HOUSE BILL No. 5002

August 31, 1993, Introduced by Reps. Martin, Dobb, DeMars, Byrum, Dalman, Walberg, Nye, Dolan, Munsell and Sikkema and referred to the Committee on Taxation.

A bill to amend section 22a of Act No. 228 of the Public

Acts of 1975, entitled

"Single business tax act,"

as added by Act No. 262 of the Public Acts of 1987, being section

208.22a of the Michigan Compiled Laws; and to add section 39b.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1   Section 1. Section 22a of Act No. 228 of the Public Acts of

2 1975, as added by Act No. 262 of the Public Acts of 1987, being

3 section 208.22a of the Michigan Compiled Laws, is amended and

4 section 39b is added to read as follows:

5   Sec. 22a. From August 3, 1987 to September 30, 1987, for

6 the tax year beginning October 1, 1987 and ending September 30,

7 1988, and each tax year thereafter, the tax base and adjusted tax

8 base of an insurance company is the product of .25 times the

9 insurance company's gross receipts as apportioned under section

03664'93   RJA

1 62, excluding receipts on the sale of annuities, ~~and~~ receipts

2 on the sale of reinsurance, AND RECEIPTS FROM A BASIC HEALTH

3 POLICY OR CERTIFICATE OFFERED PURSUANT TO SECTION 3406F OF THE

4 INSURANCE CODE OF 1956, ACT NO. 218 OF THE PUBLIC ACTS OF 1956,

5 BEING SECTION 500.3406F OF THE MICHIGAN COMPILED LAWS. The tax

6 base and adjusted tax base calculated under this section shall

7 not be adjusted under section 23 OR 23B. The tax calculated

8 thereon shall be in lieu of all other privilege or franchise fees

9 or taxes imposed by another law of the state, except taxes on

10 real and personal property and except as otherwise provided in

11 this act and in the insurance code of 1956, Act No. 218 of the

12 Public Acts of 1956, being sections 500.100 to 500.8302 of the

13 Michigan Compiled Laws.

14   SEC. 39B. (1) A TAXPAYER THAT IS AN ELIGIBLE EMPLOYER MAY

15 CLAIM A CREDIT AGAINST THE TAX IMPOSED BY THIS ACT FOR EXPENDI-

16 TURES MADE BY THE TAXPAYER FOR PREMIUMS FOR A BASIC HEALTH POLICY

17 EQUAL TO 33% OF THE TOTAL PREMIUMS PAID IN THE TAX YEAR TO A

18 CARRIER.

19   (2) A CREDIT SHALL NOT BE CLAIMED UNDER THIS SECTION FOR A

20 PREMIUM PAID AFTER THE ELIGIBLE EMPLOYER'S THIRD YEAR OF PARTICI-

21 PATION IN A BASIC HEALTH POLICY PLAN OR PROGRAM.

22   (3) AN EMPLOYER SHALL NOT CLAIM THE CREDIT UNDER THIS SEC-

23 TION FOR MORE THAN 1 PERIOD OF ELIGIBILITY.

24   (4) IF THE CREDIT ALLOWED UNDER THIS SECTION FOR THE TAX

25 YEAR AND ANY UNUSED CARRYFORWARD OF THE CREDIT ALLOWED BY THIS

26 SECTION EXCEEDS THE TAXPAYER'S TAX LIABILITY FOR THE TAX YEAR,

27 THAT PORTION THAT EXCEEDS THE TAX LIABILITY FOR THE TAX YEAR

1 SHALL NOT BE REFUNDED BUT MAY BE CARRIED FORWARD TO OFFSET TAX

2 LIABILITY IN SUBSEQUENT TAX YEARS FOR 6 YEARS OR UNTIL USED UP,

3 WHICHEVER OCCURS FIRST.

4   (5) AS USED IN THIS SECTION:

5   (A) "BASIC HEALTH POLICY" MEANS A BASIC HEALTH POLICY OR

6 CERTIFICATE ISSUED PURSUANT TO SECTION 3406F OF THE INSURANCE

7 CODE OF 1956, ACT NO. 218 OF THE PUBLIC ACTS OF 1956, BEING SEC-

8 TION 500.3406F OF THE MICHIGAN COMPILED LAWS, OR A BASIC HEALTH

9 CERTIFICATE ISSUED PURSUANT TO SECTION 502B OF THE NONPROFIT

10 HEALTH CARE CORPORATION REFORM ACT, ACT NO. 350 OF THE PUBLIC

11 ACTS OF 1980, BEING SECTION 550.1502B OF THE MICHIGAN COMPILED

12 LAWS.

13   (B) "ELIGIBLE EMPLOYER" MEANS 1 OF THE FOLLOWING:

14   (*i*) AN EMPLOYER THAT HAS NOT CONTRIBUTED TO A GROUP HEALTH

15 INSURANCE PROGRAM OR PLAN ON BEHALF OF THE EMPLOYEES WHO ARE TO

16 BE COVERED BY A BASIC HEALTH POLICY OR TO A POLICY, CERTIFICATE,

17 OR CONTRACT THAT HAS BENEFITS NOT LESS THAN THE BENEFITS CON-

18 TAINED IN A BASIC HEALTH POLICY.

19   (*ii*) AN EMPLOYER THAT, AT THE TIME THE CHANGE TO A BASIC

20 HEALTH POLICY IS MADE, WAS SPENDING MORE THAN 20% OF THE

21 EMPLOYER'S PAYROLL FOR A GROUP HEALTH INSURANCE PROGRAM OR PLAN

22 ON BEHALF OF EMPLOYEES WHO ARE TO BE COVERED BY A BASIC HEALTH

23 POLICY.

24   (C) "PERIOD OF ELIGIBILITY" MEANS ANY 1 PERIOD OF CONSECU-

25 TIVE MONTHS OR YEARS EQUAL TO NOT MORE THAN 3 YEARS DURING WHICH

26 AN ELIGIBLE EMPLOYER HAS PAID PREMIUMS FOR A BASIC HEALTH POLICY

27 FOR THE ENTIRE PERIOD.