

HOUSE BILL No. 5537

February 22, 1990, Introduced by Reps. Gire, DeBeaussaert, Rocca, Barns, Bartnik, DeMars, Webb, Stabenow, Jondahl, Ciaramitaro, Profit, Pitoniak, Bennett, Hart, Niederstadt, Maynard, Hoffman, Stallworth, Gubow, Martin, Joe Young, Jr., Scott, Kulchitsky, Weeks, Runco, Spaniola, Hertel and Mathieu and referred to the Committee on Taxation.

A bill to amend Act No. 281 of the Public Acts of 1967,
entitled
"Income tax act of 1967,"
as amended, being sections 206.1 to 206.532 of the Michigan
Compiled Laws, by adding sections 280, 281, 282, 283, 284, and
285.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 281 of the Public Acts of 1967, as
2 amended, being sections 206.1 to 206.532 of the Michigan Compiled
3 Laws, is amended by adding sections 280, 281, 282, 283, 284, and
4 285 to read as follows:

5 SEC. 280. AS USED IN THIS SECTION AND SECTIONS 281 TO 284:

6 (A) "ADDITIONS", "INFLATION RATE", AND "LOSSES" MEAN THOSE
7 TERMS AS DEFINED IN SECTION 34D OF THE GENERAL PROPERTY TAX ACT,

1 ACT NO. 206 OF THE PUBLIC ACTS OF 1893, BEING SECTION 211.34D OF
2 THE MICHIGAN COMPILED LAWS.

3 (B) "COMPOUND CREDIT FRACTION" MEANS THE APPLICABLE 1 OF THE
4 FOLLOWING, BUT NOT GREATER THAN 1:

5 (i) FOR 1991, THE 1991 CREDIT FRACTION.

6 (ii) IF THE HOMESTEAD WAS SOLD IN THE PRECEDING TAX YEAR,
7 THE CURRENT YEAR'S CREDIT FRACTION.

8 (iii) UNLESS SUBPARAGRAPH (ii) APPLIES, FOR A TAX YEAR
9 BEGINNING AFTER 1991, THE CURRENT YEAR'S CREDIT FRACTION MULTI-
10 PLIED BY THE PRECEDING YEAR'S COMPOUND CREDIT FRACTION FOR THAT
11 HOMESTEAD.

12 (C) "CREDIT FRACTION" MEANS A FRACTION THE NUMERATOR OF
13 WHICH IS THE RESULT ARRIVED AT BY MULTIPLYING THE REMAINDER OF
14 THE PRECEDING YEAR'S TOTAL STATEWIDE STATE EQUALIZED VALUATION
15 FOR RESIDENTIAL PROPERTY MINUS LOSSES FOR RESIDENTIAL PROPERTY BY
16 THE INFLATION RATE AND THE DENOMINATOR OF WHICH IS THE CURRENT
17 YEAR'S TOTAL STATEWIDE STATE EQUALIZED VALUATION FOR RESIDENTIAL
18 PROPERTY MINUS ADDITIONS FOR RESIDENTIAL PROPERTY.

19 (D) "HOMESTEAD" AND "HOUSEHOLD INCOME" MEAN THOSE TERMS AS
20 DEFINED IN CHAPTER 9.

21 (E) "LIMITED STATE EQUALIZED VALUATION" MEANS, FOR A TAX
22 YEAR, THE SUM, BUT NOT MORE THAN THE SAME YEAR'S STATE EQUALIZED
23 VALUATION, OF THE VALUE OF THE HOMESTEAD REPORTED AS NEW FOR
24 ASSESSMENT PURPOSES AND THE APPLICABLE 1 OF THE FOLLOWING:

25 (i) FOR A TAX YEAR BEGINNING IN 1991, THE HOMESTEAD'S 1990
26 STATE EQUALIZED VALUATION ADJUSTED BY THE INFLATION RATE.

1 (ii) IF THE HOMESTEAD WAS SOLD IN THE PRECEDING TAX YEAR,
2 THE STATE EQUALIZED VALUATION FOR THAT PRECEDING TAX YEAR
3 ADJUSTED BY THE INFLATION RATE.

4 (iii) UNLESS SUBPARAGRAPH (ii) APPLIES, FOR A TAX YEAR
5 BEGINNING AFTER 1991, THE HOMESTEAD'S LIMITED STATE EQUALIZED
6 VALUATION FOR THE PRECEDING TAX YEAR ADJUSTED BY THE INFLATION
7 RATE.

