

HOUSE BILL NO. 4724

June 08, 2023, Introduced by Reps. Price, Arbit, Wilson, Byrnes, Grant, Steckloff, Tyrone Carter, Conlin, Coffia, Paiz, Fitzgerald, Miller, Hope, Glanville, Morgan, Rheingans, Shannon and Hill 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, 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

1 **211.7b.**

2 (2) "Eligible serviceperson", "eligible veteran", and
3 "eligible widow or widower" means a serviceperson, veteran, or
4 widow or widower, whose ~~income as defined in this chapter is~~ **total**
5 **household resources are** not more than \$7,500.00 per year unless the
6 serviceperson, veteran, or widow or widower receives compensation
7 paid by the veterans administration or the ~~armed forces~~ **Armed**
8 **Forces** of the United States for service incurred disabilities and
9 who meets the requirements of the following schedule:

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

1	All wars or	Pensioned veteran	Any	No	\$3,500.00
2	presidential	or veteran's		requirement	
3	executive	widow or widower			
4	order or				
5	presidential				
6	proclamation				
7	All wars or	Veteran with	Any	10-50	\$3,500.00
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	60-70-80	\$4,000.00
14	presidential	service-connected			
15	executive	disability or			
16	order or	veteran's widow			
17	presidential	or widower			
18	proclamation				
19	All wars or	Veteran with	Any	90-100	\$4,500.00
20	presidential	service-connected			
21	executive	disability or			
22	order or	veteran's widow			
23	presidential	or widower			
24	proclamation				

1	All wars or	Widow or widower	Any	No	\$4,500.00
2	presidential	of veteran dying		requirement	
3	executive	in service			
4	order or				
5	presidential				
6	proclamation				
7	Current	Serviceperson or	Any	No	\$3,500.00
8	service	serviceperson's		requirement	
9		widow or widower			

10 Sec. 520. (1) Subject to the limitations and the definitions
11 in this chapter, a claimant may claim against the tax due under
12 this part for the tax year a credit for the property taxes on the
13 taxpayer's homestead deductible for federal income tax purposes
14 pursuant to section 164 of the internal revenue code, or that would
15 have been deductible if the claimant had not elected the zero
16 bracket amount or if the claimant had been subject to the federal
17 income tax. The property taxes used for the credit computation
18 shall not be greater than the amount levied for 1 tax year. An
19 owner is not eligible for a credit under this section if the
20 taxable value of ~~his or her~~ **the owner's** homestead excluding the
21 portion of a parcel of real property that is unoccupied and
22 classified as agricultural for ad valorem tax purposes in the year
23 for which the credit is claimed is greater than \$135,000.00 through
24 the 2021 tax year. Beginning with the 2021 tax year and each tax
25 year after 2021, the taxable value cap under this subsection for
26 the immediately preceding tax year shall be adjusted by the
27 percentage increase in the United States ~~consumer price index~~
28 **Consumer Price Index** for the immediately preceding calendar year
29 and rounded to the nearest \$100.00 increment. The department shall

1 annualize the amount in this subsection as necessary. As used in
2 this subsection, "taxable value" means that value determined under
3 section 27a of the general property tax act, 1893 PA 206, MCL
4 211.27a.

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

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

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

1 authority, by affidavit, verifies that the claimant's rent has been
2 so reduced.

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

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

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

1 support payments that offset or reduce payments made to the
2 claimant.

3 ~~(8) For tax years before the 2018 tax year, a credit under~~
4 ~~subsection (1) or (2) shall be reduced by 10% for each claimant~~
5 ~~whose total household resources exceed the minimum total household~~
6 ~~resources amount of \$41,000.00 and by an additional 10% for each~~
7 ~~increment of \$1,000.00 of total household resources in excess of~~
8 ~~\$41,000.00. Except as otherwise provided under this subsection, for~~
9 the 2018 tax year and each tax year after 2018, the minimum total
10 household resources amount is \$51,000.00. For the 2018 tax year and
11 each tax year after 2018, a credit under subsection (1) or (2)
12 shall be reduced by 10% for each claimant whose total household
13 resources exceed the minimum total household resources amount
14 established under this subsection and by an additional 10% for each
15 increment of \$1,000.00 of total household resources in excess of
16 the minimum total household resources amount for that tax year. For
17 the 2021 tax year and each tax year after 2021, the minimum total
18 household resources threshold amount established under this
19 subsection for the immediately preceding tax year shall be adjusted
20 by the percentage increase in the United States ~~consumer price~~
21 ~~index~~ **Consumer Price Index** for the immediately preceding calendar
22 year and rounded to the nearest \$100.00 increment.

