

# HOUSE BILL No. 4611

April 12, 1989, Introduced by Reps. Harrison, Leland, Joe Young, Sr., Johnson, Miller, Scott, Ostling, Kilpatrick, Murphy, DeMars, Joe Young, Jr., Gubow, Ciaramitaro, Watkins, Jondahl, Berman, Gire, Brown, Stallworth, Bennane, Perry Bullard, Emerson, Hollister and Wallace and referred to the Committee on Taxation.

A bill to amend section 522 of Act No. 281 of the Public Acts of 1967, entitled  
"Income tax act of 1967,"  
as amended by Act No. 254 of the Public Acts of 1987, being section 206.522 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Section 522 of Act No. 281 of the Public Acts of  
2 1967, as amended by Act No. 254 of the Public Acts of 1987, being  
3 section 206.522 of the Michigan Compiled Laws, is amended to read  
4 as follows:

5       Sec. 522. (1) The amount of a claim made pursuant to this  
6 chapter shall be determined as follows:

7       (a) A claimant ~~—, other than a senior citizen, a paraplegic~~  
8 ~~or quadriplegic, a totally and permanently disabled person, an~~  
9 ~~eligible serviceperson, an eligible veteran, an eligible widow or~~

1 ~~widower, or a blind person,~~ is entitled to a credit against the  
 2 state income tax liability equal to ~~60%~~ THE FOLLOWING  
 3 PERCENTAGE of the amount by which the property taxes on the home-  
 4 stead, ~~or~~ the credit for rental of the homestead, OR A SERVICE  
 5 CHARGE IN LIEU OF AD VALOREM TAXES AS PROVIDED BY SECTION 15A OF  
 6 THE STATE HOUSING DEVELOPMENT AUTHORITY ACT OF 1966, ACT NO. 346  
 7 OF THE PUBLIC ACTS OF 1966, BEING SECTION 125.1415A OF THE  
 8 MICHIGAN COMPILED LAWS, for the taxable year ~~—~~ exceeds 3.5% of  
 9 the claimant's ~~total~~ household income for that taxable  
 10 year: ~~—~~

11	HOUSEHOLD INCOME	PERCENTAGE
12	NOT OVER \$5,000.00	100%
13	OVER \$5,000.00 BUT NOT OVER \$10,000.00	85%
14	OVER \$10,000.00 BUT NOT OVER \$15,000.00	70%
15	OVER \$15,000.00 BUT NOT OVER \$20,000.00	60%
16	OVER \$20,000.00 BUT NOT OVER \$30,000.00	50%
17	OVER \$30,000.00 BUT NOT OVER \$50,000.00	45%
18	OVER \$50,000.00	40%

19 (b) A CLAIMANT WHO IS A senior citizen or a paraplegic or  
 20 quadriplegic is entitled to a credit against the state income tax  
 21 liability for the amount by which the property taxes on the home-  
 22 stead, the credit for rental of the homestead, or a service  
 23 charge in lieu of ad valorem taxes as provided by section 15a of  
 24 ~~the state housing development authority act of 1966,~~ Act  
 25 No. 346 of the Public Acts of 1966 ~~, as amended, being section~~  
 26 ~~125.1415a of the Michigan Compiled Laws,~~ for the taxable year

1 exceeds the FOLLOWING percentage of the claimant's ~~total~~  
 2 household income for that taxable year: ~~computed as follows:~~

3 Household income	Percentage
4 Not over \$3,000.00	0%
5 Over \$3,000.00 but not over \$4,000.00	1.0%
6 Over \$4,000.00 but not over \$5,000.00	2.0%
7 Over \$5,000.00 but not over \$6,000.00	3.0%
8 Over \$6,000.00	3.5%

9 (c) A CLAIMANT WHO IS totally and permanently disabled  
 10 ~~person~~ is entitled to a credit against the state income tax  
 11 liability equal to 60% of the amount by which the property taxes  
 12 on the homestead, ~~or~~ the credit for rental of the homestead, or  
 13 ~~for~~ a service charge in lieu of ad valorem taxes as provided in  
 14 section 15a of ~~the state housing development authority act of~~  
 15 ~~1966, being section 125.1415a of the Michigan Compiled Laws,~~ ACT  
 16 NO. 346 OF THE PUBLIC ACTS OF 1966 for the taxable year ~~,~~  
 17 exceeds the percentage of the claimant's ~~total~~ household income  
 18 for that taxable year based on the schedule in subdivision (b).

