

**SENATE SUBSTITUTE FOR
HOUSE BILL NO. 4544**

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 527a (MCL 206.527a), as amended by 2011 PA
38.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 527a. (1) Subject to subsections (18) and (19), a
2 claimant may claim a credit for heating fuel costs for the
3 claimant's homestead in this state. An adult foster care home,
4 nursing home, home for the aged, or substance abuse center is not
5 a homestead for purposes of this section. The credit shall be
6 determined in the following manner:

7 (a) Subject to subsections (18) and (19), the following
8 table shall be used for the computation of a credit as computed

1 under subdivision (c):

2 Exemptions	0 or 1	2	3	4	5	6 or more
3 Credit	\$272	\$326	\$379	\$450	\$525	\$601 + \$76 for each
4						exemption over 6

5 (b) The amounts in the table in subdivision (a) shall be
 6 adjusted each year as necessary by the department so that a
 7 claimant with total household resources of less than 110% of the
 8 federal poverty income standards as defined and determined
 9 annually by the United States office of management and budget is
 10 not denied a credit.

11 (c) A claimant shall receive the greater of the credit
 12 amount as determined in subparagraph (i) or (ii):

13 (i) Subtract 3.5% of the claimant's total household resources
 14 from the amount specified in subdivision (a) that corresponds
 15 with the number of exemptions claimed in the return filed under
 16 this part, except that the number of exemptions for purposes of
 17 this subdivision shall not exceed the actual number of persons
 18 living in the household plus the additional personal exemptions
 19 allowed under section 30, and any dependency exemptions for a
 20 person or persons living in the household under a custodial
 21 arrangement, even if the exemptions may not be claimed for other
 22 income tax purposes. For a claimant whose heating costs are
 23 included in his or her rent, multiply the result of the preceding
 24 calculation by 50%.

25 (ii) Subject to subsection (2), for a claimant whose total
 26 household resources do not exceed the maximum specified in the

1 following table, as adjusted, that corresponds with the number of
 2 exemptions claimed in the return filed under this part, subtract
 3 11% of claimant's total household resources from the total cost
 4 incurred by a claimant for heating fuel from a heating fuel
 5 provider during the 12 consecutive monthly billing periods ending
 6 in October of the tax year, and multiply the resulting amount by
 7 70%:

8 Exemptions	0 or 1	2	3	4	5	For each
9						exemption
10						over 5,
11						add
12						\$2,441.00
13						to the
14						maximum
15						total
16						household
17						resources
18 Maximum						
19 Total						
20 Household						
21 Resources	\$7,060	\$9,501	\$11,943	\$14,382	\$16,824	

22 (d) The maximum cost incurred by a claimant for heating fuel
 23 during a tax year shall be adjusted by multiplying the maximum
 24 cost for the immediately preceding tax year by the percentage by
 25 which the average all urban Detroit consumer price index for
 26 fuels and other utilities for the 12 months ending August 31 of

1 the tax year for which the credit is claimed exceeds that index's
2 average for the 12 months ending on August 31 of the previous tax
3 year, but not more than 10%. That product shall be added to the
4 maximum cost of the immediately preceding tax year and then
5 rounded to the nearest whole dollar. That dollar amount is the
6 new maximum cost for the current tax year. If the claimant
7 received any credits to his or her heating bill during the tax
8 year, as provided for in subsection (6), the credits shall be
9 treated as costs incurred by the claimant.

10 (e) The maximum total household resources specified in
11 subdivision (c) (ii) shall be adjusted by multiplying the
12 respective maximum total household resources for the immediately
13 preceding tax year by the percentage by which the average all
14 urban Detroit consumer price index for all items for the 12
15 months ending August 31 of the tax year for which the credit is
16 claimed exceeds that index's average for the 12 months ending on
17 August 31 of the immediately preceding tax year, but not more
18 than 10%. That product shall be added to the immediately
19 preceding tax year's respective maximum total household resources
20 and then rounded to the nearest whole dollar. That dollar amount
21 is the new maximum level for total household resources for the
22 then current tax year.

