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SFA**BILL ANALYSIS**

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Senate Bill 1039 (as reported without amendment)
Sponsor: Senator Shirley Johnson
Committee: Finance

CONTENT

The bill would amend the Income Tax Act to allow a taxpayer who was totally and permanently disabled or deaf to claim the homestead property tax credit that currently may be claimed by a senior citizen, paraplegic, hemiplegic, or quadriplegic taxpayer.

Under the Act, a taxpayer may claim a homestead property tax credit against the State income tax equal to 60% of the amount by which the taxpayer's homestead property tax, or the credit for rental of the homestead, exceeds 3.5% of the taxpayer's household income. A taxpayer who is a senior citizen, paraplegic, hemiplegic, or quadriplegic with household income over \$6,000 is entitled to a credit equal to 100% of the amount by which the taxpayer's homestead property tax or rental credit exceeds 3.5% of household income. A taxpayer who is a senior citizen, paraplegic, hemiplegic, or quadriplegic, with household income of \$6,000 or less, is entitled to a credit equal to the amount by which the homestead property tax or rental credit exceeds between .0% and 3.0% of household income; the credit increases as household income decreases.

The credit for a totally and permanently disabled taxpayer with household income of \$6,000 or less is 60% of the amount allowed for a senior citizen, paraplegic, etc. with household income of \$6,000 or less. The credit for a totally and permanently disabled taxpayer with over \$6,000 in household income is the same as that allowed for nondisabled taxpayers (60% of the amount by which the homestead property tax or rental credit exceeds 3.5% of household income). A deaf taxpayer is not allowed to claim a credit other than that allowed for nondisabled taxpayers. Under the bill, for tax years after 1999, a totally and permanently disabled or deaf taxpayer would be entitled to the same credit a senior, paraplegic, hemiplegic, or quadriplegic taxpayer is allowed to claim.

MCL 206.522

Legislative Analyst: G. Towne

FISCAL IMPACT

The bill would reduce income tax revenue an estimated \$4.8 million in FY 2000-01, according to the Department of Treasury. This loss in revenue would affect General Fund/General Purpose revenue.

Date Completed: 3-1-00

Fiscal Analyst: J. Wortley