

HOUSE BILL NO. 5090

October 01, 2025, Introduced by Reps. Thompson, McFall, Rheingans, Wooden, Byrnes, Price, Frisbie and Linting and referred to Committee on Economic Competitiveness.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 527a (MCL 206.527a), as amended by 2022 PA 266.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 527a. (1) Subject to subsections (18) and (19), a
2 claimant may claim a credit for heating fuel costs for the
3 claimant's homestead in this state. An adult foster care home,
4 nursing home, home for the aged, or substance abuse center is not a
5 homestead for purposes of this section. The credit ~~shall~~**must** be
6 determined in the following manner:

(a) Subject to subsections (18) and (19), the following table ~~shall~~**must** be used for the computation of a credit as computed under subdivision (c):

Exemptions	0 or 1	2	3	4	5	6 or more
Credit	\$272	\$326	\$379	\$450	\$525	\$601 + \$76 for each exemption over 6

(b) The amounts in the table in subdivision (a) ~~shall~~**must** be adjusted each year as necessary by the department so that a claimant with total household resources of less than 110% of the federal poverty income standards as defined and determined annually by the United States Office of Management and Budget is not denied a credit.

(c) A claimant ~~shall~~**must** receive the greater of the credit amount as determined in subparagraph (i) or (ii):

(i) Subtract 3.5% of the claimant's total household resources from the amount specified in subdivision (a) that corresponds with the number of exemptions claimed in the return filed under this part, except that the number of exemptions for purposes of this subdivision ~~shall~~**must** not exceed the actual number of individuals living in the household plus the additional personal exemptions allowed under section 30, and any dependency exemptions for individuals living in the household under a custodial arrangement, even if the exemptions may not be claimed for other income tax purposes. For a claimant whose heating costs are included in ~~his or her~~**the claimant's** rent, multiply the result of the preceding calculation by 50%.

(ii) Subject to subsection (2), for a claimant whose total household resources do not exceed the maximum specified in the following table, as adjusted, that corresponds with the number of

exemptions claimed in the return filed under this part, subtract 11% of claimant's total household resources from the total cost incurred by a claimant for heating fuel from a heating fuel provider during the 12 consecutive monthly billing periods ending in October of the tax year, and multiply the resulting amount by 70%:

Exemptions	0 or 1	2	3	4	5	For each exemption over 5, add \$2,441.00 to the maximum total household resources
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Maximum

Total

Household

Resources \$7,060 \$9,501 \$11,943 \$14,382 \$16,824

(d) The maximum cost incurred by a claimant for heating fuel during a tax year ~~shall~~**must** be adjusted by multiplying the maximum cost for the immediately preceding tax year by the percentage by which the average ~~all-urban-Detroit-United States~~ **United States** Consumer Price Index for ~~fuels and other utilities~~ **household energy** for the 12 months ending August 31 of the tax year for which the credit is claimed exceeds that index's average for the 12 months ending on August 31 of the previous tax year, but not more than 10%. That product ~~shall~~**must** be added to the maximum cost of the immediately

1 preceding tax year and then rounded to the nearest whole dollar.
2 That dollar amount is the new maximum cost for the current tax
3 year. If the claimant received any credits to ~~his or her~~ **the**
4 **claimant's** heating bill during the tax year, as provided for in
5 subsection (6), the credits ~~shall be~~ **are** treated as costs incurred
6 by the claimant.

7 (e) The maximum total household resources specified in
8 subdivision (c) (ii) ~~shall~~ **must** be adjusted by multiplying the
9 respective maximum total household resources for the immediately
10 preceding tax year by the percentage by which the average ~~all urban~~
11 ~~Detroit~~ **United States** Consumer Price Index for all items for the 12
12 months ending August 31 of the tax year for which the credit is
13 claimed exceeds that index's average for the 12 months ending on
14 August 31 of the immediately preceding tax year, but not more than
15 10%. That product ~~shall~~ **must** be added to the immediately preceding
16 tax year's respective maximum total household resources and then
17 rounded to the nearest whole dollar. That dollar amount is the new
18 maximum level for total household resources for the then current
19 tax year.