23 (2) An enrolled heating fuel provider shall notify each of
24 its customers, not later than December 15 of each year, of the
25 availability, upon request, of the information necessary for
26 determining the credit under this section. For a claimant for
27 whom, at the time of filing, the department of human services is

1 making direct vendor payments to an enrolled heating fuel
2 provider, the enrolled heating fuel provider that accepts the
3 direct payments shall provide the information necessary to
4 determine the credit before February 1 of each year. If an
5 enrolled heating fuel provider refuses or fails to provide to a
6 customer the information required to determine the credit, or if
7 the claimant is not a customer of an enrolled heating fuel
8 provider, a claimant may determine the credit provided in
9 subsection (1)(c)(ii) based on his or her own records.

10 (3) A credit claimed on a return that covers a period of
11 less than 12 months shall be calculated based on subsection
12 (1)(c)(i) and shall be reduced proportionately.

13 (4) The allowable amount of the credit under this section
14 shall be remitted to the claimant, other than a claimant whose
15 heating costs are included in his or her rent, in the form of an
16 energy draft that states the name of the claimant and is issued
17 by the department. For a claimant for whom, at the time of
18 filing, the department of human services has identified the
19 enrolled heating fuel provider or is making direct vendor
20 payments to an enrolled heating fuel provider, the department
21 shall send the energy draft directly to the claimant's enrolled
22 heating fuel provider, as identified by the claimant. If the
23 department establishes a program or pilot program for the direct
24 payment of energy drafts to enrolled heating fuel providers,
25 enrolled heating fuel providers may submit to the department, in
26 a manner prescribed by the department, the names of their
27 customers who are claimants. If a claimant whose name has been

1 submitted meets the standards established by the department, the
2 department shall send that claimant's energy draft directly to
3 the claimant's enrolled heating fuel provider. If the enrolled
4 heating fuel provider submits names of claimants who are not its
5 customers and the energy drafts of any of those claimants are
6 sent to the enrolled heating fuel provider, the enrolled heating
7 fuel provider shall return the energy drafts or pay the value of
8 the energy drafts to the department plus interest on the amount
9 of the energy drafts at the rate calculated under section 23 of
10 1941 PA 122, MCL 205.23, for deficiencies in tax payments. Except
11 as provided in subsection (5), after July 31, a refundable credit
12 for a prior tax year may be paid in the form of a negotiable
13 warrant. The energy draft shall be negotiable only through the
14 claimant's enrolled heating fuel provider upon remittance by the
15 claimant.

16 (5) If a claimant received home heating assistance from the
17 department of human services, a governmental agency, or a
18 nonprofit organization 12 months prior to remitting an energy
19 draft to the claimant's enrolled heating fuel provider and the
20 amount of the energy draft is greater than the total of
21 outstanding bills incurred by the claimant with the enrolled
22 heating fuel provider as of the date that the energy draft was
23 remitted to the enrolled heating fuel provider, the enrolled
24 heating fuel provider shall first apply the full amount of the
25 energy draft to the claimant's outstanding bills and then apply
26 any remaining amount to subsequent bills of the claimant until
27 the full amount of the energy draft is used up or the expiration

1 of 9 months after the date on which the energy draft was first
2 applied to cover the claimant's outstanding bills. If there is
3 any remaining energy draft amount at the end of the 9-month
4 period, or if before the end of the 9-month period the claimant
5 is no longer a customer of the enrolled heating fuel provider,
6 the enrolled heating fuel provider shall remit the remaining
7 amount to the claimant in the form of a fully negotiable check
8 within 14 days after the end of the 9-month period or 14 days
9 after the termination of services, whichever occurs sooner. If
10 the claimant did not receive home heating assistance from the
11 department of human services, a governmental agency, or a
12 nonprofit organization 12 months prior to remitting an energy
13 draft, the claimant, by checking the appropriate box to be
14 included on the energy draft or application for participation
15 with an enrolled heating fuel provider, may request from the
16 enrolled heating fuel provider a payment equal to the amount of
17 the energy draft less the amount of the outstanding bills. The
18 enrolled heating fuel provider shall issue the payment within 14
19 days after the claimant's request. For purposes of this
20 subsection, home heating assistance does not include the credit
21 allowed under this section.

