




Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 365 (as reported by the Committee of the Whole)
Sponsor: Senator Jud Gilbert, II
Committee: Transportation

CONTENT

The bill would amend the Insurance Code to exempt air carrier insurance from a tax and fee on insurance offered through unauthorized insurers.

Under the Code, any unauthorized insurer transacting insurance in Michigan is subject to a tax of 2% of premiums written in the State, and to an additional regulatory fee of 0.5% on those premiums.

Under the bill, the tax and fee would not apply to premiums written for air carrier insurance that generally was unavailable through authorized insurers offering air carrier insurance to air carriers operating interstate or intrastate.

As used in the bill, "air carrier" would mean a Michigan-based air carrier that is a scheduled or nonscheduled operator and that operates only aircraft with more than 30 passenger seats or with a payload capacity of more than 7,500 pounds.

MCL 500.451

Legislative Analyst: Curtis Walker

FISCAL IMPACT

Based on information from aviation businesses affected by this bill, it is estimated that the bill would reduce revenue by less than \$0.5 million annually. Of this amount, approximately 80% would be lost insurance tax revenue, which would reduce General Fund/General Purpose revenue, and 20% would be lost insurance regulatory fees. The bill would not have any direct impact on local governments.

Date Completed: 6-26-07

Fiscal Analyst: Jay Wortley