



SENATE BILL No. 420

February 24, 1993, Introduced by Senators HONIGMAN,
ARTHURHULTZ, VAN REGENMORTER and PRIDNIA 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 per-
sonal 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 penal-
ties; 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; and to
repeal the act on a specific date.

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:

1 Sec. 3. ~~-(a)-~~ (1) In computing the tax imposed under this
2 act for a tax year, the following deductions may be made:

3 (A) ~~-(1)-~~ Beginning with the calendar year 1973, or a fiscal
4 year ending after June 30, 1973, from the total tax as computed
5 ~~in accordance with~~ UNDER section 2, the sum of \$175.00. The
6 total deduction from the tax by a husband and wife filing a joint
7 return shall not exceed \$350.00. For a tax return covering a
8 period of less than 1 year, the deduction shall be reduced
9 proportionately. The deduction ~~shall~~ IS not ~~be~~ allowed in
10 connection with the tax imposed under this act on ~~moneys~~ MONEY
11 on hand, ~~or~~ in transit, or on deposit in a bank or shares of
12 stock in building and loan or savings and loan associations.

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

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

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

24 (B) A debt or obligation ~~which is~~ secured by a mortgage
25 upon the real estate ~~as may be~~ owned and occupied by A library,
26 AN armory, OR A benevolent, charitable, educational, ~~and~~ OR
27 scientific ~~institutions~~ INSTITUTION, incorporated under the

1 laws of this state, with the buildings and other property
2 ~~thereon~~ ON THE REAL ESTATE, while occupied by ~~them~~ THE
3 LIBRARY, ARMORY, OR BENEVOLENT, CHARITABLE, EDUCATIONAL, OR SCI-
4 ENTIFIC INSTITUTION solely for the purposes for which they were
5 incorporated. ~~or~~

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

11 (D) ~~(2)~~ Bonds, notes, debts, or written or printed obliga-
12 tions upon which the specific tax imposed by FORMER Act No. 142
13 of the Public Acts of 1913, ~~as amended, being sections 3654 to~~
14 ~~3658 of the Compiled Laws of 1929,~~ was paid before September 29,
15 1939.

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

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

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

1 (H) ~~-(6)-~~ Intangible personal property belonging to
 2 benevolent, charitable, religious, educational, ~~-and-~~ OR
 3 nonprofit scientific institutions incorporated under the laws of
 4 this state. This exemption ~~-shall-~~ DOES not apply to secret or
 5 fraternal societies, ~~-~~ but the intangible personal property of
 6 charitable homes of those societies ~~-shall-be-~~ IS exempt.

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

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

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

23 (L) CASH surrender values and loan values of insurance
 24 policies. ~~-annuities-~~

25 (M) ANNUITIES before the time when the periodic payments
 26 ~~-thereunder shall actually-~~ OF THE ANNUITIES commence. ~~-and~~
 27 ~~royalties-~~

1 (N) ROYALTIES.

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

5 (P) ~~-(10)-~~ Intangible personal property belonging to rail-
6 road companies, union station and depot companies, telegraph com-
7 panies, telephone companies, sleeping car companies, express com-
8 panies, car loaning companies, stock car companies, refrigerator
9 car companies, fast freight LINE companies, ~~and all~~ OR other
10 companies paying the tax assessed and levied under Act No. 282 of
11 the Public Acts of 1905, as amended, being sections 207.1 to
12 207.21 of the Michigan Compiled Laws.

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

16 (i) BANKS.

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

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

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

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

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

1 OF THE BANK HOLDING COMPANY ACT OF 1956, control a bank, national
2 banking association, trust company, or industrial bank subsidiary
3 located in this state. ~~, doing business in this state under~~
4 ~~whatever authority organized.~~

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

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

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

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

1 (3) THE TAX COMPUTED UNDER SECTION 2 LESS DEDUCTIONS TAKEN
2 UNDER SUBSECTION (1) SHALL BE REDUCED BY THE FOLLOWING
3 PERCENTAGES:

4 (A) FOR CALENDAR YEAR 1994, OR A FISCAL YEAR ENDING IN CAL-
5 ENDAR YEAR 1994, 10%.

6 (B) FOR CALENDAR YEAR 1995, OR A FISCAL YEAR ENDING IN CAL-
7 ENDAR YEAR 1995, 20%.

8 (C) FOR CALENDAR YEAR 1996, OR A FISCAL YEAR ENDING IN CAL-
9 ENDAR YEAR 1996, 30%.

10 (D) FOR CALENDAR YEAR 1997, OR A FISCAL YEAR ENDING IN CAL-
11 ENDAR YEAR 1997, 40%.

12 (E) FOR CALENDAR YEAR 1998, OR A FISCAL YEAR ENDING IN CAL-
13 ENDAR YEAR 1998, 50%.

14 (F) FOR CALENDAR YEAR 1999, OR A FISCAL YEAR ENDING IN CAL-
15 ENDAR YEAR 1999, 60%.

16 (G) FOR CALENDAR YEAR 2000, OR A FISCAL YEAR ENDING IN CAL-
17 ENDAR YEAR 2000, 70%.

18 (H) FOR CALENDAR YEAR 2001, OR A FISCAL YEAR ENDING IN CAL-
19 ENDAR YEAR 2001, 80%.

20 (I) FOR CALENDAR YEAR 2002, OR A FISCAL YEAR ENDING IN CAL-
21 ENDAR YEAR 2002, 90%.

22 (J) FOR A CALENDAR YEAR AFTER 2002, OR A FISCAL YEAR ENDING
23 AFTER CALENDAR YEAR 2002, 100%.

24 Section 2. Act No. 301 of the Public Acts of 1939, being
25 sections 205.131 to 205.147 of the Michigan Compiled Laws, is
26 repealed effective January 1, 2004.