

HOUSE BILL NO. 5215

July 01, 2021, Introduced by Reps. Sowerby and Rabhi and referred to the Committee on Government Operations.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending sections 311, 504, and 522 (MCL 206.311, 206.504, and 206.522), section 311 as amended by 2011 PA 38, section 504 as amended by 1993 PA 328, and section 522 as amended by 2015 PA 179.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 311. (1) The taxpayer on or before the due date set for
2 the filing of a return or the payment of the tax, except as
3 otherwise provided in this part, shall make out a return in the

1 form and content as prescribed by the department, verify the
2 return, and transmit it, together with a remittance of the amount
3 of the tax, to the department.

4 (2) Except as otherwise provided in subsection (5), the
5 department, upon application of the taxpayer and for good cause
6 shown, may extend under prescribed conditions the time for filing
7 the annual or final return required by this part. Before the
8 original due date, the taxpayer shall remit with an application for
9 extension the estimated tax due. In computing the tax due for the
10 tax year, interest at the rate established in, and penalties
11 imposed by, section 23 of 1941 PA 122, MCL 205.23, shall be added
12 to the amount of tax unpaid for the period of the extension. The
13 department may require a tentative return and payment of an
14 estimated tax.

15 (3) Taxpayers who are ~~husband and wife~~ **married** and who file a
16 joint federal income tax return pursuant to the internal revenue
17 code shall file a joint return.

18 (4) Except as provided in subsection (5), if the taxpayer has
19 been granted an extension or extensions of time within which to
20 file a final federal return for a taxable year, the filing of a
21 copy of the extension or extensions automatically extends the due
22 date of the final return under this part for an equivalent period.
23 The taxpayer shall remit with the copy of the extension or
24 extensions the estimated tax due. In computing the tax due for the
25 tax year, interest at the rate established in, and penalties
26 imposed by, section 23 of 1941 PA 122, MCL 205.23, shall be added
27 to the amount of tax unpaid for the period of the extension.

28 (5) If the taxpayer is eligible for an automatic extension of
29 time within which to file a federal return based on service in a

1 combat zone, the due date for filing an annual or final return or a
2 return and payment of an estimated tax under this part is
3 automatically extended for an equivalent period of time. The
4 taxpayer is not required to file a copy of any federal extension,
5 but shall print "COMBAT ZONE" in red ink at the top of his or her
6 return when the return is filed. The taxpayer is not required to
7 pay the amount of tax due at the time the return is originally due,
8 and the department shall not impose any interest or penalties for
9 the amount of tax unpaid for the period of the extension.

10 Sec. 504. (1) "Blind" means ~~a person~~ **an individual** with a
11 permanent impairment of both eyes of the following status: central
12 visual acuity of 20/200 or less in the better eye, with corrective
13 glasses, or central visual acuity of more than 20/200 if there is a
14 field defect in which the peripheral field has contracted to such
15 an extent that the widest diameter of visual field subtends an
16 angular distance of not greater than 20 degrees in the better eye.

17 (2) "Claimant" means an individual ~~natural person~~ who filed a
18 claim under this chapter and who was domiciled in this state during
19 at least 6 months of the calendar year immediately preceding the
20 year in which the claim is filed under this chapter and includes ~~a~~
21 ~~husband and wife~~ **both spouses** if they are required to file a joint
22 state income tax return. The 6-month residency requirement does not
23 apply to a claimant who files for the home heating credit under
24 section 527a.

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

27 (a) A claimant who is not a senior citizen is entitled to a
28 credit against the state income tax liability under this part equal
29 to 60% of the amount by which the property taxes on the homestead,

1 or the credit for rental of the homestead for the tax year, exceeds
2 3.5% of the claimant's total household resources for tax years
3 before the 2018 tax year or 3.2% of the claimant's total household
4 resources for the 2018 tax year and each tax year after 2018.

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

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

11 (ii) For a claimant with total household resources of more than
12 \$21,000.00 and less than or equal to \$22,000.00, an amount equal to
13 96% of the difference between the property taxes on the homestead
14 or the credit for rental of the homestead for the tax year and 3.5%
15 of total household resources for tax years before the 2018 tax year
16 or 3.2% of total household resources for the 2018 tax year and each
17 tax year after 2018.