22 (6) If a claimant whose energy draft exceeds his or her
23 outstanding bills does not request a payment from an enrolled
24 heating fuel provider under subsection (5), an energy draft
25 remitted to an enrolled heating fuel provider shall be applied
26 upon receipt to the claimant's designated account. The energy
27 draft may be used to cover outstanding bills that the claimant

1 has incurred with the enrolled heating fuel provider and to cover
2 subsequent heating costs until the full amount of the energy
3 draft is used or until 1 year after the date on which the energy
4 draft is first applied to the claimant's designated account. If a
5 credit amount remains from this energy draft after the 1-year
6 period, or if prior to the end of the 1-year period a claimant is
7 no longer a customer of the enrolled heating fuel provider, the
8 heating fuel provider shall remit the remaining unused portion to
9 the claimant in the form of a fully negotiable check within 14
10 days after the end of the 1-year period or within 14 days after
11 termination of service, whichever is sooner.

12 (7) A claimant who is no longer a resident of this state,
13 who is not a customer of an enrolled heating fuel provider, or
14 whose heating fuel provider refuses to accept an energy draft
15 shall return the energy draft to the department and request the
16 issuance of a negotiable warrant. A claimant may return an energy
17 draft to the department and request issuance of a negotiable
18 warrant if the energy draft is impractical because the claimant
19 has already purchased his or her energy supply for the year and
20 does not have an outstanding obligation to an enrolled heating
21 fuel provider. The department may honor that request if it agrees
22 that the use of the energy draft is impractical. The department
23 shall issue the warrant within 14 days after receiving the energy
24 draft from the claimant.

25 (8) The enrolled heating fuel provider shall bill the
26 department for credit amounts that have been applied to claimant
27 accounts pursuant to subsection (6), and the department shall pay

1 the bills within 14 days of receipt. The billing shall be
2 accompanied by the energy drafts for which reimbursement is
3 claimed.

4 (9) A claimant whose heating fuel is provided by a utility
5 regulated by the Michigan public service commission is protected
6 against the discontinuance of his or her heating fuel service
7 from the date of filing a claim for the credit under this section
8 through the date of issuance of an energy draft and during a
9 period beginning December 1 of the tax year for which the credit
10 is claimed and ending March 31 of the following year if the
11 claimant participates in the winter protection program set forth
12 in R 460.148 of the Michigan administrative code or if the
13 utility accepts the claimant's energy draft. The acceptance of an
14 energy draft by a utility is considered a request by the claimant
15 for the winter protection program. The energy draft shall be
16 coded by the department to denote claimants who are 65 years of
17 age or older. If the claimant is a claimant whose heating cost is
18 included in his or her rent payments, the amount of the claim not
19 used as an offset against the state income tax, after examination
20 and review, shall be approved for payment, without interest, to
21 the claimant.

22 (10) If an enrolled heating fuel provider does not issue a
23 payment or a negotiable check within 14 days or as otherwise
24 provided in subsection (5) or (6), beginning on the fifteenth day
25 or the fifteenth day after the expiration of the 9-month period
26 under subsection (5), the amount due to the claimant is increased
27 by adding interest computed on the basis of the rate of interest

1 prescribed for delayed refunds of excess tax payments in section
2 30(3) of 1941 PA 122, MCL 205.30. The enrolled heating fuel
3 provider shall pay the interest and shall not bill the interest
4 to or be reimbursed for the interest by the department.

5 (11) Only the renter or lessee shall claim a credit on
6 property that is rented or leased as a homestead. Only 1 credit
7 may be claimed for a household. The credit under this section is
8 in addition to other credits to which the claimant is entitled
9 under this part. A person who is a full-time student at a school,
10 community college, or college or university and who is claimed as
11 a dependent by another person is not eligible for the credit
12 provided by this section. A claimant who shares a homestead with
13 other eligible claimants shall prorate the credit by the number
14 of claimants sharing the homestead.

15 (12) A claimant who is eligible for the credit provided by
16 this section shall be referred by the department to the
17 appropriate state agency for determination of eligibility for
18 home weatherization assistance and shall accept weatherization
19 assistance if eligible and if assistance is available. A heating
20 fuel provider that is required by the Michigan public service
21 commission to participate in the residential conservation
22 services home energy analysis program shall annually contact each
23 claimant to whom it provides heating fuel, and whose usage
24 exceeds 200,000 cubic feet of natural gas or 18,000 kilowatt
25 hours of electricity annually, and shall offer to provide a home
26 energy analysis at no cost to the claimant. A heating fuel
27 provider that is not required to participate in the residential

