions doing business in this state ~~under whatever authority~~
16 ~~organized~~ PURSUANT TO ACT NO. 285 OF THE PUBLIC ACTS OF 1925,
17 BEING SECTIONS 490.1 TO 490.31 OF THE MICHIGAN COMPILED LAWS.

18 (T) ~~(13)~~ Intangible personal property ~~which~~ THAT repre-
19 sents other property taxed under this act or other laws of this
20 state and is so closely identified ~~therewith~~ WITH THAT PROPERTY
21 that to impose an additional tax under this act would be uncon-
22 stitutional as double taxation.

23 (U) ~~(14)~~ Shares of stock in banks, trust companies, and
24 national banking associations.

25 (3) BEGINNING WITH CALENDAR YEAR 1995, OR A FISCAL YEAR
26 ENDING AFTER JUNE 30, 1995, IN ADDITION TO A DEDUCTION OTHERWISE
27 PROVIDED UNDER THIS SECTION, AN INDIVIDUAL WHO IS 65 YEARS OF AGE

1 OR OLDER WHO DOES NOT CLAIM AN EXEMPTION FOR RETIREMENT OR
2 PENSION BENEFITS DESCRIBED IN SECTION 30(F) OF THE INCOME TAX ACT
3 OF 1967, ACT NO. 281 OF THE PUBLIC ACTS OF 1967, BEING
4 SECTION 206.30 OF THE MICHIGAN COMPILED LAWS, IN A YEAR MAY
5 DEDUCT, FROM THE TOTAL TAX AS COMPUTED UNDER SECTION 2, \$1,050.00
6 IF FILING AN INDIVIDUAL RETURN, OR A HUSBAND AND WIFE FILING A
7 JOINT RETURN IN A YEAR IF BOTH THE HUSBAND AND THE WIFE ARE 65
8 YEARS OF AGE OR OLDER AND HAVE NOT CLAIMED AN EXEMPTION FOR
9 RETIREMENT OR PENSION BENEFITS DESCRIBED IN SECTION 30(F) OF ACT
10 NO. 281 OF THE PUBLIC ACTS OF 1967, MAY DEDUCT \$2,100.00. FOR A
11 TAX RETURN COVERING A PERIOD OF LESS THAN 1 YEAR, THE DEDUCTION
12 SHALL BE REDUCED PROPORTIONATELY. THE DEDUCTION IS NOT ALLOWED
13 IN CONNECTION WITH THE TAX IMPOSED UNDER THIS ACT ON MONEY ON
14 HAND, IN TRANSIT, OR ON DEPOSIT IN A BANK OR SHARES OF STOCK IN
15 BUILDING AND LOAN OR SAVINGS AND LOAN ASSOCIATIONS.