

**SUBSTITUTE FOR
HOUSE BILL NO. 4724**

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending sections 506, 520, 522, and 530 (MCL 206.506, 206.520,
206.522, and 206.530), section 506 as amended by 1996 PA 484,
sections 520 and 522 as amended by 2015 PA 179, and section 530 as
amended by 2011 PA 38.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 506. (1) "Disabled veteran" means that term as defined
2 under section 7b of the general property tax act, 1893 PA 206, MCL
3 211.7b.

4 (2) "Eligible serviceperson", "eligible veteran", and
5 "eligible widow or widower" means a serviceperson, veteran, or
6 widow or widower, whose ~~income as defined in this chapter is total~~



1 **household resources are** not more than \$7,500.00 per year unless the
 2 serviceperson, veteran, or widow or widower receives compensation
 3 paid by the veterans administration or the ~~armed forces~~ **Armed**
 4 **Forces** of the United States for service incurred disabilities and
 5 who meets the requirements of the following schedule:

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



1	All wars or	Veteran with	Any	10-50	\$3,500.00
2	presidential	service-connected			
3	executive	disability or			
4	order or	veteran's widow			
5	presidential	or widower			
6	proclamation				
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	All wars or	Veteran with	Any	90-100	\$4,500.00
14	presidential	service-connected			
15	executive	disability or			
16	order or	veteran's widow			
17	presidential	or widower			
18	proclamation				
19	All wars or	Widow or widower	Any	No	\$4,500.00
20	presidential	of veteran dying		requirement	
21	executive	in service			
22	order or				
23	presidential				
24	proclamation				
25	Current	Serviceperson or	Any	No	\$3,500.00
26	service	serviceperson's		requirement	
27		widow or widower			

28 Sec. 520. (1) Subject to the limitations and the definitions
29 in this chapter, a claimant may claim against the tax due under



1 this part for the tax year a credit for the property taxes on the
 2 taxpayer's homestead deductible for federal income tax purposes
 3 pursuant to section 164 of the internal revenue code, or that would
 4 have been deductible if the claimant had not elected the zero
 5 bracket amount or if the claimant had been subject to the federal
 6 income tax. The property taxes used for the credit computation
 7 shall not be greater than the amount levied for 1 tax year. An
 8 owner is not eligible for a credit under this section if the
 9 taxable value of ~~his or her~~ **the owner's** homestead excluding the
 10 portion of a parcel of real property that is unoccupied and
 11 classified as agricultural for ad valorem tax purposes in the year
 12 for which the credit is claimed is greater than \$135,000.00 through
 13 the 2021 tax year. Beginning with the 2021 tax year and each tax
 14 year after 2021, the taxable value cap under this subsection for
 15 the immediately preceding tax year shall be adjusted by the
 16 percentage increase in the United States ~~consumer price index~~
 17 **Consumer Price Index** for the immediately preceding calendar year
 18 and rounded to the nearest \$100.00 increment. The department shall
 19 annualize the amount in this subsection as necessary. As used in
 20 this subsection, "taxable value" means that value determined under
 21 section 27a of the general property tax act, 1893 PA 206, MCL
 22 211.27a.

23 (2) A person who rents or leases a homestead may claim a
 24 similar credit computed under this section and section 522 based
 25 upon ~~20% of the gross rent paid for tax years before the 2018 tax~~
 26 ~~year or~~ 23% of the gross rent paid for tax years after the 2017 tax
 27 year. A person who rents or leases a homestead subject to a service
 28 charge in lieu of ad valorem taxes as provided by section 15a of
 29 the state housing development authority act of 1966, 1966 PA 346,



1 MCL 125.1415a, may claim a similar credit computed under this
2 section and section 522 based upon 10% of the gross rent paid.

3 (3) If the credit claimed under this section and section 522
4 exceeds the tax liability for the tax year or if there is no tax
5 liability for the tax year, the amount of the claim not used as an
6 offset against the tax liability shall, after examination and
7 review, be approved for payment, without interest, to the claimant.
8 In determining the amount of the payment under this subsection,
9 withholdings and other credits shall be used first to offset any
10 tax liabilities.

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

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

23 (6) A person who discriminates in the charging or collection
24 of rent on a homestead by increasing the rent charged or collected
25 because the renter or lessee claims and receives a credit or
26 payment under this chapter is guilty of a misdemeanor.
27 Discrimination against a renter who claims and receives the credit
28 under this section and section 522 by a reduction of the rent on
29 the homestead of a person who does not claim and receive the credit



1 is a misdemeanor. If discriminatory rents are charged or collected,
2 each charge or collection of the higher or lower payment is a
3 separate offense. Each acceptance of a payment of rent is a
4 separate offense.