1 conservation services program shall not be required to conduct a
2 home energy analysis for its customers. **FOR ALL RENTAL PROPERTIES**
3 **THAT ARE WEATHERIZED PURSUANT TO THIS SECTION, EACH AGENCY THAT**
4 **DETERMINES ELIGIBILITY FOR WEATHERIZATION ASSISTANCE SHALL**
5 **REQUIRE THAT NOT LESS THAN 25% OF THE TOTAL COST OF THE**
6 **WEATHERIZATION SERVICES FOR THAT PROPERTY SHALL BE CONTRIBUTED BY**
7 **THE PROPERTY OWNER UNLESS THE PROPERTY OWNER IS ALSO ELIGIBLE FOR**
8 **WEATHERIZATION ASSISTANCE OR IS A NONPROFIT ORGANIZATION,**
9 **GOVERNMENTAL AGENCY, OR MUNICIPAL CORPORATION.**

10 (13) If an enrolled heating fuel provider is regulated by
11 the Michigan public service commission, the Michigan public
12 service commission may use an enforcement method authorized by
13 law or rule to enforce the requirements prescribed by this
14 section on the enrolled heating fuel provider. If an enrolled
15 heating fuel provider is not regulated by the Michigan public
16 service commission, the department of human services may use an
17 enforcement method authorized by law or rule to enforce the
18 requirements prescribed by this section on the enrolled heating
19 fuel provider.

20 (14) The department shall mail a home heating credit return
21 to every person who received assistance through the department of
22 human services pursuant to the social welfare act, 1939 PA 280,
23 MCL 400.1 to 400.119b, during the tax year.

24 (15) The department shall complete a study by August 1 of
25 1985, and of each subsequent year, of the actual heating costs of
26 each claimant who received a credit from the department under
27 this section for the immediately preceding tax year.

1 (16) The department may promulgate rules necessary to
2 administer this section pursuant to the administrative procedures
3 act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

4 (17) The department shall provide a simplified procedure for
5 claiming the credit under this section for claimants for whom, at
6 the time of filing, the department of human services is making
7 direct vendor payments to an enrolled heating fuel provider.

8 (18) For the 2001 tax year and each tax year after the 2001
9 tax year, the credit under this section is allowed only if there
10 has been a federal appropriation for the federal fiscal year
11 beginning in the tax year of federal low income home energy
12 assistance program block grant funds of any amount. If the amount
13 of federal low income home energy assistance program block grant
14 funds available for the home heating credit is less than the full
15 home heating credit amount, each individual credit claimed under
16 this section shall be reduced by multiplying the credit amount by
17 a fraction, the numerator of which is the amount available for
18 the home heating credit and the denominator of which is the full
19 home heating credit amount. As used in this subsection, "amount
20 available for the home heating credit" means the sum of the
21 federal low income home energy assistance program block grant
22 allotment for this state for the federal fiscal year beginning in
23 the tax year and the amount as certified by the director of the
24 department of human services carried forward from the immediately
25 preceding fiscal year for the low income home energy assistance
26 program block grant minus the sum of the amount certified by the
27 director of the department of human services for administration

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1 of the low income home energy assistance program block grant, the
2 amount certified by the director of the department of human
3 services for crisis assistance programs, and the amount certified
4 by the director of the department of human services for
5 weatherization. ~~Except as otherwise provided in this subsection,~~
6 ~~the amount used for weatherization each fiscal year shall not~~
7 ~~exceed \$9,000,000.00 less the amount used for weatherization from~~
8 ~~the emergency contingency funds received in the immediately~~
9 ~~preceding year. For the 2004 2005 state fiscal year only, the~~
10 ~~amount used for weatherization shall not exceed \$9,000,000.00 and~~
11 ~~shall not be reduced by the amount used for weatherization from~~
12 ~~the emergency contingency funds received in the immediately~~
13 ~~preceding year.~~ FOR THE 2014-2015 FISCAL YEAR AND <<CONTINUING THROUGH
14 THE 2016-2017 FISCAL YEAR>>, THE AMOUNT USED FOR WEATHERIZATION EACH
15 FISCAL
16 YEAR SHALL BE DETERMINED AS PROVIDED UNDER THIS SUBSECTION. IF
17 THE TOTAL FEDERAL LOW INCOME HOME ENERGY ASSISTANCE PROGRAM BLOCK
18 GRANT RECEIVED FOR THE CURRENT FISCAL YEAR IS GREATER THAN OR
19 EQUAL TO 90% OF THE AMOUNT OF BLOCK GRANT FUNDS RECEIVED IN THE
20 IMMEDIATELY PRECEDING FISCAL YEAR, THEN THE AMOUNT OF FEDERAL LOW
21 INCOME HOME ENERGY ASSISTANCE PROGRAM BLOCK GRANT FUNDS USED FOR
22 WEATHERIZATION FOR THAT FISCAL YEAR SHALL BE AT LEAST
23 \$6,000,000.00 BUT NOT GREATER THAN 15% OF THE TOTAL FEDERAL LOW
24 INCOME HOME ENERGY ASSISTANCE PROGRAM BLOCK GRANT FUNDS RECEIVED
25 FOR THAT FISCAL YEAR. IF THE TOTAL FEDERAL LOW INCOME HOME ENERGY
26 ASSISTANCE BLOCK GRANT RECEIVED FOR THE CURRENT FISCAL YEAR IS
27 LESS THAN 90% OF THE AMOUNT OF BLOCK GRANT FUNDS RECEIVED IN THE
IMMEDIATELY PRECEDING FISCAL YEAR, THEN THE AMOUNT OF FEDERAL LOW

