

# HOUSE BILL No. 4565

April 10, 1989, Introduced by Rep. Bennett and referred to the Committee on Taxation.

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 personal 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 penalties; 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.

## 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:

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

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

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

15 (2) ~~(b)~~ The following ~~shall be~~ IS exempt from the tax  
 16 imposed by this act:

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

22 (B) A debt or obligation ~~which is~~ secured by a mortgage  
 23 upon the real estate ~~as may be~~ owned and occupied by A library,  
 24 armory, OR A benevolent, charitable, educational, ~~and~~ OR scien-  
 25 tific ~~institutions~~ INSTITUTION, incorporated under the laws of  
 26 this state, with the buildings and other property ~~thereon~~ ON  
 27 THE REAL ESTATE, while occupied by ~~them~~ THE LIBRARY, ARMORY, OR

1 BENEVOLENT, CHARITABLE, EDUCATIONAL, OR SCIENTIFIC INSTITUTION  
2 solely for the purposes for which they were incorporated. ~~or~~

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

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

13 (E) ~~(3)~~ Bonds or other similar obligations of the state or  
14 of a political subdivision of the state.

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

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

24 (H) ~~(6)~~ Intangible personal property belonging to benevo-  
25 lent, charitable, religious, educational, ~~and~~ OR nonprofit sci-  
26 entific institutions incorporated under the laws of this state.  
27 This exemption ~~shall~~ DOES not apply to secret or fraternal

1 societies, ~~—~~ but the intangible personal property of charitable  
2 homes of those societies ~~shall be~~ IS exempt.

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

10 (J) ~~(8)~~ Pensions, including ~~so called~~ " annuities "  
11 payable under old age, retirement, or pension provisions of a  
12 public authority or private employer, irrespective of the source  
13 of contributions ~~thereto. All intangible~~ TO THE PENSIONS.

14 (K) INTANGIBLE personal property comprising all or a part of  
15 the assets of stock bonus, pension, or profit sharing plans or  
16 trusts ~~which~~ THAT qualify for exemption from federal income  
17 taxes under the internal revenue code. ~~—, cash—~~

18 (L) CASH surrender values and loan values of insurance  
19 policies. ~~—, annuities—~~

20 (M) ANNUITIES before the time when the periodic payments  
21 ~~thereunder shall actually~~ UNDER THE ANNUITIES commence. ~~—, and~~  
22 ~~royalties.~~

23 (N) ROYALTIES.

24 (O) ~~(9)~~ Intangible personal property belonging to domestic  
25 ~~and~~ OR foreign insurance companies ~~and~~ OR annuity companies  
26 lawfully doing business in this state.

1 (P) ~~(+0)~~ Intangible personal property belonging to  
 2 railroad companies, union station and depot companies, telegraph  
 3 companies, telephone companies, sleeping car companies, express  
 4 companies, car loaning companies, stock car companies, refrigera-  
 5 tor car companies, fast freight LINE companies, ~~and all~~ OR  
 6 other companies paying the tax assessed and levied under Act  
 7 No. 282 of the Public Acts of 1905, as amended, being sections  
 8 207.1 to 207.21 of the Michigan Compiled Laws.

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

12 (i) BANKS.

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

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

15 (iv) SAVINGS and loan holding companies as defined in  
 16 SECTION 408(a)(1)(D) OF TITLE IV OF THE NATIONAL HOUSING ACT, 12  
 17 U.S.C. 1730a, which pursuant to ~~that~~ section 408(a)(1)(D) OF  
 18 TITLE IV OF THE NATIONAL HOUSING ACT controls a savings and loan  
 19 association subsidiary located in this state. ~~, trust~~

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

21 (vi) INCORPORATED bank holding companies as defined in  
 22 SECTION 2 OF THE BANK HOLDING COMPANY ACT OF 1956, CHAPTER 240,  
 23 70 STAT. 133, 12 U.S.C. 1841, which pursuant to ~~that~~ section  
 24 ~~control~~ 2 OF THE BANK HOLDING COMPANY ACT OF 1956, CONTROLS a  
 25 bank, national banking association, trust company, or industrial  
 26 bank subsidiary located in this state. ~~, doing business in this~~  
 27 ~~state under whatever authority organized.~~

1 (R) ~~(+2)~~ Intangible personal property owned by or  
2 comprising the assets of a person ~~or business enterprise~~  
3 engaged in business activity as defined by section 3 of THE  
4 SINGLE BUSINESS TAX ACT, Act No. 228 of the Public Acts of 1975,  
5 as amended, being section 208.3 of the Michigan Compiled Laws, if  
6 ~~, were~~ THE income received from ~~such~~ THAT intangible personal  
7 property, ~~it~~ IF ANY, would be considered, even if deducted or  
8 excluded, in determining the amount, even if zero or negative, of  
9 business income as defined by section 3 of ~~that act~~ ACT NO. 228  
10 OF THE PUBLIC ACTS OF 1975.

11 (S) ~~(+2a)~~ Intangible personal property belonging to credit  
12 unions doing business in this state under ~~whatever authority~~  
13 ~~organized~~ ACT NO. 285 OF THE PUBLIC ACTS OF 1925, BEING SECTIONS  
14 490.1 TO 490.31 OF THE MICHIGAN COMPILED LAWS.

15 (T) ~~(+3)~~ Intangible personal property ~~which~~ THAT repre-  
16 sents other property taxed under this act or other laws of this  
17 state and is so closely identified ~~therewith~~ WITH THAT PROPERTY  
18 that to impose an additional tax under this act would be uncon-  
19 stitutional as double taxation.

20 (U) ~~(+4)~~ Shares of stock in banks, trust companies, ~~and~~  
21 OR national banking associations.

22 (V) INTANGIBLE PERSONAL PROPERTY OWNED BY A TAXPAYER WHO IS  
23 65 YEARS OF AGE OR OLDER.