

HOUSE BILL No. 5169

December 17, 2015, Introduced by Reps. Poleski, Brett Roberts, Pagel, Bumstead and Forlini and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled "Income tax act of 1967," by amending sections 506 and 520 (MCL 206.506 and 206.520), section 506 as amended by 1996 PA 484 and section 520 as amended by 2015 PA 179; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 506. "Eligible serviceperson", "eligible veteran", and
2 "eligible widow or widower" ~~means~~**MEAN** a serviceperson, veteran, or
3 widow or widower, whose income as defined in this chapter is not
4 more than \$7,500.00 per year unless the serviceperson, veteran, or
5 widow or widower receives compensation paid by the veterans
6 administration or the armed forces of the United States for service
7 incurred disabilities and who meets the requirements of the

1 following schedule:

2	War	Person	Service in	Disability %	Taxable
3			War		Value
4					Allowance
5					
6	Indian	Veteran or	3 months, or	No	\$3,500.00
7	Civil	veteran's widow	1 day with	requirement	
8	Spanish-	or widower	discharge		
9	American		for service-		
10	Mexican		connected		
11			disability		
12					
13	World War I	Widow or widower	3 months, or	No	\$2,500.00
14	World War II	of nondisabled	1 day with	requirement	
15	Korean	or nonpensioned	discharge		
16		veteran	for service-		
17			connected		
18			disability		
19					
20	All wars or	Pensioned veteran	Any	No	\$3,500.00
21	presidential	or veteran's		requirement	
22	executive	widow or widower			
23	order or				
24	presidential				
25	proclamation				
26					
27	All wars or	Veteran with	Any	10-50	\$3,500.00

1	presidential	service-connected			
2	executive	disability or			
3	order or	veteran's widow			
4	presidential	or widower			
5	proclamation				
6					
7	All wars or	Veteran with	Any	60-70-80	\$4,000.00
8	presidential	service-connected			
9	executive	disability or			
10	order or	veteran's widow			
11	presidential	or widower			
12	proclamation				
13					
14	All wars or	Veteran with	Any	90-100	\$4,500.00
15	presidential	service-connected			
16	executive	disability or			
17	order or	veteran's widow			
18	presidential	or widower			
19	proclamation				
20					
21	All wars or	Widow or widower	Any	No	\$4,500.00
22	presidential	of veteran dying		requirement	
23	executive	in service			
24	order or				
25	presidential				
26	proclamation				
27					

1	Current	Serviceperson or	Any	No	\$3,500.00
2	service	serviceperson's		requirement	
3		widow or widower			

4 Sec. 520. (1) Subject to the limitations and the definitions
5 in this chapter, a claimant may claim against the tax due under
6 this part for the tax year a credit for the property taxes on the
7 taxpayer's homestead deductible for federal income tax purposes
8 pursuant to section 164 of the internal revenue code, or that would
9 have been deductible if the claimant had not elected the zero
10 bracket amount or if the claimant had been subject to the federal
11 income tax. The property taxes used for the credit computation
12 shall not be greater than the amount levied for 1 tax year. An
13 owner, **OTHER THAN AN OWNER WHO IS A VETERAN WITH A SERVICE-**
14 **CONNECTED DISABILITY OF 100% OR THAT VETERAN'S WIDOW OR WIDOWER,** is
15 not eligible for a credit under this section if the taxable value
16 of his or her homestead excluding the portion of a parcel of real
17 property that is unoccupied and classified as agricultural for ad
18 valorem tax purposes in the year for which the credit is claimed is
19 greater than \$135,000.00 through the 2021 tax year. Beginning with
20 the 2021 tax year and each tax year after 2021, the taxable value
21 cap under this subsection for the immediately preceding tax year
22 shall be adjusted by the percentage increase in the United States
23 consumer price index for the immediately preceding calendar year
24 and rounded to the nearest \$100.00 increment. The department shall
25 annualize the amount in this subsection as necessary. As used in
26 this subsection, "taxable value" means that value determined under
27 section 27a of the general property tax act, 1893 PA 206, MCL

1 211.27a.

2 (2) A person who rents or leases a homestead may claim a
3 similar credit computed under this section and section 522 based
4 upon 20% of the gross rent paid for tax years before the 2018 tax
5 year or 23% of the gross rent paid for tax years after the 2017 tax
6 year. A person who rents or leases a homestead subject to a service
7 charge in lieu of ad valorem taxes as provided by section 15a of
8 the state housing development authority act of 1966, 1966 PA 346,
9 MCL 125.1415a, may claim a similar credit computed under this
10 section and section 522 based upon 10% of the gross rent paid.

11 (3) If the credit claimed under this section and section 522
12 exceeds the tax liability for the tax year or if there is no tax
13 liability for the tax year, the amount of the claim not used as an
14 offset against the tax liability shall, after examination and
15 review, be approved for payment, without interest, to the claimant.
16 In determining the amount of the payment under this subsection,
17 withholdings and other credits shall be used first to offset any
18 tax liabilities.

19 (4) If the homestead is an integral part of a multipurpose or
20 multidwelling building that is federally aided housing or state
21 aided housing, a claimant who is a senior citizen entitled to a
22 payment under subsection (2) may assign the right to that payment
23 to a mortgagor if the mortgagor reduces the rent charged and
24 collected on the claimant's homestead in an amount equal to the tax
25 credit payment provided in this chapter. The assignment of the
26 claim is valid only if the Michigan state housing development
27 authority, by affidavit, verifies that the claimant's rent has been

1 so reduced.

