

# HOUSE BILL No. 4452

April 15, 2015, Introduced by Reps. Greig, Faris, Darany, Chirkun, Chang, Plawecki, Pagan, Smiley, Moss, Cochran, Zemke, Wittenberg, Banks, Gay-Dagnogo, Brunner, Irwin, Brinks and Townsend and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
by amending sections 520 and 522 (MCL 206.520 and 206.522),  
section 520 as amended by 2011 PA 273 and section 522 as amended  
by 2013 PA 206.

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

1           Sec. 520. (1) Subject to the limitations and the definitions  
2 in this chapter, a claimant may claim against the tax due under  
3 this part for the tax year a credit for the property taxes on the  
4 taxpayer's homestead deductible for federal income tax purposes  
5 pursuant to section 164 of the internal revenue code, or that  
6 would have been deductible if the claimant had not elected the  
7 zero bracket amount or if the claimant had been subject to the

1 federal income tax. The property taxes used for the credit  
2 computation shall not be greater than the amount levied for 1 tax  
3 year. ~~An owner is not eligible for a credit under this section if~~  
4 ~~the taxable value of his or her homestead excluding the portion~~  
5 ~~of a parcel of real property that is unoccupied and classified as~~  
6 ~~agricultural for ad valorem tax purposes in the year for which~~  
7 ~~the credit is claimed is greater than \$135,000.00. As used in~~  
8 ~~this subsection, "taxable value" means that value determined~~  
9 ~~under section 27a of the general property tax act, 1893 PA 206,~~  
10 ~~MCL 211.27a.~~

11 (2) A person who rents or leases a homestead may claim a  
12 similar credit computed under this section and section 522 based  
13 upon 17% of the gross rent paid for tax years before the 1994 tax  
14 year, or 20% of the gross rent paid for tax years after the 1993  
15 tax year. A person who rents or leases a homestead subject to a  
16 service charge in lieu of ad valorem taxes as provided by section  
17 15a of the state housing development authority act of 1966, 1966  
18 PA 346, MCL 125.1415a, may claim a similar credit computed under  
19 this section and section 522 based upon 10% of the gross rent  
20 paid.

21 (3) If the credit claimed under this section and section 522  
22 exceeds the tax liability for the tax year or if there is no tax  
23 liability for the tax year, the amount of the claim not used as  
24 an offset against the tax liability shall, after examination and  
25 review, be approved for payment, without interest, to the  
26 claimant. In determining the amount of the payment under this  
27 subsection, withholdings and other credits shall be used first to

1 offset any tax liabilities.

2 (4) If the homestead is an integral part of a multipurpose  
3 or multidwelling building that is federally aided housing or  
4 state aided housing, a claimant who is a senior citizen entitled  
5 to a payment under subsection (2) may assign the right to that  
6 payment to a mortgagor if the mortgagor reduces the rent charged  
7 and collected on the claimant's homestead in an amount equal to  
8 the tax credit payment provided in this chapter. The assignment  
9 of the claim is valid only if the Michigan state housing  
10 development authority, by affidavit, verifies that the claimant's  
11 rent has been so reduced.

12 (5) Only the renter or lessee shall claim a credit on  
13 property that is rented or leased as a homestead.

14 (6) A person who discriminates in the charging or collection  
15 of rent on a homestead by increasing the rent charged or  
16 collected because the renter or lessee claims and receives a  
17 credit or payment under this chapter is guilty of a misdemeanor.  
18 Discrimination against a renter who claims and receives the  
19 credit under this section and section 522 by a reduction of the  
20 rent on the homestead of a person who does not claim and receive  
21 the credit is a misdemeanor. If discriminatory rents are charged  
22 or collected, each charge or collection of the higher or lower  
23 payment is a separate offense. Each acceptance of a payment of  
24 rent is a separate offense.

25 (7) A person who received aid to families with dependent  
26 children, state family assistance, or state disability assistance  
27 pursuant to the social welfare act, 1939 PA 280, MCL 400.1 to

1 400.119b, in the tax year for which the person is filing a return  
2 shall have a credit that is authorized and computed under this  
3 section and section 522 reduced by an amount equal to the product  
4 of the claimant's credit multiplied by the quotient of the sum of  
5 the claimant's aid to families with dependent children, state  
6 family assistance, and state disability assistance for the tax  
7 year divided by the claimant's total household resources. The  
8 reduction of credit shall not exceed the sum of the aid to  
9 families with dependent children, state family assistance, and  
10 state disability assistance for the tax year. For the purposes of  
11 this subsection, aid to families with dependent children does not  
12 include child support payments that offset or reduce payments  
13 made to the claimant.

14 (8) A credit under subsection (1) or (2) shall be reduced by  
15 10% for each claimant whose total household resources exceed  
16 ~~\$41,000.00~~ **\$73,650.00** and by an additional 10% for each increment  
17 of \$1,000.00 of total household resources in excess of  
18 ~~\$41,000.00~~ **\$73,650.00**.

