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HOUSE FISCAL AGENCY

124 N. Capitol Avenue
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HB4479 AS REPORTED WITHOUT AMENDMENT

Sponsor
Committee

Rep. Patricia Birkholz
TAX POLICY

Analyst(s) Ross, Rebecca

Completed 3/26/01

State Fiscal Impact

Cost	None
Revenues	Decrease

Local Fiscal Impact

Cost	None
Revenues	None

House Bill 4479 would amend the income tax act to provide for a refundable credit for households at or below 125% of the poverty level for 1) 10% of the cost of the purchase and installation of an energy efficient appliance and 2) 100% of the cost of weatherization of the home and home heating systems to improve the heating efficiency, including but not limited to, caulk, weather-stripping, insulation, and installation of furnace ignition systems, clock thermostats, storm windows, or storm doors.

The fiscal impact of HB 4479 depends on the number of households at or below 125% of the poverty level. In addition, the number of households that are homeowners, the annual amount spent on energy efficient appliances and weatherization, as specified in the bill, and the number of taxpayers or households that would apply for the credit are key factors used to determine the fiscal impact. If 10% of the homeowners were to spend \$2,400 on weatherization, i.e., a furnace, storm windows, or other item, then the fiscal impact would be an estimated \$65.0 million reduction in income tax revenue. However, if 70% of the homeowners were to spend \$2,400 on weatherization, then the fiscal impact would be an estimated \$360.0 million reduction in income tax revenue. This fiscal impact would be almost entirely a reduction to General Fund/General Purpose (GF/GP) revenue. It is important to point out that the fiscal impact of a 100% refundable credit could be substantially higher, because the entire cost would be paid for by the State, and none of the cost would be born by the taxpayer. However, if a \$250 cap or limit were applied to the weatherization portion of the bill, then the fiscal impact would be approximately \$17.6 million.