18 (iii) For a claimant with total household resources of more than
19 \$22,000.00 and less than or equal to \$23,000.00, an amount equal to
20 92% of the difference between the property taxes on the homestead
21 or the credit for rental of the homestead for the tax year and 3.5%
22 of total household resources for tax years before the 2018 tax year
23 or 3.2% of total household resources for the 2018 tax year and each
24 tax year after 2018.

25 (iv) For a claimant with total household resources of more than
26 \$23,000.00 and less than or equal to \$24,000.00, an amount equal to
27 88% of the difference between the property taxes on the homestead
28 or the credit for rental of the homestead for the tax year and 3.5%
29 of total household resources for tax years before the 2018 tax year

1 or 3.2% of total household resources for the 2018 tax year and each
2 tax year after 2018.

3 (v) For a claimant with total household resources of more than
4 \$24,000.00 and less than or equal to \$25,000.00, an amount equal to
5 84% of the difference between the property taxes on the homestead
6 or the credit for rental of the homestead for the tax year and 3.5%
7 of total household resources for tax years before the 2018 tax year
8 or 3.2% of total household resources for the 2018 tax year and each
9 tax year after 2018.

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

17 (vii) For a claimant with total household resources of more
18 than \$26,000.00 and less than or equal to \$27,000.00, an amount
19 equal to 76% of the difference between the property taxes on the
20 homestead or the credit for rental of the homestead for the tax
21 year and 3.5% of total household resources for tax years before the
22 2018 tax year or 3.2% of total household resources for the 2018 tax
23 year and each tax year after 2018.

24 (viii) For a claimant with total household resources of more
25 than \$27,000.00 and less than or equal to \$28,000.00, an amount
26 equal to 72% of the difference between the property taxes on the
27 homestead or the credit for rental of the homestead for the tax
28 year and 3.5% of total household resources for tax years before the
29 2018 tax year or 3.2% of total household resources for the 2018 tax

1 year and each tax year after 2018.

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

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

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

22 (c) A claimant who is a senior citizen with total household
23 resources of \$21,000.00 or less or a paraplegic, hemiplegic, or
24 quadriplegic and ~~for tax years that begin after December 31, 1999,~~
25 a claimant who is totally and permanently disabled, deaf, or, for
26 tax years that begin after December 31, 2012, blind is entitled to
27 a credit against the state income tax liability for the amount by
28 which the property taxes on the homestead, the credit for rental of
29 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:

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 for tax years before the 2018 tax year	3.5%
Over \$6,000.00 for tax years after the 2017 tax year	3.2%

(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 20% of the total annual rent paid for tax years before the 2018 tax year or 23% of the total annual rent paid for tax years after the 2017 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

1 taxes on the homestead for the tax year determined as follows:

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

4 (ii) If the taxable value of the homestead is more than
5 \$3,500.00, the percentage that \$3,500.00 bears to the taxable value
6 of the homestead.

7 (2) A person who is qualified to make a claim under more than
8 1 classification shall elect the classification under which the
9 claim is made.

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

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

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

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

24 (b) If the taxable value of the homestead is more than
25 \$2,500.00, the percentage that \$2,500.00 bears to the taxable value
26 of the homestead.

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

29 (7) The department may prescribe tables that may be used to

1 determine the amount of the claim.

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

4 (9) The total credit allowable under this part and part 361 of
5 the natural resources and environmental protection act, 1994 PA
6 451, MCL 324.36101 to ~~324.36117~~, **324.36116**, shall not exceed the
7 total property tax due and payable by the claimant in that year.
8 The amount by which the credit exceeds the property tax due and
9 payable shall be deducted from the credit claimed under part 361 of
10 the natural resources and environmental protection act, 1994 PA
11 451, MCL 324.36101 to ~~324.36117~~. **324.36116**.

12 Enacting section 1. This amendatory act does not take effect
13 unless Senate Joint Resolution ____ or House Joint Resolution ____
14 (request no. 02344'21) of the 101st Legislature becomes a part of
15 the state constitution of 1963 as provided in section 1 of article
16 XII of the state constitution of 1963.