20 (2) An enrolled heating fuel provider shall notify each of its
21 customers, not later than December 15 of each year, of the
22 availability, upon request, of the information necessary for
23 determining the credit under this section. For a claimant for whom,
24 at the time of filing, the department of health and human services
25 is making direct vendor payments to an enrolled heating fuel
26 provider, the enrolled heating fuel provider that accepts the
27 direct payments shall provide the information necessary to
28 determine the credit before February 1 of each year. If an enrolled
29 heating fuel provider refuses or fails to provide to a customer the

1 information required to determine the credit, or if the claimant is
2 not a customer of an enrolled heating fuel provider, a claimant may
3 determine the credit provided in subsection (1) (c) (ii) based on ~~his~~
4 ~~or her~~ **the claimant's** own records.

5 (3) A credit claimed on a return that covers a period of less
6 than 12 months ~~shall~~ **must** be calculated based on subsection
7 (1) (c) (i) and ~~shall be~~ reduced proportionately.

8 (4) The allowable amount of the credit under this section
9 ~~shall~~ **must** be remitted to the claimant, other than a claimant whose
10 heating costs are included in ~~his or her~~ **the claimant's** rent, in
11 the form of an energy draft that states the name of the claimant
12 and is issued by the department. For a claimant for whom, at the
13 time of filing, the department of health and human services has
14 identified the enrolled heating fuel provider or is making direct
15 vendor payments to an enrolled heating fuel provider, the
16 department shall send the energy draft directly to the claimant's
17 enrolled heating fuel provider, as identified by the claimant. If
18 the department establishes a program or pilot program for the
19 direct payment of energy drafts to enrolled heating fuel providers,
20 enrolled heating fuel providers may submit to the department, in a
21 manner prescribed by the department, the names of their customers
22 who are claimants. If a claimant whose name has been submitted
23 meets the standards established by the department, the department
24 shall send that claimant's energy draft directly to the claimant's
25 enrolled heating fuel provider. If the enrolled heating fuel
26 provider submits names of claimants who are not its customers and
27 the energy drafts of any of those claimants are sent to the
28 enrolled heating fuel provider, the enrolled heating fuel provider
29 shall return the energy drafts or pay the value of the energy

1 drafts to the department plus interest on the amount of the energy
2 drafts at the rate calculated under section 23 of 1941 PA 122, MCL
3 205.23, for deficiencies in tax payments. Except as provided in
4 subsection (5), after July 31, a refundable credit for a prior tax
5 year may be paid in the form of a negotiable warrant. The energy
6 draft ~~shall be~~ **is** negotiable only through the claimant's enrolled
7 heating fuel provider upon remittance by the claimant.

8 (5) If a claimant received home heating assistance from the
9 department of health and human services, a governmental agency, or
10 a nonprofit organization 12 months prior to remitting an energy
11 draft to the claimant's enrolled heating fuel provider and the
12 amount of the energy draft is greater than the total of outstanding
13 bills incurred by the claimant with the enrolled heating fuel
14 provider as of the date that the energy draft was remitted to the
15 enrolled heating fuel provider, the enrolled heating fuel provider
16 shall first apply the full amount of the energy draft to the
17 claimant's outstanding bills and then apply any remaining amount to
18 subsequent bills of the claimant until the full amount of the
19 energy draft is used up or the expiration of 9 months after the
20 date on which the energy draft was first applied to cover the
21 claimant's outstanding bills. If there is any remaining energy
22 draft amount at the end of the 9-month period, or if before the end
23 of the 9-month period the claimant is no longer a customer of the
24 enrolled heating fuel provider, the enrolled heating fuel provider
25 shall remit the remaining amount to the claimant in the form of a
26 fully negotiable check within 14 days after the end of the 9-month
27 period or 14 days after the termination of services, whichever
28 occurs sooner. If the claimant did not receive home heating
29 assistance from the department of health and human services, a

1 governmental agency, or a nonprofit organization 12 months prior to
2 remitting an energy draft, the claimant, by checking the
3 appropriate box to be included on the energy draft or application
4 for participation with an enrolled heating fuel provider, may
5 request from the enrolled heating fuel provider a payment equal to
6 the amount of the energy draft less the amount of the outstanding
7 bills. The enrolled heating fuel provider shall issue the payment
8 within 14 days after the claimant's request. For purposes of this
9 subsection, home heating assistance does not include the credit
10 allowed under this section.