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

4 (6) A person who discriminates in the charging or collection
5 of rent on a homestead by increasing the rent charged or collected
6 because the renter or lessee claims and receives a credit or
7 payment under this chapter is guilty of a misdemeanor.
8 Discrimination against a renter who claims and receives the credit
9 under this section and section 522 by a reduction of the rent on
10 the homestead of a person who does not claim and receive the credit
11 is a misdemeanor. If discriminatory rents are charged or collected,
12 each charge or collection of the higher or lower payment is a
13 separate offense. Each acceptance of a payment of rent is a
14 separate offense.

15 (7) A person who received aid to families with dependent
16 children, state family assistance, or state disability assistance
17 pursuant to the social welfare act, 1939 PA 280, MCL 400.1 to
18 400.119b, in the tax year for which the person is filing a return
19 shall have a credit that is authorized and computed under this
20 section and section 522 reduced by an amount equal to the product
21 of the claimant's credit multiplied by the quotient of the sum of
22 the claimant's aid to families with dependent children, state
23 family assistance, and state disability assistance for the tax year
24 divided by the claimant's total household resources. The reduction
25 of credit shall not exceed the sum of the aid to families with
26 dependent children, state family assistance, and state disability
27 assistance for the tax year. For the purposes of this subsection,

1 aid to families with dependent children does not include child
2 support payments that offset or reduce payments made to the
3 claimant.

4 (8) For tax years before the 2018 tax year, a credit under
5 subsection (1) or (2) shall be reduced by 10% for each claimant
6 whose total household resources exceed the minimum total household
7 resources amount of \$41,000.00 and by an additional 10% for each
8 increment of \$1,000.00 of total household resources in excess of
9 \$41,000.00. Except as otherwise provided under this subsection, for
10 the 2018 tax year and each tax year after 2018, the minimum total
11 household resources amount is \$51,000.00. For the 2018 tax year and
12 each tax year after 2018, a credit under subsection (1) or (2)
13 shall be reduced by 10% for each claimant whose total household
14 resources exceed the minimum total household resources amount
15 established under this subsection and by an additional 10% for each
16 increment of \$1,000.00 of total household resources in excess of
17 the minimum total household resources amount for that tax year. For
18 the 2021 tax year and each tax year after 2021, the minimum total
19 household resources threshold amount established under this
20 subsection for the immediately preceding tax year shall be adjusted
21 by the percentage increase in the United States consumer price
22 index for the immediately preceding calendar year and rounded to
23 the nearest \$100.00 increment. **THIS SUBSECTION DOES NOT APPLY TO A**
24 **CLAIMANT WHO IS A VETERAN WITH A SERVICE-CONNECTED DISABILITY OF**
25 **100% OR THAT VETERAN'S WIDOW OR WIDOWER.**

26 (9) If the credit authorized and calculated under this section
27 and section 522 and adjusted under subsection (7) or (8) does not

1 provide to a senior citizen who rents or leases a homestead that
2 amount attributable to rent that constitutes more than 40% of the
3 total household resources of the senior citizen, the senior citizen
4 may claim a credit based upon the amount of total household
5 resources attributable to rent as provided by this section.

6 (10) A senior citizen whose gross rent paid for the tax year
7 is more than the percentage of total household resources specified
8 in subsection (9) for the respective tax year may claim a credit
9 for the amount of rent paid that constitutes more than the
10 percentage of the total household resources of the senior citizen
11 specified in subsection (9) and that was not provided to the senior
12 citizen by the credit computed pursuant to this section and section
13 522 and adjusted pursuant to subsection (7) or (8).

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

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

24 (13) A senior citizen who moves to a different rented or
25 leased homestead shall determine, for 2 tax years after the move,
26 both his or her qualification to claim a credit under subsections
27 (9) to (15) and the amount of a credit under subsections (9) to

1 (15) on the basis of the annualized final monthly rental payment at
2 his or her previous homestead, if this annualized rental is less
3 than the senior citizen's actual annual rental payments.

4 (14) For a return of less than 12 months, the claim for a
5 credit under subsections (9) to (15) shall be reduced
6 proportionately.

7 (15) For tax years before the 2018 tax year, the total credit
8 allowed by this section and section 522 shall not exceed \$1,200.00
9 per year. Except as otherwise provided under this subsection, for
10 the 2018 tax year and each tax year after 2018, the total credit
11 allowed by this section and section 522 shall not exceed \$1,500.00
12 per year. Beginning with the 2021 tax year and each tax year after
13 2021, the maximum amount of the credit allowed under this section
14 and section 522 for the immediately preceding tax year shall be
15 adjusted by the percentage increase in the United States consumer
16 price index for the immediately preceding calendar year. The
17 department shall round the amount to the nearest \$100.00 increment.

18 (16) As used in this section, "United States consumer price
19 index" means the United States consumer price index for all urban
20 consumers as defined and reported by the United States Department
21 of Labor, Bureau of Labor Statistics.

22 Enacting section 1. Section 7b of the general property tax
23 act, 1893 PA 206, MCL 211.7b, is repealed effective December 31,
24 2015.