

# SENATE BILL No. 418

April 29, 2003, Introduced by Senator EMERSON and referred to the Committee on Finance.

A bill to amend 1975 PA 228, entitled  
"Single business tax act,"  
by amending section 22a (MCL 208.22a), as amended by 1996 PA  
578.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 22a. (1) Except as otherwise provided, from August 3,  
2 1987 to September 30, 1987, for the tax year beginning October 1,  
3 1987 and ending September 30, 1988, and each tax year thereafter,  
4 the tax base and adjusted tax base of an insurance company is the  
5 product of .25 times the insurance company's adjusted receipts as  
6 apportioned under section 62.

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

9       (3) The tax calculated under this section is in lieu of all  
10 other privilege or franchise fees or taxes imposed by any other

1 law of this state, except taxes on real and personal property,  
2 taxes imposed under the general sales tax act, 1933 PA 167, MCL  
3 205.51 to 205.78, and taxes imposed under the use tax act, 1937  
4 PA 94, MCL 205.91 to 205.111, and except as otherwise provided in  
5 this act and in ~~Act No. 218 of the Public Acts of 1956~~ the  
6 insurance code of 1956, 1956 PA 218, MCL 500.100 to 500.8302.

7 (4) As used in this section:

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

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

12 (A) An affiliated insurance company.

13 (B) An insurance agent of the taxpayer licensed under  
14 chapter 12 of the insurance code of 1956, ~~Act No. 218 of the~~  
15 ~~Public Acts of 1956, being sections 500.1200 to 500.1244 of the~~  
16 ~~Michigan Compiled Laws~~ 1956 PA 218, MCL 500.1200 to 500.1247.

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

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

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

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

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

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

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

8 (ii) Receipts, other than receipts described in  
9 subsection (4)(a)(i) or (ii), from an affiliated insurance  
10 company, an affiliated nonprofit corporation, an employee of the  
11 taxpayer, or an insurance agent of the taxpayer licensed under  
12 chapter 12 of the insurance code of 1956, ~~Act No. 218 of the~~  
13 ~~Public Acts of 1956, being sections 500.1200 to 500.1244 of the~~  
14 ~~Michigan Compiled Laws— 1956 PA 218, MCL 500.1200 to 500.1247.~~

15 (iii) Receipts on the sale of annuities.

16 (iv) Receipts on all reinsurance transactions.

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

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

25 (5) A refund for taxes paid for tax years before the 1996  
26 tax year shall not be paid under this section if the refund claim  
27 is made after June 30, 1997 and is based on this section as it

1 ~~exists on the effective date of the amendatory act that added~~  
2 ~~this subsection~~ **existed on January 1, 1991.**

3       Enacting section 1. This amendatory act takes effect  
4 October 1, 2003.