19 (d) ~~An~~ A CLAIMANT WHO IS AN eligible serviceperson, eligi-  
 20 ble veteran, or eligible widow or widower is entitled to a credit  
 21 against the state income tax liability for a percentage of the  
 22 property taxes on the homestead for the taxable year not in  
 23 excess of 100% determined as follows:

24 (i) Divide the state equalized value allowance specified in  
 25 section 506 by the state equalized value of the homestead or, if  
 26 the eligible serviceperson, eligible veteran, or eligible widow

1 or widower leases or rents a homestead, divide 17% of the total  
2 annual rent paid on the property by the property tax rate on the  
3 property.

4 (ii) Multiply the property taxes on the homestead by the  
5 percentage computed in subparagraph (i).

6 (e) A claimant who is blind is entitled to a credit against  
7 the state income tax liability for a percentage of the property  
8 taxes on the homestead for the taxable year determined as  
9 follows:

10 (i) If the state equalized value of the homestead is  
11 \$3,500.00 or less, — 100% of the property taxes.

12 (ii) If the state equalized value of the homestead is more  
13 than \$3,500.00, the percentage that \$3,500.00 bears to the state  
14 equalized value of the homestead.

15 (2) A person who is qualified to make a claim ~~in~~ UNDER  
16 THIS SECTION UNDER more than 1 ~~capacity~~ CLASSIFICATION shall  
17 elect the ~~capacity in~~ CLASSIFICATION UNDER which the claim is  
18 made.

19 (3) Only 1 claimant per household for a tax year is entitled  
20 to the credit. ~~— unless~~ HOWEVER, IF both the husband and wife  
21 filing a joint return are blind, then each shall be considered a  
22 claimant.

23 (4) As used in this section, "totally and permanently  
24 disabled" means disability as defined in section 216 of title II  
25 of the social security act, 42 U.S.C. 416.

26 (5) A senior citizen who has a ~~total~~ household income for  
27 the taxable year of \$6,000.00 or less and who for 1973 received a

1 senior citizen homestead exemption under former section 7c of Act  
2 No. 206 of the Public Acts of 1893 may compute the credit against  
3 the state income tax liability for a percentage of the property  
4 taxes on the homestead for the taxable year determined as  
5 follows:

6 (a) If the state equalized value of the homestead is  
7 \$2,500.00 or less, — 100% of the property taxes.

8 (b) If the state equalized value of the homestead is more  
9 than \$2,500.00, the percentage that \$2,500.00 bears to the state  
10 equalized value of the homestead.

11 (6) For a return of less than 12 months, ~~the~~ A claim UNDER  
12 THIS SECTION shall be reduced proportionately. ~~(7)~~ The commis-  
13 sioner may prescribe tables that may be used to determine the  
14 amount of the claim. ~~(8)~~ The total credit allowed in this sec-  
15 tion ~~for a taxable period prior to January 1, 1976, shall not~~  
16 ~~exceed \$500.00 per year and~~ for each year after December 31,  
17 1975, shall not exceed \$1,200.00 per year.

18 (7) ~~(9)~~ The total credit allowable under this act and the  
19 farmland and open space preservation act, Act No. 116 of the  
20 Public Acts of 1974, as amended, being sections 554.701 to  
21 554.719 of the Michigan Compiled Laws, shall not exceed the total  
22 property tax due and payable by the claimant in that year. The  
23 amount BY WHICH the credit exceeds the property tax due and pay-  
24 able shall be deducted from the credit claimed under Act No. 116  
25 of the Public Acts of 1974, as amended.