

# HOUSE BILL No. 5423

January 30, 1990, Introduced by Reps. Krause, Honigman, Munsell, Stacey, Middaugh, Fitzgerald, Sikkema, Runco, Kosteva, Bender, DeLange, London, Strand, Crandall, Bankes, Miller, Hillegonds, Willis Bullard, Kulchitsky, Law, Jaye, Rocca, Palamara, Dunaskiss, Emmons and Oxender and referred to the Committee on Taxation.

A bill to amend sections 512 and 522 of Act No. 281 of the Public Acts of 1967, entitled

"Income tax act of 1967,"

as amended by Act No. 254 of the Public Acts of 1987, being sections 206.512 and 206.522 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Section 1. Sections 512 and 522 of Act No. 281 of the  
2 Public Acts of 1967, as amended by Act No. 254 of the Public Acts  
3 of 1987, being sections 206.512 and 206.522 of the Michigan  
4 Compiled Laws, are amended to read as follows:

5       Sec. 512. (1) "Paraplegic, HEMIPLEGIC, or quadriplegic"  
6 means an individual, or either 1 of 2 persons filing a joint tax  
7 return under this act, who is a paraplegic, HEMIPLEGIC, or  
8 quadriplegic at the end of the tax year.

1       (2) "Property taxes" means general ad valorem taxes due and  
2 payable for periods after December 31, 1972, levied on a  
3 homestead within this state including property tax administration  
4 fees, but not including special assessments unless assessed in  
5 the entire city, village, or township, and based on state equal-  
6 ized value, penalties, or interest.

7       ~~(3) "Qualified person" means a claimant and any person,~~  
8 ~~domiciled in Michigan, who can be claimed as a dependent under~~  
9 ~~the internal revenue code and who does not file a claim under~~  
10 ~~this act for the same tax year. The term does not include the~~  
11 ~~additional exemptions allowed for age or blindness.~~

12       (3) ~~(4)~~ "Renter" means a person renting or leasing a  
13 homestead.

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

16       (a) A claimant ~~, other than a senior citizen, a paraplegic~~  
17 ~~or quadriplegic, a totally and permanently disabled person, an~~  
18 ~~eligible serviceperson, an eligible veteran, an eligible widow or~~  
19 ~~widower, or a blind person,~~ is entitled to a credit against the  
20 state income tax liability equal to 60% of the amount by which  
21 the property taxes on the homestead, or the credit for rental of  
22 the homestead for the taxable year, exceeds 3.5% of the  
23 claimant's ~~total~~ household income for that taxable year.

24       (b) A CLAIMANT WHO IS A senior citizen, ~~or~~ WHO IS a  
25 paraplegic, HEMIPLEGIC, or quadriplegic, OR WHO IS TOTALLY AND  
26 PERMANENTLY DISABLED is entitled to a credit against the state  
27 income tax liability for the amount by which the property taxes

1 on the homestead, the credit for rental of the homestead, or a  
 2 service charge in lieu of ad valorem taxes as provided by section  
 3 15a of the state housing development authority act of 1966, Act  
 4 No. 346 of the Public Acts of 1966, as amended, being section  
 5 125.1415a of the Michigan Compiled Laws, for the taxable year  
 6 exceeds the percentage of the claimant's ~~total~~ household income  
 7 for that taxable year computed as follows:

8 Household income	Percentage
9 Not over \$3,000.00	0%
10 Over \$3,000.00 but not over \$4,000.00	1.0%
11 Over \$4,000.00 but not over \$5,000.00	2.0%
12 Over \$5,000.00 but not over \$6,000.00	3.0%
13 Over \$6,000.00	3.5%

14 ~~(c) A totally and permanently disabled person is entitled~~  
 15 ~~to a credit against the state income tax liability equal to 60%~~  
 16 ~~of the amount by which the property taxes on the homestead, or~~  
 17 ~~the credit for rental of the homestead or for a service charge in~~  
 18 ~~lieu of ad valorem taxes as provided in section 15a of the state~~  
 19 ~~housing development authority act of 1966, being section~~  
 20 ~~125.1415a of the Michigan Compiled Laws, for the taxable year,~~  
 21 ~~exceeds the percentage of the claimant's total household income~~  
 22 ~~for that taxable year based on the schedule in subdivision (b).~~

23 (C) ~~(d) An~~ A CLAIMANT WHO IS AN eligible serviceperson,  
 24 eligible veteran, or eligible widow or widower is entitled to a  
 25 credit against the state income tax liability for a percentage of

1 the property taxes on the homestead for the taxable year not in  
2 excess of 100% determined as follows:

3 (i) Divide the state equalized value allowance specified in  
4 section 506 by the state equalized value of the homestead or, if  
5 the eligible serviceperson, eligible veteran, or eligible widow  
6 or widower leases or rents a homestead, divide 17% of the total  
7 annual rent paid on the property by the property tax rate on the  
8 property.

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

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

15 (i) If the state equalized value of the homestead is  
16 \$3,500.00 or less, — 100% of the property taxes.

17 (ii) If the state equalized value of the homestead is more  
18 than \$3,500.00, the percentage that \$3,500.00 bears to the state  
19 equalized value of the homestead.

20 (2) A person who is qualified to make a claim ~~in~~ UNDER  
21 more than 1 ~~capacity~~ CLASSIFICATION shall elect the ~~capacity~~  
22 ~~in~~ CLASSIFICATION UNDER which the claim is made.

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

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

4 (5) A senior citizen who has a ~~total~~ household income for  
5 the taxable year of \$6,000.00 or less and who for 1973 received a  
6 senior citizen homestead exemption under former section 7c of Act  
7 No. 206 of the Public Acts of 1893 may compute the credit against  
8 the state income tax liability for a percentage of the property  
9 taxes on the homestead for the taxable year determined as  
10 follows:

11 (a) If the state equalized value of the homestead is  
12 \$2,500.00 or less, — 100% of the property taxes.

13 (b) If the state equalized value of the homestead is more  
14 than \$2,500.00, the percentage that \$2,500.00 bears to the state  
15 equalized value of the homestead.

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

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

20 (8) ~~The total credit allowed in this section for a taxable~~  
21 ~~period prior to January 1, 1976, shall not exceed \$500.00 per~~  
22 ~~year and for~~ FOR each year after December 31, 1975, ~~shall not~~  
23 ~~exceed~~ A TAXPAYER SHALL NOT CLAIM A CREDIT UNDER THIS SECTION IN  
24 EXCESS OF \$1,200.00 per year.

25 (9) The total credit allowable under this act and the farm-  
26 land and open space preservation act, Act No. 116 of the Public  
27 Acts of 1974, as amended, being sections 554.701 to 554.719 of

1 the Michigan Compiled Laws, shall not exceed the total property  
2 tax due and payable by the claimant in that year. The amount BY  
3 WHICH the credit exceeds the property tax due and payable shall  
4 be deducted from the credit claimed under Act No. 116 of the  
5 Public Acts of 1974, as amended.