5 (7) A person who received aid to families with dependent
6 children, state family assistance, or state disability assistance
7 pursuant to the social welfare act, 1939 PA 280, MCL 400.1 to
8 400.119b, in the tax year for which the person is filing a return
9 shall have a credit that is authorized and computed under this
10 section and section 522 reduced by an amount equal to the product
11 of the claimant's credit multiplied by the quotient of the sum of
12 the claimant's aid to families with dependent children, state
13 family assistance, and state disability assistance for the tax year
14 divided by the claimant's total household resources. The reduction
15 of credit shall not exceed the sum of the aid to families with
16 dependent children, state family assistance, and state disability
17 assistance for the tax year. For the purposes of this subsection,
18 aid to families with dependent children does not include child
19 support payments that offset or reduce payments made to the
20 claimant.

21 ~~(8) For tax years before the 2018 tax year, a credit under~~
22 ~~subsection (1) or (2) shall be reduced by 10% for each claimant~~
23 ~~whose total household resources exceed the minimum total household~~
24 ~~resources amount of \$41,000.00 and by an additional 10% for each~~
25 ~~increment of \$1,000.00 of total household resources in excess of~~
26 ~~\$41,000.00. Except as otherwise provided under this subsection, for~~
27 ~~the 2018 tax year and each tax year after 2018, the minimum total~~
28 ~~household resources amount is \$51,000.00. For the 2018 tax year and~~
29 ~~each tax year after 2018, a credit under subsection (1) or (2)~~



1 shall be reduced by 10% for each claimant whose total household
2 resources exceed the minimum total household resources amount
3 established under this subsection and by an additional 10% for each
4 increment of \$1,000.00 of total household resources in excess of
5 the minimum total household resources amount for that tax year. For
6 the 2021 tax year and each tax year after 2021, the minimum total
7 household resources threshold amount established under this
8 subsection for the immediately preceding tax year shall be adjusted
9 by the percentage increase in the United States ~~consumer price~~
10 ~~index~~ **Consumer Price Index** for the immediately preceding calendar
11 year and rounded to the nearest \$100.00 increment.

12 (9) If the credit authorized and calculated under this section
13 and section 522 and adjusted under subsection (7) or (8) does not
14 provide to a senior citizen who rents or leases a homestead that
15 amount attributable to rent that constitutes more than 40% of the
16 total household resources of the senior citizen, the senior citizen
17 may claim a credit based upon the amount of total household
18 resources attributable to rent as provided by this section.

19 (10) A senior citizen whose gross rent paid for the tax year
20 is more than the percentage of total household resources specified
21 in subsection (9) for the respective tax year may claim a credit
22 for the amount of rent paid that constitutes more than the
23 percentage of the total household resources of the senior citizen
24 specified in subsection (9) and that was not provided to the senior
25 citizen by the credit computed pursuant to this section and section
26 522 and adjusted pursuant to subsection (7) or (8).

27 (11) The department may promulgate rules to implement
28 subsections (9) to (15) and may prescribe a table to allow a
29 claimant to determine the credit provided under this section and



1 section 522 in the instruction booklet that accompanies the
2 respective income tax or property tax credit forms used by
3 claimants.

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

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

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

19 (15) ~~For tax years before the 2018 tax year, the total credit~~
20 ~~allowed by this section and section 522 shall not exceed \$1,200.00~~
21 ~~per year.~~ Except as otherwise provided under this subsection, for
22 the 2018 tax year and each tax year after 2018, the total credit
23 allowed by this section and section 522 shall not exceed \$1,500.00
24 per year. Beginning with the 2021 tax year and each tax year after
25 2021, the maximum amount of the credit allowed under this section
26 and section 522 for the immediately preceding tax year shall be
27 adjusted by the percentage increase in the United States ~~consumer~~
28 ~~price index~~ **Consumer Price Index** for the immediately preceding
29 calendar year. The department shall round the amount to the nearest



1 \$100.00 increment. **The maximum amount of the credit allowed under**
 2 **this section does not apply to a credit authorized and calculated**
 3 **under section 522(1)(f) .**

4 (16) As used in this section, "United States ~~consumer price~~
 5 ~~index~~" **Consumer Price Index**" means the United States ~~consumer price~~
 6 ~~index~~ **Consumer Price Index** for all urban consumers as defined and
 7 reported by the United States Department of Labor, Bureau of Labor
 8 Statistics.

