SUBSTITUTE FOR

SENATE BILL NO. 847

A bill to amend 1967 PA 281, entitled

"Income tax act of 1967,"

by amending section 522 (MCL 206.522), as amended by 2013 PA 206.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

(a) A claimant who is not a senior citizen is entitled to a credit against the state income tax liability under this part equal to 60% of the amount by which the property taxes on the homestead, or the credit for rental of the homestead for the tax year, exceeds 3.5% of the claimant's total household resources for ~~that tax year.~~**TAX YEARS ENDING BEFORE JANUARY 1, 2015 OR EXCEEDS 2.6% OF THE CLAIMANT'S TOTAL HOUSEHOLD RESOURCES FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 2014.**

(b) A claimant who is a senior citizen is entitled to a credit against the state income tax liability under this part equal to the following:

(*i*) For a claimant with total household resources of $21,000.00 or less, an amount as determined in accordance with subdivision (c).

(*ii*) For a claimant with total household resources of more than $21,000.00 and less than or equal to $22,000.00, an amount equal to 96% of the difference between the property taxes on the homestead or the credit for rental of the homestead for the tax year and 3.5% of total household resources **FOR TAX YEARS ENDING BEFORE JANUARY 1, 2015 AND 2.6% OF TOTAL HOUSEHOLD RESOURCES FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 2014.**

(*iii*) For a claimant with total household resources of more than $22,000.00 and less than or equal to $23,000.00, an amount equal to 92% of the difference between the property taxes on the homestead or the credit for rental of the homestead for the tax year and 3.5% of total household resources **FOR TAX YEARS ENDING BEFORE JANUARY 1, 2015 AND 2.6% OF TOTAL HOUSEHOLD RESOURCES FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 2014.**

(*iv*) For a claimant with total household resources of more than $23,000.00 and less than or equal to $24,000.00, an amount equal to 88% of the difference between the property taxes on the homestead or the credit for rental of the homestead for the tax year and 3.5% of total household resources **FOR TAX YEARS ENDING BEFORE JANUARY 1, 2015 AND 2.6% OF TOTAL HOUSEHOLD RESOURCES FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 2014.**

(*v*) For a claimant with total household resources of more than $24,000.00 and less than or equal to $25,000.00, an amount equal to 84% of the difference between the property taxes on the homestead or the credit for rental of the homestead for the tax year and 3.5% of total household resources **FOR TAX YEARS ENDING BEFORE JANUARY 1, 2015 AND 2.6% OF TOTAL HOUSEHOLD RESOURCES FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 2014**.

(*vi*) For a claimant with total household resources of more than $25,000.00 and less than or equal to $26,000.00, an amount equal to 80% of the difference between the property taxes on the homestead or the credit for rental of the homestead for the tax year and 3.5% of total household resources **FOR TAX YEARS ENDING BEFORE JANUARY 1, 2015 AND 2.6% OF TOTAL HOUSEHOLD RESOURCES FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 2014**.

(*vii*) For a claimant with total household resources of more than $26,000.00 and less than or equal to $27,000.00, an amount equal to 76% of the difference between the property taxes on the homestead or the credit for rental of the homestead for the tax year and 3.5% of total household resources **FOR TAX YEARS ENDING BEFORE JANUARY 1, 2015 AND 2.6% OF TOTAL HOUSEHOLD RESOURCES FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 2014**.

(*viii*) For a claimant with total household resources of more than $27,000.00 and less than or equal to $28,000.00, an amount equal to 72% of the difference between the property taxes on the homestead or the credit for rental of the homestead for the tax year and 3.5% of total household resources **FOR TAX YEARS ENDING BEFORE JANUARY 1, 2015 AND 2.6% OF TOTAL HOUSEHOLD RESOURCES FOR**

TAX YEARS BEGINNING AFTER DECEMBER 31, 2014.

(*ix*) For a claimant with total household resources of more than $28,000.00 and less than or equal to $29,000.00, an amount equal to 68% of the difference between the property taxes on the homestead or the credit for rental of the homestead for the tax year and 3.5% of total household resources **FOR TAX YEARS ENDING BEFORE JANUARY 1, 2015 AND 2.6% OF TOTAL HOUSEHOLD RESOURCES FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 2014.**

(*x*) For a claimant with total household resources of more than $29,000.00 and less than or equal to $30,000.00, an amount equal to 64% of the difference between the property taxes on the homestead or the credit for rental of the homestead for the tax year and 3.5% of total household resources **FOR TAX YEARS ENDING BEFORE JANUARY 1, 2015 AND 2.6% OF TOTAL HOUSEHOLD RESOURCES FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 2014.**

(*xi*) For a claimant with total household resources of more than $30,000.00, an amount equal to 60% of the difference between the property taxes on the homestead or the credit for rental of the homestead for the tax year and 3.5% of total household resources **FOR TAX YEARS ENDING BEFORE JANUARY 1, 2015 AND 2.6% OF TOTAL HOUSEHOLD RESOURCES FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 2014.**

(c) A claimant who is a senior citizen with total household resources of $21,000.00 or less or a paraplegic, hemiplegic, or quadriplegic and for tax years that begin after December 31, 1999, a claimant who is totally and permanently disabled, deaf, or, for tax years that begin after December 31, 2012, blind 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, 1966 PA 346, MCL 125.1415a, for the tax year exceeds the percentage of the claimant's total household resources for that tax year computed as follows:

FOR TAX YEARS ENDING BEFORE JANUARY 1, 2015

Total household resources	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%

FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 2014

TOTAL HOUSEHOLD RESOURCES	**PERCENTAGE**
NOT OVER $6,000.00	**.0%**
OVER $6,000.00	**2.6%**

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

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

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

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

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

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

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

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

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

(5) A senior citizen who has total household resources for the tax year of $6,000.00 or less and who for 1973 received a senior citizen homestead exemption under former section 7c of the

general property tax act, 1893 PA 206, may compute the credit against the state income tax liability for a percentage of the property taxes on the homestead for the tax year determined as follows:

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

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

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

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

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

(9) The total credit allowable under this part and part 361 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.36101 to 324.36117, shall not exceed the total property tax due and payable by the claimant in that year. The amount by which the credit exceeds the property tax due and payable shall be deducted from the credit claimed under part 361 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.36101 to 324.36117.

Enacting section 1. This amendatory act does not take effect unless all of the following bills of the 97th Legislature are enacted into law:

(a) Senate Bill No. 752.

(b) House Bill No. 5477.

(c) House Bill No. 5493.