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

1 (10) A senior citizen whose gross rent paid for the tax year
2 is more than the percentage of total household resources specified
3 in subsection (9) for the respective tax year may claim a credit
4 for the amount of rent paid that constitutes more than the
5 percentage of the total household resources of the senior citizen
6 specified in subsection (9) and that was not provided to the senior
7 citizen by the credit computed pursuant to this section and section
8 522 and adjusted pursuant to subsection (7) 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~~ **the senior citizen's** qualification to claim a
22 credit under subsections (9) to (15) and the amount of a credit
23 under subsections (9) to (15) on the basis of the annualized final
24 monthly rental payment at ~~his or her~~ **the senior citizen's** previous
25 homestead, if this annualized rental is less than the senior
26 citizen's actual annual rental payments.

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

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

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

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

22 (a) A claimant who is not a senior citizen is entitled to a
23 credit against the state income tax liability under this part equal
24 to 60% of the amount by which the property taxes on the homestead,
25 or the credit for rental of the homestead for the tax year, exceeds
26 ~~3.5% of the claimant's total household resources for tax years~~
27 ~~before the 2018 tax year or~~ 3.2% of the claimant's total household
28 resources for the 2018 tax year and each tax year after 2018.

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

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

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

6 (ii) For a claimant with total household resources of more than
7 \$21,000.00 and less than or equal to \$22,000.00, an amount equal to
8 96% of the difference between the property taxes on the homestead
9 or the credit for rental of the homestead for the tax year and ~~3.5%~~
10 ~~of total household resources for tax years before the 2018 tax year~~
11 ~~or~~ 3.2% of total household resources for the 2018 tax year and each
12 tax year after 2018.

13 (iii) For a claimant with total household resources of more than
14 \$22,000.00 and less than or equal to \$23,000.00, an amount equal to
15 92% of the difference between the property taxes on the homestead
16 or the credit for rental of the homestead for the tax year and ~~3.5%~~
17 ~~of total household resources for tax years before the 2018 tax year~~
18 ~~or~~ 3.2% of total household resources for the 2018 tax year and each
19 tax year after 2018.

20 (iv) For a claimant with total household resources of more than
21 \$23,000.00 and less than or equal to \$24,000.00, an amount equal to
22 88% of the difference between the property taxes on the homestead
23 or the credit for rental of the homestead for the tax year and ~~3.5%~~
24 ~~of total household resources for tax years before the 2018 tax year~~
25 ~~or~~ 3.2% of total household resources for the 2018 tax year and each
26 tax year after 2018.

27 (v) For a claimant with total household resources of more than
28 \$24,000.00 and less than or equal to \$25,000.00, an amount equal to
29 84% of the difference between the property taxes on the homestead

1 or the credit for rental of the homestead for the tax year and ~~3.5%~~
2 ~~of total household resources for tax years before the 2018 tax year~~
3 ~~or~~ 3.2% of total household resources for the 2018 tax year and each
4 tax year after 2018.

5 (vi) For a claimant with total household resources of more than
6 \$25,000.00 and less than or equal to \$26,000.00, an amount equal to
7 80% of the difference between the property taxes on the homestead
8 or the credit for rental of the homestead for the tax year and ~~3.5%~~
9 ~~of total household resources for tax years before the 2018 tax year~~
10 ~~or~~ 3.2% of total household resources for the 2018 tax year and each
11 tax year after 2018.

12 (vii) For a claimant with total household resources of more
13 than \$26,000.00 and less than or equal to \$27,000.00, an amount
14 equal to 76% of the difference between the property taxes on the
15 homestead or the credit for rental of the homestead for the tax
16 year and ~~3.5% of total household resources for tax years before the~~
17 ~~2018 tax year or~~ 3.2% of total household resources for the 2018 tax
18 year and each tax year after 2018.

19 (viii) For a claimant with total household resources of more
20 than \$27,000.00 and less than or equal to \$28,000.00, an amount
21 equal to 72% 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 for tax years before the~~
24 ~~2018 tax year or~~ 3.2% of total household resources for the 2018 tax
25 year and each tax year after 2018.

26 (ix) For a claimant with total household resources of more than
27 \$28,000.00 and less than or equal to \$29,000.00, an amount equal to
28 68% of the difference between the property taxes on the homestead
29 or the credit for rental of the homestead for the tax year and ~~3.5%~~

1 ~~of total household resources for tax years before the 2018 tax year~~
 2 ~~or~~ 3.2% of total household resources for the 2018 tax year and each
 3 tax year after 2018.