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

11 (a) A claimant who is not a senior citizen is entitled to a
 12 credit against the state income tax liability under this part equal
 13 to 60% of the amount by which the property taxes on the homestead,
 14 or the credit for rental of the homestead for the tax year, exceeds
 15 ~~3.5% of the claimant's total household resources for tax years~~
 16 ~~before the 2018 tax year or~~ 3.2% of the claimant's total household
 17 resources for the 2018 tax year and each tax year after 2018.

18 (b) A claimant who is a senior citizen is entitled to a credit
 19 against the state income tax liability under this part equal to the
 20 following:

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

24 (ii) For a claimant with total household resources of more than
 25 \$21,000.00 and less than or equal to \$22,000.00, an amount equal to
 26 96% of the difference between the property taxes on the homestead
 27 or the credit for rental of the homestead for the tax year and ~~3.5%~~
 28 ~~of total household resources for tax years before the 2018 tax year~~
 29 ~~or~~ 3.2% of total household resources for the 2018 tax year and each



1 tax year after 2018.

2 (iii) For a claimant with total household resources of more than
3 \$22,000.00 and less than or equal to \$23,000.00, an amount equal to
4 92% of the difference between the property taxes on the homestead
5 or the credit for rental of the homestead for the tax year and ~~3.5%~~
6 ~~of total household resources for tax years before the 2018 tax year~~
7 ~~or~~ 3.2% of total household resources for the 2018 tax year and each
8 tax year after 2018.

9 (iv) For a claimant with total household resources of more than
10 \$23,000.00 and less than or equal to \$24,000.00, an amount equal to
11 88% of the difference between the property taxes on the homestead
12 or the credit for rental of the homestead for the tax year and ~~3.5%~~
13 ~~of total household resources for tax years before the 2018 tax year~~
14 ~~or~~ 3.2% of total household resources for the 2018 tax year and each
15 tax year after 2018.

16 (v) For a claimant with total household resources of more than
17 \$24,000.00 and less than or equal to \$25,000.00, an amount equal to
18 84% of the difference between the property taxes on the homestead
19 or the credit for rental of the homestead for the tax year and ~~3.5%~~
20 ~~of total household resources for tax years before the 2018 tax year~~
21 ~~or~~ 3.2% of total household resources for the 2018 tax year and each
22 tax year after 2018.

23 (vi) For a claimant with total household resources of more than
24 \$25,000.00 and less than or equal to \$26,000.00, an amount equal to
25 80% of the difference between the property taxes on the homestead
26 or the credit for rental of the homestead for the tax year and ~~3.5%~~
27 ~~of total household resources for tax years before the 2018 tax year~~
28 ~~or~~ 3.2% of total household resources for the 2018 tax year and each
29 tax year after 2018.



1 (vii) For a claimant with total household resources of more
 2 than \$26,000.00 and less than or equal to \$27,000.00, an amount
 3 equal to 76% 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 for tax years before the~~
 6 ~~2018 tax year or~~ 3.2% of total household resources for the 2018 tax
 7 year and each tax year after 2018.

8 (viii) For a claimant with total household resources of more
 9 than \$27,000.00 and less than or equal to \$28,000.00, an amount
 10 equal to 72% of the difference between the property taxes on the
 11 homestead or the credit for rental of the homestead for the tax
 12 year and ~~3.5% of total household resources for tax years before the~~
 13 ~~2018 tax year or~~ 3.2% of total household resources for the 2018 tax
 14 year and each tax year after 2018.

15 (ix) For a claimant with total household resources of more than
 16 \$28,000.00 and less than or equal to \$29,000.00, an amount equal to
 17 68% of the difference between the property taxes on the homestead
 18 or the credit for rental of the homestead for the tax year and ~~3.5%~~
 19 ~~of total household resources for tax years before the 2018 tax year~~
 20 ~~or~~ 3.2% of total household resources for the 2018 tax year and each
 21 tax year after 2018.

22 (x) For a claimant with total household resources of more than
 23 \$29,000.00 and less than or equal to \$30,000.00, an amount equal to
 24 64% of the difference between the property taxes on the homestead
 25 or the credit for rental of the homestead for the tax year and ~~3.5%~~
 26 ~~of total household resources for tax years before the 2018 tax year~~
 27 ~~or~~ 3.2% of total household resources for the 2018 tax year and each
 28 tax year after 2018.

29 (xi) For a claimant with total household resources of more than



1 \$30,000.00, an amount equal to 60% of the difference between the
 2 property taxes on the homestead or the credit for rental of the
 3 homestead for the tax year and ~~3.5% of total household resources~~
 4 ~~for tax years before the 2018 tax year or 3.2% of total household~~
 5 resources for the 2018 tax year and each tax year after 2018.

