

Legislative Analysis



HOMESTEAD PROPERTY TAX CREDIT

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<http://www.house.mi.gov/hfa>

House Bill 4088 as introduced
Sponsor: Rep. Bradley Slagh
Committee: Finance
Revised 10-27-25

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4088 would amend the Income Tax Act to increase the maximum taxable value of a homestead eligible for the homestead property tax credit and to change the index used to adjust that maximum annually.

To qualify for the homestead property tax credit,¹ an individual must meet certain criteria, such as being a Michigan resident and having household income below a specified amount that is adjusted annually for inflation. One of these eligibility requirements is that the taxable value of the homestead must be below a specified maximum amount that is also adjusted annually.

This maximum amount was set in law at \$135,000 through the 2021 tax year, and after that must be adjusted each year using the United States Consumer Price Index for all urban consumers. The adjusted maximum for the 2024 tax year is \$160,700.

The bill would set the maximum amount at \$196,500 for the 2025 tax year. Then, for the 2026 and subsequent tax years, the maximum would be annually adjusted using the United States House Price Index as reported and published by the U.S. Federal Housing Finance Agency.²

MCL 206.520

FISCAL IMPACT:

House Bill 4088 would reduce general fund revenue by approximately \$30.0 to \$40.0 million annually.³ Additionally, the provision changing the inflation adjustment from the United States Consumer Price Index (CPI) to the United States House Price Index (HPI) would likely lead to the taxable value cap growing at a faster rate. For example, for the 10-year period between 2014 and 2024, the CPI grew by 32.5% and the HPI grew by 100.3%.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.

¹ <https://www.michigan.gov/taxes/iit/credits/hptc>

² <https://www.fhfa.gov/data/hpi>

³ The most recent data (tax year 2023) indicates that 1.1 million filers claimed a total of \$849.4 million in property tax credits for an average property tax credit of \$775.