

Act No. 578
Public Acts of 1996
Approved by the Governor
January 16, 1997
Filed with the Secretary of State
January 17, 1997

STATE OF MICHIGAN
88TH LEGISLATURE
REGULAR SESSION OF 1996

Introduced by Reps. Dobb, Middaugh, Profit, Goschka, Whyman, Green, Kukuk, Law, Munsell, Hammerstrom, Perricone, Brackenridge, Gernaat, Rhead, Bodem, Jaye, Llewellyn and Wetters

ENROLLED HOUSE BILL No. 5990

AN ACT to amend section 22a of Act No. 228 of the Public Acts of 1975, entitled "An act to provide for the imposition, levy, computation, collection, assessment and enforcement, by lien or otherwise, of taxes on certain commercial, business, and financial activities; to prescribe the manner and times of making certain reports and paying taxes; to prescribe the powers and duties of public officers and state departments; to permit the inspection of records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits, and refunds; to provide penalties; to provide for the disposition of funds; to provide for the interrelation of this act with other acts; and to provide an appropriation," as amended by Act No. 77 of the Public Acts of 1995, being section 208.22a of the Michigan Compiled Laws.

The People of the State of Michigan enact:

Section 1. Section 22a of Act No. 228 of the Public Acts of 1975, as amended by Act No. 77 of the Public Acts of 1995, being section 208.22a of the Michigan Compiled Laws, is amended to read as follows:

Sec. 22a. (1) Except as otherwise provided, from August 3, 1987 to September 30, 1987, for the tax year beginning October 1, 1987 and ending September 30, 1988, and each tax year thereafter, the tax base and adjusted tax base of an insurance company is the product of .25 times the insurance company's adjusted receipts as apportioned under section 62.

(2) The tax base and adjusted tax base calculated under this section shall not be adjusted under sections 23 and 23b.

(3) The tax calculated under this section is in lieu of all other privilege or franchise fees or taxes imposed by any other law of this state, except taxes on real and personal property and except as otherwise provided in this act and in Act No. 218 of the Public Acts of 1956.

(4) As used in this section:

(a) "Adjusted receipts" means, except as provided in subdivision (b), the sum of all of the following:

(i) Rental and royalty receipts from a person that is not either of the following:

(A) An affiliated insurance company.

(B) An insurance agent of the taxpayer licensed under chapter 12 of the insurance code of 1956, Act No. 218 of the Public Acts of 1956, being sections 500.1200 to 500.1244 of the Michigan Compiled Laws.

(ii) Gross direct premiums received for insurance on property or risk, deducting premiums on policies not taken and returned premiums on canceled policies.

(iii) Receipts from administrative services only contracts with a person who is not an affiliated insurance company or an affiliated nonprofit corporation.

(iv) Receipts from business activity other than the business of insurance. As used in this subparagraph, "business of insurance" means any activity related to the sale of insurance, payment of claims, or claims handling, on policies written by the taxpayer.

(v) Charges not including interest charges attributable to premiums paid on a deferred or installment basis.

(vi) Receipts from servicing carrier fees received from the Michigan auto insurance placement facility.

(b) Adjusted receipts do not include any of the following:

(i) Receipts from interest, dividends, or proceeds from the sale of assets.

(ii) Receipts, other than receipts described in subsection (4)(a)(i) or (ii), from an affiliated insurance company, an affiliated nonprofit corporation, an employee of the taxpayer, or an insurance agent of the taxpayer licensed under chapter 12 of the insurance code of 1956, Act No. 218 of the Public Acts of 1956, being sections 500.1200 to 500.1244 of the Michigan Compiled Laws.

(iii) Receipts on the sale of annuities.

(iv) Receipts on all reinsurance transactions.

(c) "Affiliated insurance company" means an insurance company that is a member of an affiliated group with the taxpayer or if the insurance company does not issue stock, 50% or more of the members of that insurance company's board of directors are members of the taxpayer's board of directors.

(d) "Affiliated nonprofit corporation" means a nonprofit corporation, of which 80% or more of the members of the board of directors are members of the taxpayer's board of directors.

(5) A refund for taxes paid for tax years before the 1996 tax year shall not be paid under this section if the refund claim is made after June 30, 1997 and is based on this section as it exists on the effective date of the amendatory act that added this subsection.

Section 2. Section 22a of Act No. 228 of the Public Acts of 1975, as amended by this amendatory act, is retroactive and effective beginning January 1, 1991.

This act is ordered to take immediate effect.

Clerk of the House of Representatives.

Secretary of the Senate.

Approved -----

Governor.