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

19	Total household resources	Percentage
20	Not over \$3,000.00	.0%
21	Over \$3,000.00 but not over	
22	\$4,000.00	1.0%
23	Over \$4,000.00 but not over	
24	\$5,000.00	2.0%
25	Over \$5,000.00 but not over	
26	\$6,000.00	3.0%
27	Over \$6,000.00 for tax years	
28	before the 2018 tax year	3.5%



1 Over \$6,000.00 for tax years
2 after the 2017 tax year 3.2%

3 (d) A claimant who is an eligible serviceperson, eligible
4 veteran, or eligible widow or widower is entitled to a credit
5 against the state income tax liability for a percentage of the
6 property taxes on the homestead for the tax year not in excess of
7 100% determined as follows:

8 (i) Divide the taxable value allowance specified in section 506
9 by the taxable value of the homestead or, if the eligible
10 serviceperson, eligible veteran, or eligible widow or widower
11 leases or rents a homestead, divide ~~20% of the total annual rent~~
12 ~~paid for tax years before the 2018 tax year or~~ 23% of the total
13 annual rent paid for tax years after the 2017 tax year on the
14 property by the property tax rate on the property.

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

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

20 (i) If the taxable value of the homestead is \$3,500.00 or less,
21 100% of the property taxes.

22 (ii) If the taxable value of the homestead is more than
23 \$3,500.00, the percentage that \$3,500.00 bears to the taxable value
24 of the homestead.

25 (f) **Except as otherwise provided under this subdivision, for**
26 **tax years that begin on and after January 1, 2024, a claimant who**
27 **is a disabled veteran or a widow or widower of a disabled veteran**
28 **who leases or rents a homestead is entitled to a credit against the**
29 **state income tax liability under this part equal to 23% of the**



1 gross rent paid during the tax year, or if that homestead is
 2 subject to a service charge in lieu of ad valorem taxes as provided
 3 by section 15a of the state housing development authority act of
 4 1966, 1966 PA 346, MCL 125.1415a, equal to 10% of the gross rent
 5 paid during the tax year. However, if the claimant has
 6 documentation that the claimant's homestead is subject to a service
 7 fee of more than 10%, the claimant is entitled to a credit equal to
 8 that higher percentage of the gross rent paid during the tax year.

9 (2) A person who is qualified to make a claim under more than
 10 1 classification shall elect the classification under which the
 11 claim is made.

12 (3) Only 1 claimant per household for a tax year is entitled
 13 to the credit, unless both ~~the husband and wife~~ **spouses** filing a
 14 joint return are blind, then each shall be considered a claimant.

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

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

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

26 (b) If the taxable value of the homestead is more than
 27 \$2,500.00, the percentage that \$2,500.00 bears to the taxable value
 28 of the homestead.

29 (6) For a return of less than 12 months, the claim shall be



1 reduced proportionately.

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

4 (8) The total credit allowed in this section for each year
5 shall not exceed the amount determined under section 520.

6 (9) The total credit allowable under this part and part 361 of
7 the natural resources and environmental protection act, 1994 PA
8 451, MCL 324.36101 to ~~324.36117~~, **324.36116**, shall not exceed the
9 total property tax due and payable by the claimant in that year.
10 The amount by which the credit exceeds the property tax due and
11 payable shall be deducted from the credit claimed under part 361 of
12 the natural resources and environmental protection act, 1994 PA
13 451, MCL 324.36101 to ~~324.36117~~. **324.36116**.

14 Sec. 530. (1) The department may require reasonable proof from
15 the claimant in support of rent paid, property taxes paid, total
16 household resources, size and nature of the property claimed as a
17 homestead, **percentage of service fees claimed if higher than 10%**,
18 or any other information required for the administration of this
19 chapter.

20 (2) If a homestead is occupied for less than a 12-month
21 period, the credit computation shall be proportional to the period
22 of occupancy. A claimant shall not occupy more than 1 homestead at
23 1 time. If more than 1 homestead is occupied during the tax year,
24 the credit computation shall be proportional to the period of
25 occupancy of each homestead, but not for a total period of more
26 than 1 year.

27 (3) If unoccupied land is used for agricultural or
28 horticultural purposes by the claimant, the credit shall be allowed
29 only if the gross receipts of the agricultural or horticultural



1 operations exceed the total household resources as defined in this
2 part.

3 (4) A claim shall not be allowed if the department finds that
4 the claimant received title to the homestead primarily for the
5 purpose of receiving benefits under this chapter.

6 (5) The amount of a claim otherwise payable may be applied by
7 the department against a liability outstanding on the books of the
8 state against the claimant.

