

HOUSE BILL No. 4111

January 26, 2017, Introduced by Reps. Yanez, Elder, Robinson, Lucido, Green, Ellison, Chirkun, Wittenberg, Hoadley, Sowerby and Pagan 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 2015 PA 179.

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 who is not a senior citizen is entitled to a
4 credit against the state income tax liability under this part equal
5 to 60% of the amount by which the property taxes on the homestead,
6 or the credit for rental of the homestead for the tax year, exceeds
7 3.5% of the claimant's total household resources for tax years
8 before the 2018 tax year or 3.2% of the claimant's total household
9 resources for the 2018 tax year and each tax year after 2018.

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

1 following:

2 (i) For a claimant with total household resources of
3 \$21,000.00 or less, an amount as determined in accordance with
4 subdivision (c).

5 (ii) For a claimant with total household resources of more
6 than \$21,000.00 and less than or equal to \$22,000.00, an amount
7 equal to 96% of the difference between the property taxes on the
8 homestead or the credit for rental of the homestead for the tax
9 year and 3.5% of total household resources for tax years before the
10 2018 tax year or 3.2% of total household resources for the 2018 tax
11 year and each tax year after 2018.

12 (iii) For a claimant with total household resources of more
13 than \$22,000.00 and less than or equal to \$23,000.00, an amount
14 equal to 92% of the difference between the property taxes on the
15 homestead or the credit for rental of the homestead for the tax
16 year and 3.5% of total household resources for tax years before the
17 2018 tax year or 3.2% of total household resources for the 2018 tax
18 year and each tax year after 2018.

19 (iv) For a claimant with total household resources of more
20 than \$23,000.00 and less than or equal to \$24,000.00, an amount
21 equal to 88% of the difference between the property taxes on the
22 homestead or the credit for rental of the homestead for the tax
23 year and 3.5% of total household resources for tax years before the
24 2018 tax year or 3.2% of total household resources for the 2018 tax
25 year and each tax year after 2018.

26 (v) For a claimant with total household resources of more than
27 \$24,000.00 and less than or equal to \$25,000.00, an amount equal to

1 84% of the difference between the property taxes on the homestead
2 or the credit for rental of the homestead for the tax year and 3.5%
3 of total household resources for tax years before the 2018 tax year
4 or 3.2% of total household resources for the 2018 tax year and each
5 tax year after 2018.

6 (vi) For a claimant with total household resources of more
7 than \$25,000.00 and less than or equal to \$26,000.00, an amount
8 equal to 80% of the difference between the property taxes on the
9 homestead or the credit for rental of the homestead for the tax
10 year and 3.5% of total household resources for tax years before the
11 2018 tax year or 3.2% of total household resources for the 2018 tax
12 year and each tax year after 2018.

13 (vii) For a claimant with total household resources of more
14 than \$26,000.00 and less than or equal to \$27,000.00, an amount
15 equal to 76% of the difference between the property taxes on the
16 homestead or the credit for rental of the homestead for the tax
17 year and 3.5% of total household resources for tax years before the
18 2018 tax year or 3.2% of total household resources for the 2018 tax
19 year and each tax year after 2018.

20 (viii) For a claimant with total household resources of more
21 than \$27,000.00 and less than or equal to \$28,000.00, an amount
22 equal to 72% of the difference between the property taxes on the
23 homestead or the credit for rental of the homestead for the tax
24 year and 3.5% of total household resources for tax years before the
25 2018 tax year or 3.2% of total household resources for the 2018 tax
26 year and each tax year after 2018.

27 (ix) For a claimant with total household resources of more

1 than \$28,000.00 and less than or equal to \$29,000.00, an amount
2 equal to 68% of the difference between the property taxes on the
3 homestead or the credit for rental of the homestead for the tax
4 year and 3.5% of total household resources for tax years before the
5 2018 tax year or 3.2% of total household resources for the 2018 tax
6 year and each tax year after 2018.

7 (x) For a claimant with total household resources of more than
8 \$29,000.00 and less than or equal to \$30,000.00, an amount equal to
9 64% of the difference between the property taxes on the homestead
10 or the credit for rental of the homestead for the tax year and 3.5%
11 of total household resources for tax years before the 2018 tax year
12 or 3.2% of total household resources for the 2018 tax year and each
13 tax year after 2018.

14 (xi) For a claimant with total household resources of more
15 than \$30,000.00, an amount equal to 60% of the difference between
16 the property taxes on the homestead or the credit for rental of the
17 homestead for the tax year and 3.5% of total household resources
18 for tax years before the 2018 tax year or 3.2% of total household
19 resources for the 2018 tax year and each tax year after 2018.