11 (6) If a claimant whose energy draft exceeds ~~his or her~~ **the**
12 **claimant's** outstanding bills does not request a payment from an
13 enrolled heating fuel provider under subsection (5), an energy
14 draft remitted to an enrolled heating fuel provider ~~shall~~ **must** be
15 applied upon receipt to the claimant's designated account. The
16 energy draft may be used to cover outstanding bills that the
17 claimant has incurred with the enrolled heating fuel provider and
18 to cover subsequent heating costs until the full amount of the
19 energy draft is used or until 1 year after the date on which the
20 energy draft is first applied to the claimant's designated account.
21 If a credit amount remains from this energy draft after the 1-year
22 period, or if prior to the end of the 1-year period a claimant is
23 no longer a customer of the enrolled heating fuel provider, the
24 heating fuel provider shall remit the remaining unused portion to
25 the claimant in the form of a fully negotiable check within 14 days
26 after the end of the 1-year period or within 14 days after
27 termination of service, whichever is sooner.

28 (7) A claimant who is no longer a resident of this state, who
29 is not a customer of an enrolled heating fuel provider, or whose

1 heating fuel provider refuses to accept an energy draft shall
2 return the energy draft to the department and request the issuance
3 of a negotiable warrant. A claimant may return an energy draft to
4 the department and request issuance of a negotiable warrant if the
5 energy draft is impractical because the claimant has already
6 purchased ~~his or her~~ **the claimant's** energy supply for the year and
7 does not have an outstanding obligation to an enrolled heating fuel
8 provider. The department may honor that request if it agrees that
9 the use of the energy draft is impractical. The department shall
10 issue the warrant within 14 days after receiving the energy draft
11 from the claimant.

12 (8) The enrolled heating fuel provider shall bill the
13 department for credit amounts that have been applied to claimant
14 accounts pursuant to subsection (6), and the department shall pay
15 the bills within 14 days of receipt. The billing ~~shall~~ **must** be
16 accompanied by the energy drafts for which reimbursement is
17 claimed.

18 (9) A claimant whose heating fuel is provided by a utility
19 regulated by the Michigan public service commission is protected
20 against the discontinuance of ~~his or her~~ **the claimant's** heating
21 fuel service from the date of filing a claim for the credit under
22 this section through the date of issuance of an energy draft and
23 during a period beginning December 1 of the tax year for which the
24 credit is claimed and ending March 31 of the following year if the
25 claimant participates in the winter protection program set forth in
26 R 460.131 of the Michigan Administrative Code or if the utility
27 accepts the claimant's energy draft. The acceptance of an energy
28 draft by a utility is considered a request by the claimant for the
29 winter protection program. The energy draft ~~shall~~ **must** be coded by

1 the department to denote claimants who are 65 years of age or
 2 older. If the claimant is a claimant whose heating cost is included
 3 in ~~his or her~~ **the claimant's** rent payments, the amount of the claim
 4 not used as an offset against the state income tax, after
 5 examination and review, ~~shall~~ **must** be approved for payment, without
 6 interest, to the claimant.

7 (10) If an enrolled heating fuel provider does not issue a
 8 payment or a negotiable check within 14 days or as otherwise
 9 provided in subsection (5) or (6), beginning on the fifteenth day
 10 or the fifteenth day after the expiration of the 9-month period
 11 under subsection (5), the amount due to the claimant is increased
 12 by adding interest computed on the basis of the rate of interest
 13 prescribed for delayed refunds of excess tax payments in section
 14 30(3) of 1941 PA 122, MCL 205.30. The enrolled heating fuel
 15 provider shall pay the interest and shall not bill the interest to
 16 or be reimbursed for the interest by the department.

17 (11) Only the renter or lessee shall claim a credit on
 18 property that is rented or leased as a homestead. Only 1 credit may
 19 be claimed for a household. The credit under this section is in
 20 addition to other credits to which the claimant is entitled under
 21 this part. An individual who is a full-time student at a school,
 22 community college, or college or university and who is claimed as a
 23 dependent by another individual is not eligible for the credit
 24 provided by this section. A claimant who shares a homestead with
 25 other eligible claimants shall prorate the credit by the number of
 26 claimants sharing the homestead.

