



SENATE BILL No. 284

January 28, 1993, Introduced by Senators BOUCHARD and
WELBORN and referred to the Committee on Finance.

A bill to amend Act No. 281 of the Public Acts of 1967,
entitled
"Income tax act of 1967,"
as amended, being sections 206.1 to 206.532 of the Michigan
Compiled Laws, by adding section 264.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 281 of the Public Acts of 1967, as
2 amended, being sections 206.1 to 206.532 of the Michigan Compiled
3 Laws, is amended by adding section 264 to read as follows:

4 SEC. 264. (1) A TAXPAYER THAT IS AN ELIGIBLE EMPLOYER
5 SUBJECT TO WITHHOLDING UNDER SECTION 351 AND THAT IS NOT SUBJECT
6 TO OR HAS NO LIABILITY UNDER THE SINGLE BUSINESS TAX ACT, ACT
7 NO. 228 OF THE PUBLIC ACTS OF 1975, BEING SECTIONS 208.1 TO
8 208.145 OF THE MICHIGAN COMPILED LAWS, MAY CLAIM A CREDIT AGAINST
9 THE TAX IMPOSED BY THIS ACT EQUAL TO 33% OF THE TOTAL PREMIUMS

1 PAID BY THE TAXPAYER TO A CARRIER DURING THE TAXABLE YEAR FOR A
2 BASIC HEALTH POLICY.

3 (2) A CREDIT SHALL NOT BE CLAIMED UNDER THIS SECTION FOR A
4 PREMIUM PAID FOR A BASIC HEALTH POLICY AFTER THE ELIGIBLE
5 EMPLOYER'S THIRD YEAR OF PARTICIPATION IN THE BASIC HEALTH
6 POLICY.

7 (3) AN EMPLOYER SHALL NOT CLAIM THE CREDIT UNDER THIS SEC-
8 TION FOR MORE THAN 1 PERIOD OF ELIGIBILITY.

9 (4) THE CREDIT ALLOWED UNDER THIS SECTION SHALL NOT EXCEED
10 THE TAX LIABILITY OF THE TAXPAYER FOR THE TAXABLE YEAR.

11 (5) AS USED IN THIS SECTION:

12 (A) "BASIC HEALTH POLICY" MEANS A BASIC HEALTH POLICY OR
13 CERTIFICATE ISSUED PURSUANT TO SECTION 3406F OF THE INSURANCE
14 CODE OF 1956, ACT NO. 218 OF THE PUBLIC ACTS OF 1956, BEING SEC-
15 TION 500.3406F OF THE MICHIGAN COMPILED LAWS, OR A BASIC HEALTH
16 CERTIFICATE ISSUED PURSUANT TO SECTION 502B OF THE NONPROFIT
17 HEALTH CARE CORPORATION REFORM ACT, ACT NO. 350 OF THE PUBLIC
18 ACTS OF 1980, BEING SECTION 550.1502B OF THE MICHIGAN COMPILED
19 LAWS.

20 (B) "ELIGIBLE EMPLOYER" MEANS EITHER OF THE FOLLOWING:

21 (i) AN EMPLOYER THAT HAS NOT CONTRIBUTED TO A GROUP HEALTH
22 INSURANCE PROGRAM OR PLAN ON BEHALF OF THE EMPLOYEES WHO ARE TO
23 BE COVERED BY A BASIC HEALTH POLICY OR TO A POLICY, CERTIFICATE,
24 OR CONTRACT THAT HAS BENEFITS EQUAL TO OR GREATER THAN THE BENE-
25 FITS CONTAINED IN A BASIC HEALTH POLICY.

26 (ii) AN EMPLOYER THAT, AT THE TIME THE CHANGE TO A BASIC
27 HEALTH POLICY IS MADE, WAS SPENDING MORE THAN 20% OF THE

1 EMPLOYER'S PAYROLL FOR A GROUP HEALTH INSURANCE PROGRAM OR PLAN
2 ON BEHALF OF EMPLOYEES WHO ARE TO BE COVERED BY THE BASIC HEALTH
3 POLICY.

4 (C) "PERIOD OF ELIGIBILITY" MEANS A PERIOD OF CONSECUTIVE
5 MONTHS OR YEARS OF NOT MORE THAN 3 YEARS OF PARTICIPATION.

6 (D) "YEAR OF PARTICIPATION" MEANS A YEAR DURING WHICH AN
7 ELIGIBLE EMPLOYER HAS PAID PREMIUMS FOR A BASIC HEALTH POLICY.