20 (c) A claimant who is a senior citizen with total household
21 resources of \$21,000.00 or less or a paraplegic, hemiplegic, or
22 quadriplegic and for tax years that begin after December 31, 1999,
23 a claimant who is totally and permanently disabled, deaf, or, for
24 tax years that begin after December 31, 2012, blind is entitled to
25 a credit against the state income tax liability for the amount by
26 which the property taxes on the homestead, the credit for rental of
27 the homestead, or a service charge in lieu of ad valorem taxes as

1 provided by section 15a of the state housing development authority
 2 act of 1966, 1966 PA 346, MCL 125.1415a, for the tax year exceeds
 3 the percentage of the claimant's total household resources for that
 4 tax year computed as follows:

5	Total household resources	Percentage
6	Not over \$3,000.00	.0%
7	Over \$3,000.00 but not over \$4,000.00	1.0%
8	Over \$4,000.00 but not over \$5,000.00	2.0%
9	Over \$5,000.00 but not over \$6,000.00	3.0%
10	Over \$6,000.00 for tax years before	
11	the 2018 tax year	3.5%
12	Over \$6,000.00 for tax years after	
13	the 2017 tax year	3.2%

14 (d) ~~A~~**EXCEPT AS OTHERWISE PROVIDED UNDER SUBDIVISION (F), A**
 15 claimant who is an eligible serviceperson, eligible veteran, or
 16 eligible widow or widower is entitled to a credit against the state
 17 income tax liability for a percentage of the property taxes on the
 18 homestead for the tax year not in excess of 100% determined as
 19 follows:

20 (i) Divide the taxable value allowance specified in section
 21 506 by the taxable value of the homestead or, if the eligible
 22 serviceperson, eligible veteran, or eligible widow or widower
 23 leases or rents a homestead, divide 20% of the total annual rent
 24 paid for tax years before the 2018 tax year or 23% of the total
 25 annual rent paid for tax years after the 2017 tax year on the
 26 property by the property tax rate on the property.

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

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

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

8 (ii) If the taxable value of the homestead is more than
9 \$3,500.00, the percentage that \$3,500.00 bears to the taxable value
10 of the homestead.

11 **(F) FOR THE 2017 TAX YEAR AND EACH TAX YEAR THEREAFTER, A**
12 **CLAIMANT WHO IS AN ELIGIBLE SERVICEPERSON, ELIGIBLE VETERAN, OR**
13 **ELIGIBLE WIDOW OR WIDOWER WHO LEASES OR RENTS A HOMESTEAD AND WHO**
14 **RECEIVES COMPENSATION PAID BY THE VETERANS ADMINISTRATION OR THE**
15 **ARMED FORCES OF THE UNITED STATES AT THE 100% DISABILITY RATE FOR**
16 **SERVICE-INCURRED DISABILITIES IS ENTITLED TO A CREDIT AGAINST THE**
17 **STATE INCOME TAX LIABILITY UNDER THIS PART EQUAL TO 20% OF THE**
18 **TOTAL ANNUAL RENT PAID, NOT TO EXCEED 100% OF THE PROPERTY TAXES ON**
19 **THAT HOMESTEAD FOR THE TAX YEAR, REGARDLESS OF THE TYPE OF**
20 **HOMESTEAD THAT IS BEING LEASED OR RENTED.**

21 (2) A person who is qualified to make a claim under more than
22 1 classification shall elect the classification under which the
23 claim is made.

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

27 (4) As used in this section, "totally and permanently

1 disabled" means disability as defined in section 216 of title II of
2 the social security act, 42 USC 416.

3 (5) A senior citizen who has total household resources for the
4 tax year of \$6,000.00 or less and who for 1973 received a senior
5 citizen homestead exemption under former section 7c of the general
6 property tax act, 1893 PA 206, may compute the credit against the
7 state income tax liability for a percentage of the property taxes
8 on the homestead for the tax year determined as follows:

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

11 (b) If the taxable value of the homestead is more than
12 \$2,500.00, the percentage that \$2,500.00 bears to the taxable value
13 of the homestead.

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

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

18 (8) The total credit allowed in this section for each year
19 shall not exceed the amount determined under section 520.

20 (9) The total credit allowable under this part and part 361 of
21 the natural resources and environmental protection act, 1994 PA
22 451, MCL 324.36101 to 324.36117, shall not exceed the total
23 property tax due and payable by the claimant in that year. The
24 amount by which the credit exceeds the property tax due and payable
25 shall be deducted from the credit claimed under part 361 of the
26 natural resources and environmental protection act, 1994 PA 451,
27 MCL 324.36101 to 324.36117.