

# HOUSE BILL No. 5328

October 18, 2007, Introduced by Reps. Bieda, Angerer, Calley and Condino and referred to the Committee on Tax Policy.

A bill to amend 2007 PA 36, entitled  
"Michigan business tax act,"  
by amending section 235 (MCL 208.1235).

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

1           Sec. 235. (1) Each insurance company shall pay a tax  
2 determined under this chapter.

3           (2) The tax imposed by this chapter on each insurance company  
4 shall be a tax equal to 1.25% of gross direct premiums written on  
5 property or risk located or residing in this state. Direct premiums  
6 do not include any of the following:

- 7           (a) Premiums on policies not taken.  
8           (b) Returned premiums on canceled policies.  
9           (c) Receipts from the sale of annuities.

1 (d) Receipts on **ALL** reinsurance ~~premiums if the tax has been~~  
2 ~~paid on the original premiums~~ **TRANSACTIONS**.

3 (e) The first \$190,000,000.00 of disability insurance premiums  
4 written in this state, other than credit insurance and disability  
5 income insurance premiums, of each insurance company subject to tax  
6 under this chapter. This exemption shall be reduced by \$2.00 for  
7 each \$1.00 by which the insurance company's gross direct premiums  
8 from insurance carrier services in this state and outside this  
9 state exceed \$280,000,000.00.

10 (3) The tax calculated under this chapter is in lieu of all  
11 other privilege or franchise fees or taxes imposed by this act or  
12 any other law of this state, except taxes on real and personal  
13 property, taxes collected under the general sales tax act, 1933 PA  
14 167, MCL 205.1 to 205.78, and taxes collected under the use tax  
15 act, 1937 PA 94, MCL 205.91 to 205.111, and except as otherwise  
16 provided in the insurance code of 1956, 1956 PA 218, MCL 500.100 to  
17 500.8302.

18 Enacting section 1. This amendatory act takes effect January  
19 1, 2008.