

# HOUSE BILL No. 4064

January 27, 2015, Introduced by Reps. Yanez, Sarah Roberts, Cochran, Hovey-Wright, Darany, Neeley, Moss, Glenn, Liberati, Greig and Wittenberg and referred to the Committee on Tax Policy.

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

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

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

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

9           (b) A claimant who is a senior citizen is entitled to a

1 credit against the state income tax liability under this part  
2 equal to the following:

3 (i) For a claimant with total household resources of  
4 \$21,000.00 or less, an amount as determined in accordance with  
5 subdivision (c).

6 (ii) For a claimant with total household resources of more  
7 than \$21,000.00 and less than or equal to \$22,000.00, an amount  
8 equal to 96% 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 (iii) For a claimant with total household resources of more  
12 than \$22,000.00 and less than or equal to \$23,000.00, an amount  
13 equal to 92% 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 (iv) For a claimant with total household resources of more  
17 than \$23,000.00 and less than or equal to \$24,000.00, an amount  
18 equal to 88% 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 (v) For a claimant with total household resources of more  
22 than \$24,000.00 and less than or equal to \$25,000.00, an amount  
23 equal to 84% 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 (vi) For a claimant with total household resources of more  
27 than \$25,000.00 and less than or equal to \$26,000.00, an amount

1 equal to 80% 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 (vii) For a claimant with total household resources of more  
5 than \$26,000.00 and less than or equal to \$27,000.00, an amount  
6 equal to 76% 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 (viii) For a claimant with total household resources of more  
10 than \$27,000.00 and less than or equal to \$28,000.00, an amount  
11 equal to 72% of the difference between the property taxes on the  
12 homestead or the credit for rental of the homestead for the tax  
13 year and 3.5% of total household resources.

14 (ix) For a claimant with total household resources of more  
15 than \$28,000.00 and less than or equal to \$29,000.00, an amount  
16 equal to 68% of the difference between the property taxes on the  
17 homestead or the credit for rental of the homestead for the tax  
18 year and 3.5% of total household resources.

19 (x) For a claimant with total household resources of more  
20 than \$29,000.00 and less than or equal to \$30,000.00, an amount  
21 equal to 64% of the difference between the property taxes on the  
22 homestead or the credit for rental of the homestead for the tax  
23 year and 3.5% of total household resources.

24 (xi) For a claimant with total household resources of more  
25 than \$30,000.00, an amount equal to 60% of the difference between  
26 the property taxes on the homestead or the credit for rental of  
27 the homestead for the tax year and 3.5% of total household

1 resources.

2 (c) A claimant who is a senior citizen with total household  
 3 resources of \$21,000.00 or less or a paraplegic, hemiplegic, or  
 4 quadriplegic and for tax years that begin after December 31,  
 5 1999, a claimant who is totally and permanently disabled, deaf,  
 6 or, for tax years that begin after December 31, 2012, blind is  
 7 entitled to a credit against the state income tax liability for  
 8 the amount by which the property taxes on the homestead, the  
 9 credit for rental of the homestead, or a service charge in lieu  
 10 of ad valorem taxes as provided by section 15a of the state  
 11 housing development authority act of 1966, 1966 PA 346, MCL  
 12 125.1415a, for the tax year exceeds the percentage of the  
 13 claimant's total household resources for that tax year computed  
 14 as follows:

15	Total household resources	Percentage
16	Not over \$3,000.00	.0%
17	Over \$3,000.00 but not over \$4,000.00	1.0%
18	Over \$4,000.00 but not over \$5,000.00	2.0%
19	Over \$5,000.00 but not over \$6,000.00	3.0%
20	Over \$6,000.00	3.5%

21 (d) ~~A~~ **EXCEPT AS OTHERWISE PROVIDED UNDER SUBDIVISION (F), A**  
 22 claimant who is an eligible serviceperson, eligible veteran, or  
 23 eligible widow or widower is entitled to a credit against the  
 24 state income tax liability for a percentage of the property taxes  
 25 on the homestead for the tax year not in excess of 100%  
 26 determined as follows:

1           (i) Divide the taxable value allowance specified in section  
2 506 by the taxable value of the homestead or, if the eligible  
3 serviceperson, eligible veteran, or eligible widow or widower  
4 leases or rents a homestead, divide 17% of the total annual rent  
5 paid for tax years before the 1994 tax year, or 20% of the total  
6 annual rent paid for tax years after the 1993 tax year on the  
7 property by the property tax rate on the property.

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

10          (e) A claimant who is blind is entitled to a credit against  
11 the state income tax liability for a percentage of the property  
12 taxes on the homestead for the tax year determined as follows:

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

15           (ii) If the taxable value of the homestead is more than  
16 \$3,500.00, the percentage that \$3,500.00 bears to the taxable  
17 value of the homestead.

18          **(F) FOR THE 2015 TAX YEAR AND EACH TAX YEAR THEREAFTER, A**  
19 **CLAIMANT WHO IS AN ELIGIBLE SERVICEPERSON, ELIGIBLE VETERAN, OR**  
20 **ELIGIBLE WIDOW OR WIDOWER WHO LEASES OR RENTS A HOMESTEAD AND WHO**  
21 **RECEIVES COMPENSATION PAID BY THE VETERANS ADMINISTRATION OR THE**  
22 **ARMED FORCES OF THE UNITED STATES AT THE 100% DISABILITY RATE FOR**  
23 **SERVICE-INCURRED DISABILITIES IS ENTITLED TO A CREDIT AGAINST THE**  
24 **STATE INCOME TAX LIABILITY UNDER THIS PART EQUAL TO 20% OF THE**  
25 **TOTAL ANNUAL RENT PAID, NOT TO EXCEED 100% OF THE PROPERTY TAXES**  
26 **ON THAT HOMESTEAD FOR THE TAX YEAR, REGARDLESS OF THE TYPE OF**  
27 **HOMESTEAD THAT IS BEING LEASED OR RENTED.**

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

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

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

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

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

19           (b) If the taxable value of the homestead is more than  
20 \$2,500.00, the percentage that \$2,500.00 bears to the taxable  
21 value of the homestead.

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

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

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

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