

Legislative Analysis



WEATHERIZATION CREDIT

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5692

Sponsor: Rep. Judy Emmons

Committee: Energy and Technology

Complete to 3-7-06

A SUMMARY OF HOUSE BILL 5692 AS INTRODUCED 2-16-06

The bill would amend the Income Tax Act to allow certain low-income taxpayers to claim a refundable credit equal to 100 percent of the costs paid for weatherization of the taxpayer's home.

The credit would be available to a taxpayer who also was eligible for a home heating tax credit (based on household income and size of household). The term "weatherization" would refer to the *modification of the taxpayer's home or home heating systems to improve heating efficiency, including caulking and weather-stripping; insulation of ceilings, attics, walls, floors, or water heaters; and the installation of furnace ignition systems, clock thermostats, storm windows, and storm doors.* The credit would be refundable, meaning if the amount of the credit exceeded total tax liability, the excess would be refunded to the taxpayer. (The term "home" is not defined in the bill.)

MCL 206.276

FISCAL IMPACT:

There were more than 350,000 taxpayers that claimed the home heating credit for the 2003 tax year. Because the credit applies to 100 percent of the costs and is refundable, eligible claimants could contract for expensive weatherization projects such as replacement windows, roofing/insulation, etc. As such, the credit could potentially reduce income tax revenue by at least \$250.0 million.

Legislative Analyst: Chris Couch

Fiscal Analyst: Jim Stansell

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