
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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Senate Bill 454 (as reported without amendment)
Sponsor: Senator Thaddeus G. McCotter
Committee: Finance

CONTENT

The bill would amend the Income Tax Act to provide that, for 1999 and thereafter, transfers to a Roth individual retirement account (IRA) from a regular IRA would not be included as household income, for purposes of calculating the homestead property tax credit and the home heating credit.

Under the Act, to calculate the homestead property tax credit, an individual must determine household income, that is, in general, the total taxable and nontaxable income of all the persons in a household. The bill specifies that household income would not include an amount withdrawn by a member of the household in a tax year from the member's IRA account (established under the Federal Internal Revenue Code), and subsequently contributed to a Roth IRA in the same year.

MCL 206.508

Legislative Analyst: G. Towne

FISCAL IMPACT

This bill would increase property tax credits, and therefore reduce income tax revenue, by an estimated \$2.0 million in FY 1999-2000. This loss in revenue would affect the General Purpose portion of the General Fund.

Date Completed: 5-12-99

Fiscal Analyst: J. Wortley