

**SUBSTITUTE FOR
SENATE BILL NO. 752**

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 520 (MCL 206.520), as amended by 2011 PA 273.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 520. (1) Subject to the limitations and the definitions
2 in this chapter, a claimant may claim against the tax due under
3 this part for the tax year a credit for the property taxes on the
4 taxpayer's homestead deductible for federal income tax purposes
5 pursuant to section 164 of the internal revenue code, or that
6 would have been deductible if the claimant had not elected the
7 zero bracket amount or if the claimant had been subject to the
8 federal income tax. The property taxes used for the credit
9 computation shall not be greater than the amount levied for 1 tax

1 year. An owner is not eligible for a credit under this section if
2 the taxable value of his or her homestead excluding the portion
3 of a parcel of real property that is unoccupied and classified as
4 agricultural for ad valorem tax purposes in the year for which
5 the credit is claimed is greater than \$135,000.00. As used in
6 this subsection, "taxable value" means that value determined
7 under section 27a of the general property tax act, 1893 PA 206,
8 MCL 211.27a.

9 (2) A person who rents or leases a homestead may claim a
10 similar credit computed under this section and section 522 based
11 upon 17% of the gross rent paid for tax years before the 1994 tax
12 year, or 20% of the gross rent paid for tax years after the 1993
13 tax year. A person who rents or leases a homestead subject to a
14 service charge in lieu of ad valorem taxes as provided by section
15 15a of the state housing development authority act of 1966, 1966
16 PA 346, MCL 125.1415a, may claim a similar credit computed under
17 this section and section 522 based upon 10% of the gross rent
18 paid.

19 (3) If the credit claimed under this section and section 522
20 exceeds the tax liability for the tax year or if there is no tax
21 liability for the tax year, the amount of the claim not used as
22 an offset against the tax liability shall, after examination and
23 review, be approved for payment, without interest, to the
24 claimant. In determining the amount of the payment under this
25 subsection, withholdings and other credits shall be used first to
26 offset any tax liabilities.

27 (4) If the homestead is an integral part of a multipurpose

1 or multidwelling building that is federally aided housing or
2 state aided housing, a claimant who is a senior citizen entitled
3 to a payment under subsection (2) may assign the right to that
4 payment to a mortgagor if the mortgagor reduces the rent charged
5 and collected on the claimant's homestead in an amount equal to
6 the tax credit payment provided in this chapter. The assignment
7 of the claim is valid only if the Michigan state housing
8 development authority, by affidavit, verifies that the claimant's
9 rent has been so reduced.

10 (5) Only the renter or lessee shall claim a credit on
11 property that is rented or leased as a homestead.

12 (6) A person who discriminates in the charging or collection
13 of rent on a homestead by increasing the rent charged or
14 collected because the renter or lessee claims and receives a
15 credit or payment under this chapter is guilty of a misdemeanor.
16 Discrimination against a renter who claims and receives the
17 credit under this section and section 522 by a reduction of the
18 rent on the homestead of a person who does not claim and receive
19 the credit is a misdemeanor. If discriminatory rents are charged
20 or collected, each charge or collection of the higher or lower
21 payment is a separate offense. Each acceptance of a payment of
22 rent is a separate offense.

23 (7) A person who received aid to families with dependent
24 children, state family assistance, or state disability assistance
25 pursuant to the social welfare act, 1939 PA 280, MCL 400.1 to
26 400.119b, in the tax year for which the person is filing a return
27 shall have a credit that is authorized and computed under this

1 section and section 522 reduced by an amount equal to the product
 2 of the claimant's credit multiplied by the quotient of the sum of
 3 the claimant's aid to families with dependent children, state
 4 family assistance, and state disability assistance for the tax
 5 year divided by the claimant's total household resources. The
 6 reduction of credit shall not exceed the sum of the aid to
 7 families with dependent children, state family assistance, and
 8 state disability assistance for the tax year. For the purposes of
 9 this subsection, aid to families with dependent children does not
 10 include child support payments that offset or reduce payments
 11 made to the claimant.

12 (8) A credit under subsection (1) or (2) shall be reduced by
 13 10% for each claimant whose total household resources exceed
 14 \$41,000.00 and by an additional 10% for each increment of
 15 \$1,000.00 of total household resources in excess of \$41,000.00.
 16 **FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 2014, FOR EACH**
 17 **CLAIMANT WHOSE TOTAL HOUSEHOLD RESOURCES EXCEED \$41,000.00, THE**
 18 **AMOUNT OF THE CREDIT UNDER SUBSECTION (1) OR (2) THAT THE**
 19 **CLAIMANT MAY CLAIM IS LIMITED TO THE FOLLOWING PERCENTAGE:**

20	TOTAL HOUSEHOLD RESOURCES	PERCENTAGE
21	\$41,001 - \$42,000	90%
22	\$42,001 - \$43,000	80%
23	\$43,001 - \$44,000	70%
24	\$44,001 - \$45,000	60%
25	\$45,001 - \$46,000	50%
26	\$46,001 - \$47,000	40%
27	\$47,001 - \$48,000	30%

1	\$48,001 - \$70,000	20%
2	OVER \$70,000	0%

3 (9) If the credit authorized and calculated under this
4 section and section 522 and adjusted under subsection (7) or (8)
5 does not provide to a senior citizen who rents or leases a
6 homestead that amount attributable to rent that constitutes more
7 than 40% of the total household resources of the senior citizen,
8 the senior citizen may claim a credit based upon the amount of
9 total household resources attributable to rent as provided by
10 this section.

11 (10) A senior citizen whose gross rent paid for the tax year
12 is more than the percentage of total household resources
13 specified in subsection (9) for the respective tax year may claim
14 a credit for the amount of rent paid that constitutes more than
15 the percentage of the total household resources of the senior
16 citizen specified in subsection (9) and that was not provided to
17 the senior citizen by the credit computed pursuant to this
18 section and section 522 and adjusted pursuant to subsection (7)
19 or (8).

20 (11) The department may promulgate rules to implement
21 subsections (9) to (15) and may prescribe a table to allow a
22 claimant to determine the credit provided under this section and
23 section 522 in the instruction booklet that accompanies the
24 respective income tax or property tax credit forms used by
25 claimants.

26 (12) A senior citizen may claim the credit under subsections

(9) to (15) on the same form as the property tax credit permitted by subsection (2). The department shall adjust the forms accordingly.

(13) A senior citizen who moves to a different rented or leased homestead shall determine, for 2 tax years after the move, both his or her qualification to claim a credit under subsections (9) to (15) and the amount of a credit under subsections (9) to (15) on the basis of the annualized final monthly rental payment at his or her previous homestead, if this annualized rental is less than the senior citizen's actual annual rental payments.

(14) For a return of less than 12 months, the claim for a credit under subsections (9) to (15) shall be reduced proportionately.

(15) The total credit allowed by this section and section 522 shall not exceed \$1,200.00 per year.

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. 847.

(b) House Bill No. 5477.

(c) House Bill No. 5493.