4 (x) For a claimant with total household resources of more than
 5 \$29,000.00 and less than or equal to \$30,000.00, an amount equal to
 6 64% of the difference between the property taxes on the homestead
 7 or the credit for rental of the homestead for the tax year and ~~3.5%~~
 8 ~~of total household resources for tax years before the 2018 tax year~~
 9 ~~or~~ 3.2% of total household resources for the 2018 tax year and each
 10 tax year after 2018.

11 (xi) For a claimant with total household resources of more than
 12 \$30,000.00, an amount equal to 60% of the difference between the
 13 property taxes on the homestead or the credit for rental of the
 14 homestead for the tax year and ~~3.5% of total household resources~~
 15 ~~for tax years before the 2018 tax year or~~ 3.2% of total household
 16 resources for the 2018 tax year and each tax year after 2018.

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

1	Total household resources	Percentage
2	Not over \$3,000.00	.0%
3	Over \$3,000.00 but not over	
4	\$4,000.00	1.0%
5	Over \$4,000.00 but not over	
6	\$5,000.00	2.0%
7	Over \$5,000.00 but not over	
8	\$6,000.00	3.0%
9	Over \$6,000.00 for tax years	
10	before the 2018 tax year	3.5%
11	Over \$6,000.00 for tax years	
12	after the 2017 tax year	3.2%

13 (d) A claimant who is an eligible serviceperson, eligible
 14 veteran, or eligible widow or widower is entitled to a credit
 15 against the state income tax liability for a percentage of the
 16 property taxes on the homestead for the tax year not in excess of
 17 100% determined as follows:

18 (i) Divide the taxable value allowance specified in section 506
 19 by the taxable value of the homestead or, if the eligible
 20 serviceperson, eligible veteran, or eligible widow or widower
 21 leases or rents a homestead, divide ~~20% of the total annual rent~~
 22 ~~paid for tax years before the 2018 tax year or~~ 23% of the total
 23 annual rent paid for tax years after the 2017 tax year on the
 24 property by the property tax rate on the property.

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

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

1 (i) If the taxable value of the homestead is \$3,500.00 or less,
2 100% of the property taxes.

3 (ii) If the taxable value of the homestead is more than
4 \$3,500.00, the percentage that \$3,500.00 bears to the taxable value
5 of the homestead.

6 (f) Except as otherwise provided under this subdivision, for
7 tax years that begin on and after January 1, 2024, a claimant who
8 is a disabled veteran or a widow or widower of a disabled veteran
9 who leases or rents a homestead is entitled to a credit against the
10 state income tax liability under this part equal to 23% of the
11 gross rent paid during the tax year, not to exceed 100% of the
12 property taxes on the homestead for the tax year, or if that
13 homestead is subject to a service charge in lieu of ad valorem
14 taxes as provided by section 15a of the state housing development
15 authority act of 1966, 1966 PA 346, MCL 125.1415a, equal to 10% of
16 the gross rent paid during the tax year. However, if the claimant
17 has documentation that the claimant's homestead is subject to a
18 service fee of more than 10%, the claimant is entitled to a credit
19 equal to that higher percentage of the gross rent paid during the
20 tax year.

21 (2) A person who is qualified to make a claim under more than
22 1 classification shall elect the classification under which the
23 claim is made.

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

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

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

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

9 (b) If the taxable value of the homestead is more than
 10 \$2,500.00, the percentage that \$2,500.00 bears to the taxable value
 11 of the homestead.

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

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

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

18 (9) The total credit allowable under this part and part 361 of
 19 the natural resources and environmental protection act, 1994 PA
 20 451, MCL 324.36101 to ~~324.36117~~, **324.36116**, shall not exceed the
 21 total property tax due and payable by the claimant in that year.
 22 The amount by which the credit exceeds the property tax due and
 23 payable shall be deducted from the credit claimed under part 361 of
 24 the natural resources and environmental protection act, 1994 PA
 25 451, MCL 324.36101 to ~~324.36117~~. **324.36116**.

26 Sec. 530. (1) The department may require reasonable proof from
 27 the claimant in support of rent paid, property taxes paid, total
 28 household resources, size and nature of the property claimed as a
 29 homestead, **percentage of service fees claimed if higher than 10%**,

1 or any other information required for the administration of this
2 chapter.

3 (2) If a homestead is occupied for less than a 12-month
4 period, the credit computation shall be proportional to the period
5 of occupancy. A claimant shall not occupy more than 1 homestead at
6 1 time. If more than 1 homestead is occupied during the tax year,
7 the credit computation shall be proportional to the period of
8 occupancy of each homestead, but not for a total period of more
9 than 1 year.

10 (3) If unoccupied land is used for agricultural or
11 horticultural purposes by the claimant, the credit shall be allowed
12 only if the gross receipts of the agricultural or horticultural
13 operations exceed the total household resources as defined in this
14 part.

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

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