



HOUSE BILL No. 5842

September 21, 1994, Introduced by Reps Rivers, Profit, Anthony, Baade, Schroer, Gire, Dobb, Gubow, Willard, Cropsey, Dobronski, McNutt Yokich, Kaza, Voorhees, Pitoniak Jaye Stallworth, DeMars, Oxender, Parks, Shugars and Rocca and referred to the Committee on Taxation

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~~ UNDLR 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~~ MONLY
 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~~ DOLS 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) ~~(I)~~ 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) ~~(J)~~ 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~~ IO 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 SIAI 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) ~~(+2)~~ 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 it ~~—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) ~~(+2a)~~ 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) ~~(+3)~~ 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) ~~(+4)~~ 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 SUBJECT TO ADJUSTMENT UNDER
 27 SUBSECTION (4) OR (5) IN ADDITION TO A DEDUCTION OTHERWISE

1 PROVIDED UNDER THIS SECTION AN INDIVIDUAL WHO HAS INCOME SUBJECT
 2 TO TAX UNDER THIS ACT LESS THAN \$50 000 00 IN A YEAR MAY DEDUCT
 3 FROM THE TOTAL TAX AS COMPUTED UNDER SECTION 2 \$175 00 IF FILING
 4 AN INDIVIDUAL RETURN OR FOR A HUSBAND AND WIFE FILING A JOINT
 5 RETURN WITH INCOME SUBJECT TO TAX UNDER THIS ACT LESS THAN
 6 \$100 000 00 IN A YEAR \$350 00 FOR A TAX RETURN COVERING A
 7 PERIOD OF LESS THAN 1 YEAR THE DEDUCTION SHALL BE REDUCED
 8 PROPORTIONATELY THE DEDUCTION IS NOT ALLOWED IN CONNECTION WITH
 9 THE TAX IMPOSED UNDER THIS ACT ON MONEY ON HAND IN TRANSIT OR
 10 ON DEPOSIT IN A BANK OR SHARES OF STOCK IN BUILDING AND LOAN OR
 11 SAVINGS AND LOAN ASSOCIATIONS

12 (4) A DEDUCTION UNDER SUBSECTION (3) FOR INDIVIDUALS WITH
 13 THE FOLLOWING LEVELS OF INCOME SUBJECT TO TAX UNDER THIS ACT
 14 SHALL BE REDUCED BY 1 OF THE FOLLOWING FACTORS

- 15 (A) INCOME EQUAL TO OR GREATER THAN \$50 000 00 100
- 16 (B) INCOME EQUAL TO OR GREATER THAN \$45 000 00 BUT LESS
 17 THAN \$50 000 00 80
- 18 (C) INCOME EQUAL TO OR GREATER THAN \$40 000 00 BUT LESS
 19 THAN \$45 000 00 60
- 20 (D) INCOME EQUAL TO OR GREATER THAN \$35 000 00 BUT LESS
 21 THAN \$40 000 00 40
- 22 (E) INCOME EQUAL TO OR GREATER THAN \$30 000 00 BUT LESS
 23 THAN \$35 000 00 20
- 24 (F) INCOME LESS THAN \$30 000 00 0

25 (5) A DEDUCTION UNDER SUBSECTION (3) FOR A HUSBAND AND WIFE
 26 FILING A JOINT RETURN WITH THE FOLLOWING LEVELS OF INCOME SUBJECT

1 TO TAX UNDER THIS ACT SHALL BE REDUCED BY 1 OF THE FOLLOWING
2 FACTORS

3 (A) INCOME EQUAL TO OR GREATER THAN \$100 000 00 100-

4 (B) INCOME EQUAL TO OR GREATER THAN \$90 000 00 BUT LESS
5 THAN \$100 000 00 80

6 (C) INCOME EQUAL TO OR GREATER THAN \$80,000 00 BUT LESS
7 THAN \$90 000 00 60-

8 (D) INCOME EQUAL TO OR GREATER THAN \$70 000 00 BUT LESS
9 THAN \$80 000 00 40

10 (E) INCOME EQUAL TO OR GREATER THAN \$60 000 00 BUT LESS
11 THAN \$70 000 00 20-

12 (F) INCOME LESS THAN \$60 000 00 0