8 (F) "NOTICE AND AFFIDAVIT" MEANS THE NOTICE AND AFFIDAVIT
9 REQUIRED TO BE GIVEN UNDER SECTION 24C OF THE GENERAL PROPERTY
10 TAX ACT, ACT NO. 206 OF THE PUBLIC ACTS OF 1893, BEING SECTION
11 211.24C OF THE MICHIGAN COMPILED LAWS.

12 (G) "RESIDENTIAL PROPERTY" MEANS PROPERTY CLASSIFIED AS RES-
13 IDENTIAL UNDER SECTION 34C OF THE GENERAL PROPERTY TAX ACT, ACT
14 NO. 206 OF THE PUBLIC ACTS OF 1893, BEING SECTION 211.34C OF THE
15 MICHIGAN COMPILED LAWS.

16 (H) "SCHOOL PROPERTY TAX" MEANS TAX LEVIED BY A LOCAL SCHOOL
17 DISTRICT FOR LOCAL SCHOOL DISTRICT OPERATING PURPOSES UNDER THE
18 GENERAL PROPERTY TAX ACT, ACT NO. 206 OF THE PUBLIC ACTS OF 1893,
19 BEING SECTIONS 211.1 TO 211.157 OF THE MICHIGAN COMPILED LAWS.

20 SEC. 281. (1) SUBJECT TO THE CONDITIONS, REDUCTIONS, AND
21 LIMITATIONS PROVIDED IN SECTIONS 280 TO 284, AN INDIVIDUAL WHO
22 OWNS AND OCCUPIES A HOMESTEAD MAY CLAIM A CREDIT AGAINST THE TAX
23 IMPOSED BY THIS ACT EQUAL TO SUBSECTION (2) OR (3), WHICHEVER IS
24 GREATER. AN INDIVIDUAL IS NOT ELIGIBLE FOR THE CREDIT PROVIDED
25 FOR IN THIS SECTION UNLESS THE INDIVIDUAL FILES THE INDIVIDUAL'S
26 NOTICE AND AFFIDAVIT.

1 (2) THE CREDIT UNDER THIS SUBSECTION IS EQUAL TO THE SCHOOL
2 PROPERTY TAX RATE LEVIED ON THE INDIVIDUAL'S HOMESTEAD MULTIPLIED
3 BY THE DIFFERENCE BETWEEN THE STATE EQUALIZED VALUATION OF THE
4 HOMESTEAD AND THE LIMITED STATE EQUALIZED VALUATION OF THE
5 HOMESTEAD.

6 (3) THE CREDIT UNDER THIS SUBSECTION IS EQUAL TO THE PRODUCT
7 OF 1 MINUS THE COMPOUND CREDIT FRACTION FOR THE HOMESTEAD MULTI-
8 PLIED BY THE SCHOOL PROPERTY TAX DUE ON THE HOMESTEAD. THE
9 CREDIT UNDER THIS SUBSECTION SHALL NOT EXCEED THE RESULT ARRIVED
10 AT BY SUBTRACTING THE SUM OF THE CREDIT AMOUNTS FOR THAT HOME-
11 STEAD UNDER SUBSECTION (2) FOR WHICH THE INDIVIDUAL WAS OR WOULD
12 HAVE BEEN ELIGIBLE IN ALL YEARS, NOT INCLUDING THE CURRENT YEAR,
13 IN WHICH THE INDIVIDUAL QUALIFIED FOR A CREDIT FROM THE SUM OF
14 THE CREDIT AMOUNTS FOR THAT HOMESTEAD UNDER THIS SUBSECTION FOR
15 WHICH THE INDIVIDUAL WAS OR WOULD HAVE BEEN ELIGIBLE IN ALL
16 YEARS, INCLUDING THE CURRENT YEAR, IN WHICH THE INDIVIDUAL QUALI-
17 FIED FOR A CREDIT.

18 (4) THE AMOUNT OF PROPERTY TAXES USED TO CALCULATE THE
19 CREDIT UNDER SECTIONS 520 AND 522 SHALL BE REDUCED BY THE AMOUNT
20 OF THE CREDIT PROVIDED FOR IN THIS SECTION.