1 INCOME HOME ENERGY ASSISTANCE PROGRAM BLOCK GRANT FUNDS USED FOR
2 WEATHERIZATION FOR THAT FISCAL YEAR SHALL BE AT LEAST
3 \$5,000,000.00 BUT NOT GREATER THAN 15% OF THE TOTAL FEDERAL LOW
4 INCOME HOME ENERGY ASSISTANCE PROGRAM BLOCK GRANT FUNDS RECEIVED
5 FOR THAT FISCAL YEAR. The amounts under this subsection that
6 require certification by the director of the department of human
7 services or by the state treasurer and the director of the
8 department of technology, management, and budget shall be
9 certified on or before December 30 of the tax year ~~for the 1996~~
10 ~~tax year, and on or before November 1 of the tax year for the~~
11 ~~1997 tax year and each tax year after the 1997 tax year. AND EACH~~
12 **TAX YEAR THEREAFTER.** As used in this subsection, "full home
13 heating credit amount" means the amount certified by the state
14 treasurer and the director of the department of technology,
15 management, and budget to be the estimated amount of the credits
16 that would have been provided under this section for the tax year
17 if no reduction as provided in this subsection were made for that
18 tax year.

19 (19) For tax years after the 1994 tax year, a claimant who
20 claims a credit under this section shall not report the credit
21 amount on the claimant's income tax return filed under this part
22 as an offset against the tax imposed by this part, but shall
23 claim the credit on a separate form prescribed by the department.
24 For tax years after the 1995 tax year, a credit claimed under
25 this section shall not be allowed unless the claim for the credit
26 is filed with the department on or before the September 30
27 immediately following the tax year for which the credit is

1 claimed.

2 (20) The state treasurer shall notify all of the following
3 each state fiscal year that the federal low income home energy
4 assistance program block grant allotment for this state for that
5 fiscal year is less than the full home heating credit amount:

6 (a) The chairpersons and vice-chairpersons of the senate and
7 house of representatives appropriations committees.

8 (b) The senate and house of representatives committees on
9 taxation and finance related issues.

10 (c) The senate and house of representatives committees on
11 energy and technology related issues.

12 (21) Notwithstanding section 30a of 1941 PA 122, MCL
13 205.30a, the credit allowed under this section is exempt from
14 interception, execution, levy, attachment, garnishment, or other
15 legal process to collect a debt. No portion of the credit allowed
16 or any rights existing under this section shall be applied as an
17 offset to any liability of the claimant under section 30a of 1941
18 PA 122, MCL 205.30a, or any arrearage or other debt of the
19 claimant.

20 (22) The department shall meet with interested parties
21 including enrolled heating fuel providers and advocacy groups to
22 identify and implement methods of improving the processing of
23 claims for the credit allowed under this section and payments
24 attributable to those credits.

25 (23) As used in this section:

26 (a) "Claimant whose heating costs are included in his or her
27 rent" means a claimant whose rent includes the cost of heat at

1 the time the claim for the credit under this section is filed.

2 (b) "Enrolled heating fuel provider" means a heating fuel
3 provider that is enrolled with the department of human services
4 as a heating fuel provider.

5 (c) "Heating fuel provider" means an individual or entity
6 that provides a claimant with heating fuel or electricity for
7 heating purposes.