



Senate Bill 472  
Sponsor: Senator Walter H. North  
Committee: Finance

Date Completed: 8-29-95

**SUMMARY OF SENATE BILL 472 as introduced 4-26-95:**

The bill would amend the Income Tax Act to allow a senior citizen to deduct from taxable income, to the extent included in Federal adjusted gross income, interest, dividends, and capital gains received in a tax year up to \$30,000 for a single return or \$60,000 for a joint return. The provision would apply to the 1995 tax year and thereafter.

Currently, under the Act, a senior may deduct interest and dividend income of up to \$1,000 for a single or \$2,000 for a joint return. The deduction may not be claimed, however, if the senior claims a deduction for certain retirement benefits allowed elsewhere in the Act (retirement income received from service in the armed forces; benefits received from a Federal retirement system, or a public retirement system of the State or a political subdivision of the State; benefits received from a public retirement system created by another state or any of its political subdivisions, if the income tax laws of the other state permit a reciprocal deduction or exemption of a benefit received from this State; and benefits from a retirement annuity policy in which payments are made for life). The bill provides, instead, that the maximum amount that could be claimed by a senior citizen (\$30,000 single/\$60,000 joint return) would have to be *reduced* by the amount of those retirement benefits deducted by the senior.

MCL 206.30

Legislative Analyst: G. Towne

**FISCAL IMPACT**

This bill would reduce income tax liabilities for senior citizens by an estimated \$167 million in FY 1995-96. This reduction in the income tax would have an impact on several areas of the overall State budget: Revenue sharing would be reduced by an estimated \$12.2 million, School Aid Fund income tax earmarking would be decreased by \$24.0 million, and General Fund/General Purpose revenue would be reduced by \$130.8 million.

Fiscal Analyst: J. Wortley

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