19 (9) If the credit authorized and calculated under this  
20 section and section 522 and adjusted under subsection (7) or (8)  
21 does not provide to a senior citizen who rents or leases a  
22 homestead that amount attributable to rent that constitutes more  
23 than 40% of the total household resources of the senior citizen,  
24 the senior citizen may claim a credit based upon the amount of  
25 total household resources attributable to rent as provided by  
26 this section.

27 (10) A senior citizen whose gross rent paid for the tax year

1 is more than the percentage of total household resources  
2 specified in subsection (9) for the respective tax year may claim  
3 a credit for the amount of rent paid that constitutes more than  
4 the percentage of the total household resources of the senior  
5 citizen specified in subsection (9) and that was not provided to  
6 the senior citizen by the credit computed pursuant to this  
7 section and section 522 and adjusted pursuant to subsection (7)  
8 or (8).

9 (11) The department may promulgate rules to implement  
10 subsections (9) to (15) and may prescribe a table to allow a  
11 claimant to determine the credit provided under this section and  
12 section 522 in the instruction booklet that accompanies the  
13 respective income tax or property tax credit forms used by  
14 claimants.

15 (12) A senior citizen may claim the credit under subsections  
16 (9) to (15) on the same form as the property tax credit permitted  
17 by subsection (2). The department shall adjust the forms  
18 accordingly.

19 (13) A senior citizen who moves to a different rented or  
20 leased homestead shall determine, for 2 tax years after the move,  
21 both his or her qualification to claim a credit under subsections  
22 (9) to (15) and the amount of a credit under subsections (9) to  
23 (15) on the basis of the annualized final monthly rental payment  
24 at his or her previous homestead, if this annualized rental is  
25 less than the senior citizen's actual annual rental payments.

26 (14) For a return of less than 12 months, the claim for a  
27 credit under subsections (9) to (15) shall be reduced

1 proportionately.

2 (15) The total credit allowed by this section and section  
3 522 shall not exceed \$1,200.00 per year.

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

6 (a) A claimant ~~who is not a senior citizen~~ is entitled to a  
7 credit against the state income tax liability under this part  
8 equal to 60% of the amount by which the property taxes on the  
9 homestead, or the credit for rental of the homestead for the tax  
10 year, exceeds 3.5% of the claimant's total household resources  
11 for that tax year.

12 ~~—— (b) A claimant who is a senior citizen is entitled to a  
13 credit against the state income tax liability under this part  
14 equal to the following:~~

15 ~~—— (i) For a claimant with total household resources of  
16 \$21,000.00 or less, an amount as determined in accordance with  
17 subdivision (c).~~

18 ~~—— (ii) For a claimant with total household resources of more  
19 than \$21,000.00 and less than or equal to \$22,000.00, an amount  
20 equal to 96% of the difference between the property taxes on the  
21 homestead or the credit for rental of the homestead for the tax  
22 year and 3.5% of total household resources.~~

23 ~~—— (iii) For a claimant with total household resources of more  
24 than \$22,000.00 and less than or equal to \$23,000.00, an amount  
25 equal to 92% of the difference between the property taxes on the  
26 homestead or the credit for rental of the homestead for the tax  
27 year and 3.5% of total household resources.~~

1 ~~—— (iv) For a claimant with total household resources of more~~  
2 ~~than \$23,000.00 and less than or equal to \$24,000.00, an amount~~  
3 ~~equal to 88% of the difference between the property taxes on the~~  
4 ~~homestead or the credit for rental of the homestead for the tax~~  
5 ~~year and 3.5% of total household resources.~~

6 ~~—— (v) For a claimant with total household resources of more~~  
7 ~~than \$24,000.00 and less than or equal to \$25,000.00, an amount~~  
8 ~~equal to 84% of the difference between the property taxes on the~~  
9 ~~homestead or the credit for rental of the homestead for the tax~~  
10 ~~year and 3.5% of total household resources.~~

11 ~~—— (vi) For a claimant with total household resources of more~~  
12 ~~than \$25,000.00 and less than or equal to \$26,000.00, an amount~~  
13 ~~equal to 80% of the difference between the property taxes on the~~  
14 ~~homestead or the credit for rental of the homestead for the tax~~  
15 ~~year and 3.5% of total household resources.~~

16 ~~—— (vii) For a claimant with total household resources of more~~  
17 ~~than \$26,000.00 and less than or equal to \$27,000.00, an amount~~  
18 ~~equal to 76% of the difference between the property taxes on the~~  
19 ~~homestead or the credit for rental of the homestead for the tax~~  
20 ~~year and 3.5% of total household resources.~~

21 ~~—— (viii) For a claimant with total household resources of more~~  
22 ~~than \$27,000.00 and less than or equal to \$28,000.00, an amount~~  
23 ~~equal to 72% of the difference between the property taxes on the~~  
24 ~~homestead or the credit for rental of the homestead for the tax~~  
25 ~~year and 3.5% of total household resources.~~

26 ~~—— (ix) For a claimant with total household resources of more~~  
27 ~~than \$28,000.00 and less than or equal to \$29,000.00, an amount~~

