

# HOUSE BILL No. 4032

January 26, 1999, Introduced by Reps. Sanborn, Gilbert, Woronchak, Garcia, Howell, Bisbee and Raczkowski and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
by amending section 522 (MCL 206.522), as amended by 1996  
PA 484.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

3       (a) A claimant is entitled to a credit against the state  
4 income tax liability equal to 60% of the amount by which the  
5 property taxes on the homestead, or the credit for rental of the  
6 homestead for the tax year, exceeds 3.5% of the claimant's house-  
7 hold income for that tax year OR 3.0% OF THE CLAIMANT'S HOUSEHOLD  
8 INCOME FOR THAT TAX YEAR IF THE CLAIMANT IS 65 YEARS OF AGE OR  
9 OLDER.

(b) A claimant who is a senior citizen or a paraplegic, hemiplegic, or quadriplegic is entitled to a credit against the state income tax liability for the amount by which the property taxes on the homestead, the credit for rental of the homestead, or a service charge in lieu of ad valorem taxes as provided by section 15a of the state housing development authority act of 1966, ~~Act No. 346 of the Public Acts of 1966, being section 125.1415a of the Michigan Compiled Laws~~ 1966 PA 346, MCL 125.1415A, for the tax year exceeds the percentage of the claimant's household income for that tax year computed ~~as follows~~ IN EITHER OF THE FOLLOWING WAYS:

(i) FOR CLAIMANTS WHO ARE YOUNGER THAN 65 YEARS OF AGE:

Household income	Percentage
Not over \$3,000.00	.0%
Over \$3,000.00 but not over \$4,000.00	1.0%
Over \$4,000.00 but not over \$5,000.00	2.0%
Over \$5,000.00 but not over \$6,000.00	3.0%
Over \$6,000.00	3.5%

(ii) FOR CLAIMANTS WHO ARE 65 YEARS OF AGE OR OLDER:

HOUSEHOLD INCOME	PERCENTAGE
NOT OVER \$3,000.00	.0%
OVER \$3,000.00 BUT NOT OVER \$4,000.00	1.0%
OVER \$4,000.00 BUT NOT OVER \$5,000.00	2.0%
OVER \$5,000.00	3.0%

(c) A claimant who is totally and permanently disabled is entitled to a credit against the state income tax liability equal to 60% of the amount by which the property taxes on the

1 homestead, or the credit for rental of the homestead or for a  
2 service charge in lieu of ad valorem taxes as provided in section  
3 15a of ~~Act No. 346 of the Public Acts of 1966,~~ THE STATE HOUS-  
4 ING DEVELOPMENT AUTHORITY ACT OF 1966, 1966 PA 346,  
5 MCL 125.1415A, for the tax year, exceeds the percentage of the  
6 claimant's household income for that tax year based on the sched-  
7 ule in subdivision (b).

8       (d) A claimant who is an eligible serviceperson, eligible  
9 veteran, or eligible widow or widower is entitled to a credit  
10 against the state income tax liability for a percentage of the  
11 property taxes on the homestead for the tax year not in excess of  
12 100% determined as follows:

13       (i) Divide the taxable value allowance specified in section  
14 506 by the taxable value of the homestead or, if the eligible  
15 serviceperson, eligible veteran, or eligible widow or widower  
16 leases or rents a homestead, divide 17% of the total annual rent  
17 paid for tax years before the 1994 tax year, or 20% of the total  
18 annual rent paid for tax years after the 1993 tax year on the  
19 property by the property tax rate on the property.

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

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

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

1       (ii) If the taxable value of the homestead is more than  
2 \$3,500.00, the percentage that \$3,500.00 bears to the taxable  
3 value of the homestead.

4       (2) A person who is qualified to make a claim under more  
5 than 1 classification shall elect the 1 classification under  
6 which the claim is made.

7       (3) Only 1 claimant per household for a tax year is entitled  
8 to the credit, unless both the husband and wife filing a joint  
9 return are blind, then each shall be considered a claimant.

10       (4) As used in this section, "totally and permanently  
11 disabled" means disability as defined in section 216 of title II  
12 of the social security act, 42 U.S.C. 416.

13       (5) A senior citizen who has a total household income for  
14 the tax year of \$6,000.00 or less and who for 1973 received a  
15 senior citizen homestead exemption under former section 7c of the  
16 general property tax act, ~~Act No. 206 of the Public Acts of~~  
17 ~~1893~~ 1893 PA 206, may compute the credit against the state  
18 income tax liability for a percentage of the property taxes on  
19 the homestead for the tax year determined as follows:

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

22       (b) If the taxable value of the homestead is more than  
23 \$2,500.00, the percentage that \$2,500.00 bears to the taxable  
24 value of the homestead.

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

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

3       (8) The total credit allowed in this section for each year  
4 after December 31, 1975 shall not exceed \$1,200.00 per year.

5       (9) The total credit allowable under this act and part 361  
6 ~~-(farmland and open space preservation)-~~ of the natural resources  
7 and environmental protection act, ~~Act No. 451 of the Public Acts~~  
8 ~~of 1994, being sections 324.36101 to 324.36117 of the Michigan~~  
9 ~~Compiled Laws~~ 1994 PA 451, MCL 324.36101 TO 324.36117, shall not  
10 exceed the total property tax due and payable by the claimant in  
11 that year. The amount by which the credit exceeds the property  
12 tax due and payable shall be deducted from the credit claimed  
13 under part 361 of ~~Act No. 451 of the Public Acts of 1994~~ THE  
14 NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451,  
15 MCL 324.36101 TO 324.36117.