

# Legislative Analysis



## HOMEOWNER TAX CREDIT FOR GARAGE RENTAL

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### House Bill 6125

**Sponsor: Rep. David Robertson**

**Committee: Land Use and Environment**

**Complete to 9-20-04**

### A SUMMARY OF HOUSE BILL 6125 AS INTRODUCED 8-4-04

The bill would amend the Income Tax Act to provide a refundable tax credit to homeowners in cities and villages who rent out their garages as housing accommodations.

The bill specifies that for tax years beginning after December 31, 2003, a taxpayer whose principal residence was in a city or village and who rented his or her garage (located on the same property as his or her principal residence) as a housing accommodation could claim an income tax credit each year equal to the annual rent received or \$500, whichever was less. If the amount of the credit exceeded the tax liability of the taxpayer for that tax year, then that portion of the credit would be refunded.

Under the bill, "housing accommodation" is defined to include improved or unimproved real property, or a part of real property that is used or occupied, or is intended, arranged, or designed to be used or occupied, as the home or residence of one or more persons. The term "principal residence" means that term as defined in the General Property Tax Act.

MCL 206.269

### FISCAL IMPACT:

House Bill 6125 would provide for a refundable income tax credit equal to the lesser of the annual rent received for the rental of a garage for housing accommodations or \$500. This bill would minimally reduce income tax collections which would primarily affect General Fund/General Purpose (GF/GP) revenue.

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