1 ~~equal to 68% of the difference between the property taxes on the~~  
2 ~~homestead or the credit for rental of the homestead for the tax~~  
3 ~~year and 3.5% of total household resources.~~

4 ~~—— (x) For a claimant with total household resources of more~~  
5 ~~than \$29,000.00 and less than or equal to \$30,000.00, an amount~~  
6 ~~equal to 64% of the difference between the property taxes on the~~  
7 ~~homestead or the credit for rental of the homestead for the tax~~  
8 ~~year and 3.5% of total household resources.~~

9 ~~—— (xi) For a claimant with total household resources of more~~  
10 ~~than \$30,000.00, an amount equal to 60% of the difference between~~  
11 ~~the property taxes on the homestead or the credit for rental of~~  
12 ~~the homestead for the tax year and 3.5% of total household~~  
13 ~~resources.~~

14 **(B)** ~~(c)~~ A claimant who is a senior citizen ~~with total~~  
15 ~~household resources of \$21,000.00 or less or a paraplegic,~~  
16 ~~hemiplegic, or quadriplegic and for tax years that begin after~~  
17 ~~December 31, 1999, a claimant who is totally and permanently~~  
18 ~~disabled, deaf, or, for tax years that begin after December 31,~~  
19 ~~2012, blind is entitled to a credit against the state income tax~~  
20 ~~liability for the amount by which the property taxes on the~~  
21 ~~homestead, the credit for rental of the homestead, or a service~~  
22 ~~charge in lieu of ad valorem taxes as provided by section 15a of~~  
23 ~~the state housing development authority act of 1966, 1966 PA 346,~~  
24 ~~MCL 125.1415a, for the tax year exceeds the percentage of the~~  
25 ~~claimant's total household resources for that tax year computed~~  
26 ~~as follows:~~



	Total household resources	Percentage
1	Total household resources	Percentage
2	Not over \$3,000.00	.0%
3	Over \$3,000.00 but not over \$4,000.00	1.0%
4	Over \$4,000.00 but not over \$5,000.00	2.0%
5	Over \$5,000.00 but not over \$6,000.00	3.0%
6	Over \$6,000.00	3.5%

7           (C) ~~(d)~~—A claimant who is an eligible serviceperson,  
8 eligible veteran, or eligible widow or widower is entitled to a  
9 credit against the state income tax liability for a percentage of  
10 the property taxes on the homestead for the tax year not in  
11 excess of 100% determined as follows:

12           (i) Divide the taxable value allowance specified in section  
13 506 by the taxable value of the homestead or, if the eligible  
14 serviceperson, eligible veteran, or eligible widow or widower  
15 leases or rents a homestead, divide 17% of the total annual rent  
16 paid for tax years before the 1994 tax year, or 20% of the total  
17 annual rent paid for tax years after the 1993 tax year on the  
18 property by the property tax rate on the property.

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

21           (D) ~~(e)~~—A claimant who is blind is entitled to a credit  
22 against the state income tax liability for a percentage of the  
23 property taxes on the homestead for the tax year determined as  
24 follows:

25           (i) If the taxable value of the homestead is \$3,500.00 or  
26 less, 100% of the property taxes.

27           (ii) If the taxable value of the homestead is more than

1 \$3,500.00, the percentage that \$3,500.00 bears to the taxable  
2 value of the homestead.

3 (2) A person who is qualified to make a claim under more  
4 than 1 classification shall elect the classification under which  
5 the claim is made.

6 (3) Only 1 claimant per household for a tax year is entitled  
7 to the credit, unless both the husband and wife filing a joint  
8 return are blind, then each shall be considered a claimant.

9 (4) As used in this section, "totally and permanently  
10 disabled" means disability as defined in section 216 of title II  
11 of the social security act, 42 USC 416.

12 (5) A senior citizen who has total household resources for  
13 the tax year of \$6,000.00 or less and who for 1973 received a  
14 senior citizen homestead exemption under former section 7c of the  
15 general property tax act, 1893 PA 206, may compute the credit  
16 against the state income tax liability for a percentage of the  
17 property taxes on the homestead for the tax year determined as  
18 follows:

19 (a) If the taxable value of the homestead is \$2,500.00 or  
20 less, 100% of the property taxes.

21 (b) If the taxable value of the homestead is more than  
22 \$2,500.00, the percentage that \$2,500.00 bears to the taxable  
23 value of the homestead.

24 (6) For a return of less than 12 months, the claim shall be  
25 reduced proportionately.

26 (7) The department may prescribe tables that may be used to  
27 determine the amount of the claim.

1 (8) The total credit allowed in this section for each year  
2 after December 31, 1975 shall not exceed \$1,200.00 per year.

3 (9) The total credit allowable under this part and part 361  
4 of the natural resources and environmental protection act, 1994  
5 PA 451, MCL 324.36101 to 324.36117, shall not exceed the total  
6 property tax due and payable by the claimant in that year. The  
7 amount by which the credit exceeds the property tax due and  
8 payable shall be deducted from the credit claimed under part 361  
9 of the natural resources and environmental protection act, 1994  
10 PA 451, MCL 324.36101 to 324.36117.