27 (12) ~~A~~ **The department shall refer a** claimant who is eligible
 28 for the credit provided by this section ~~shall be referred by the~~
 29 ~~department~~ to the appropriate state agency for determination of

1 eligibility for home weatherization assistance and **the claimant**
2 shall accept weatherization assistance if eligible and if
3 assistance is available. A heating fuel provider that is required
4 by the Michigan public service commission to participate in the
5 residential conservation services home energy analysis program
6 shall annually contact each claimant to whom it provides heating
7 fuel, and whose usage exceeds 200,000 cubic feet of natural gas or
8 18,000 kilowatt hours of electricity annually, and shall offer to
9 provide a home energy analysis at no cost to the claimant. A
10 heating fuel provider that is not required to participate in the
11 residential conservation services program ~~shall-is~~ not be required
12 to conduct a home energy analysis for its customers. For all rental
13 properties that are weatherized pursuant to this section, each
14 agency that determines eligibility for weatherization assistance
15 shall require that not less than 25% of the total cost of the
16 weatherization services for that property ~~shall-must~~ be contributed
17 by the property owner unless the property owner is also eligible
18 for weatherization assistance or is a nonprofit organization,
19 governmental agency, or municipal corporation.

20 (13) If an enrolled heating fuel provider is regulated by the
21 Michigan public service commission, the Michigan public service
22 commission may use an enforcement method authorized by law or rule
23 to enforce the requirements prescribed by this section on the
24 enrolled heating fuel provider. If an enrolled heating fuel
25 provider is not regulated by the Michigan public service
26 commission, the department of health and human services may use an
27 enforcement method authorized by law or rule to enforce the
28 requirements prescribed by this section on the enrolled heating
29 fuel provider.

1 (14) The department shall mail a home heating credit return to
2 every individual who received assistance through the department of
3 health and human services pursuant to the social welfare act, 1939
4 PA 280, MCL 400.1 to 400.119b, during the tax year.

5 (15) The department shall complete a study by August 1 of each
6 year, of the actual heating costs of each claimant who received a
7 credit from the department under this section for the immediately
8 preceding tax year.

9 (16) The department may promulgate rules necessary to
10 administer this section pursuant to the administrative procedures
11 act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

12 (17) The department shall provide a simplified procedure for
13 claiming the credit under this section for claimants for whom, at
14 the time of filing, the department of health and human services is
15 making direct vendor payments to an enrolled heating fuel provider.

16 (18) The credit under this section is allowed only if there
17 has been a federal appropriation for the federal fiscal year
18 beginning in the tax year of federal low income home energy
19 assistance program block grant funds of any amount. If the amount
20 of federal low income home energy assistance program block grant
21 funds available for the home heating credit is less than the full
22 home heating credit amount, each individual credit claimed under
23 this section ~~shall~~**must** be reduced by multiplying the credit amount
24 by a fraction, the numerator of which is the amount available for
25 the home heating credit and the denominator of which is the full
26 home heating credit amount. As used in this subsection, "amount
27 available for the home heating credit" means the sum of the federal
28 low income home energy assistance program block grant allotment for
29 this state for the federal fiscal year beginning in the tax year

1 and the amount as certified by the director of the department of
 2 health and human services carried forward from the immediately
 3 preceding fiscal year for the low income home energy assistance
 4 program block grant minus the sum of the amount certified by the
 5 director of the department of health and human services for
 6 administration of the low income home energy assistance program
 7 block grant, the amount certified by the director of the department
 8 of health and human services for crisis assistance programs, and
 9 the amount certified by the director of the department of health
 10 and human services for weatherization. For the 2014-2015 fiscal
 11 year and ~~continuing through the 2026-2027~~ **each** fiscal year
 12 **thereafter**, the amount used for weatherization each fiscal year
 13 ~~shall~~ **must** be determined as provided under this subsection. ~~If the~~
 14 ~~total federal low income home energy assistance program block grant~~
 15 ~~received for the current fiscal year is greater than or equal to~~
 16 ~~90% of the amount of block grant funds received in the immediately~~
 17 ~~preceding fiscal year, then the~~ **The** amount of federal low income
 18 home energy assistance program block grant funds used for
 19 weatherization for ~~that~~ **each** fiscal year ~~shall~~ **must** be at least
 20 ~~\$6,000,000.00 but not greater than 15% of the total federal low~~
 21 ~~income home energy assistance program block grant funds received~~
 22 ~~for that fiscal year. If the total federal low income home energy~~
 23 ~~assistance block grant received for the current fiscal year is less~~
 24 ~~than 90% of the amount of block grant funds received in the~~
 25 ~~immediately preceding fiscal year, then the amount of federal low~~
 26 ~~income home energy assistance program block grant funds used for~~
 27 ~~weatherization for that fiscal year shall be at least \$5,000,000.00~~
 28 ~~but not greater than 15% of the total federal low income home~~
 29 ~~energy assistance program block grant funds received for that~~

~~fiscal year.~~ The amounts under this subsection that require certification by the director of the department of health and human services or by the state treasurer and the director of the department of technology, management, and budget ~~shall~~**must** be certified on or before December 30 of the tax year and each tax year thereafter. As used in this subsection, "full home heating credit amount" means the amount certified by the state treasurer and the director of the department of technology, management, and budget to be the estimated amount of the credits that would have been provided under this section for the tax year if no reduction as provided in this subsection were made for that tax year.

(19) A claimant who claims a credit under this section shall not report the credit amount on the claimant's income tax return filed under this part as an offset against the tax imposed by this part, but shall claim the credit on a separate form prescribed by the department. A credit claimed under this section ~~shall~~**is** not ~~be~~ allowed unless the claim for the credit is filed with the department on or before the September 30 immediately following the tax year for which the credit is claimed. ~~For tax years after the 2017 tax year, a~~**A** credit claimed under this section is not allowed unless the claimant provides the department with all of the information, as requested by the department of health and human services, necessary to comply with the requirements of the federal appropriation of the federal low income home energy assistance program block grant. The department shall disclose the information provided under this subsection to the department of health and human services or the United States Department of Health and Human Services or its successor. The confidentiality restrictions provided in section 28(1)(f) of 1941 PA 122, MCL 205.28, do not

1 apply to the disclosure required by this subsection.

2 (20) Notwithstanding section 30a of 1941 PA 122, MCL 205.30a,
3 the credit allowed under this section is exempt from interception,
4 execution, levy, attachment, garnishment, or other legal process to
5 collect a debt. ~~No~~**The department shall not apply any** portion of
6 the credit allowed or any rights existing under this section ~~shall~~
7 ~~be applied~~ as an offset to any liability of the claimant under
8 section 30a of 1941 PA 122, MCL 205.30a, or any arrearage or other
9 debt of the claimant.

10 (21) The department shall meet with interested parties
11 including enrolled heating fuel providers and advocacy groups to
12 identify and implement methods of improving the processing of
13 claims for the credit allowed under this section and payments
14 attributable to those credits.

15 (22) By July 1, 2018 and by each July 1 thereafter, the
16 department of health and human services shall submit a report on
17 the operation and effectiveness of the home heating and
18 weatherization assistance programs under this section and any
19 recommendations regarding the home heating and weatherization
20 assistance programs to all of the following:

21 (a) The chairpersons and vice-chairpersons of the senate and
22 house of representatives appropriations committees.

23 (b) The senate and house of representatives committees on
24 taxation and finance related issues.

25 (c) The senate and house of representatives committees on
26 energy and technology related issues.

27 (23) As used in this section:

28 (a) "Claimant whose heating costs are included in ~~his or her~~
29 **the claimant's** rent" means a claimant whose rent includes the cost

1 of heat at the time the claim for the credit under this section is
2 filed.

3 (b) "Enrolled heating fuel provider" means a heating fuel
4 provider that is enrolled with the department of health and human
5 services as a heating fuel provider.

6 (c) "Heating fuel provider" means an individual or entity that
7 provides a claimant with heating fuel or electricity for heating
8 purposes.

9 (d) **"United States Consumer Price Index" means the United**
10 **States Consumer Price Index for all urban consumers as defined and**
11 **reported by the United States Department of Labor, Bureau of Labor**
12 **Statistics.**