21 SEC. 282. (1) IF APPLICABLE, THE CREDIT PROVIDED FOR IN
22 SECTION 281 SHALL BE REDUCED BY MULTIPLYING THE CREDIT AMOUNT BY
23 1 OF THE FOLLOWING:

24 (A) FOR A HOMESTEAD PURCHASED BEFORE 1991, IF THE 1990 STATE
25 EQUALIZED VALUATION OF THE HOMESTEAD EXCEEDS \$50,000.00, A FRAC-
26 TION THE NUMERATOR OF WHICH IS \$50,000.00 AND THE DENOMINATOR OF
27 WHICH IS THE 1990 STATE EQUALIZED VALUATION OF THE HOMESTEAD.

1 (B) FOR EACH TIME A HOMESTEAD IS PURCHASED AFTER 1990, IF
2 THE STATE EQUALIZED VALUATION OF THE HOMESTEAD IN THE YEAR OF
3 PURCHASE EXCEEDS \$50,000.00 ADJUSTED BY THE INFLATION RATE EACH
4 YEAR AFTER 1990, A FRACTION THE NUMERATOR OF WHICH IS \$50,000.00
5 ADJUSTED BY THE INFLATION RATE EACH YEAR AFTER 1990 AND THE
6 DENOMINATOR OF WHICH IS THE STATE EQUALIZED VALUATION OF THE
7 HOMESTEAD IN THE YEAR OF PURCHASE. A REDUCTION FRACTION CALCU-
8 LATED UNDER THIS SUBDIVISION ONLY APPLIES IN THE YEAR AFTER THE
9 HOMESTEAD IS PURCHASED THROUGH THE YEAR OF THE NEXT PURCHASE OF
10 THE HOMESTEAD.

11 (2) IF THE INDIVIDUAL'S HOUSEHOLD INCOME FOR THE PRECEDING
12 TAX YEAR EXCEEDS \$73,650.00, THE CREDIT PROVIDED FOR IN SECTION
13 281 SHALL BE REDUCED BY 10% AND BY AN ADDITIONAL 10% FOR EACH
14 INCREMENT OF \$1,000.00 BY WHICH THE PRECEDING YEAR'S HOUSEHOLD
15 INCOME EXCEEDS \$73,650.00.

16 SEC. 283. (1) THE STATE TAX COMMISSION, CREATED BY ACT
17 NO. 360 OF THE PUBLIC ACTS OF 1927, BEING SECTIONS 209.101 TO
18 209.107 OF THE MICHIGAN COMPILED LAWS, SHALL DETERMINE THE CREDIT
19 FRACTION FOR 1991 AND, AFTER 1991, SHALL DETERMINE THE CREDIT
20 FRACTION FOR EACH YEAR AND THE COMPOUND CREDIT FRACTION FOR EACH
21 YEAR APPLICABLE TO THE HOMESTEAD OF EACH INDIVIDUAL ELIGIBLE FOR
22 A CREDIT PROVIDED FOR IN SECTION 281.

23 (2) IF, BEFORE APRIL 30, AN INDIVIDUAL WHO IS ELIGIBLE FOR
24 THE CREDIT PROVIDED FOR IN SECTION 281 FILES WITH THE STATE TREA-
25 SURER THE NOTICE AND AFFIDAVIT, THE COMMISSIONER SHALL COMPUTE
26 THE CREDIT PROVIDED FOR IN SECTION 281, AND THE CREDIT SHALL BE
27 APPLIED AND DISBURSED FOR THAT TAX YEAR. THE CREDIT AMOUNT

1 PROVIDED FOR IN SECTION 281 MAY EXCEED THE INDIVIDUAL'S TAX
2 LIABILITY UNDER THIS ACT. IF AN INDIVIDUAL HAS AN UNPAID TAX
3 LIABILITY UNDER THIS ACT, THE COMMISSIONER SHALL APPLY THE CREDIT
4 PROVIDED FOR IN SECTION 281 FOR A TAX YEAR SUBSEQUENT TO THE YEAR
5 IN WHICH THE LIABILITY ARISES AGAINST THE AMOUNT OF THE UNPAID
6 LIABILITY BEFORE THE STATE TREASURER CERTIFIES AND DISBURSES THE
7 CREDIT AS PAYMENT OF A PORTION OF THE SCHOOL PROPERTY TAX AS PRO-
8 VIDED IN SECTION 284.

9 (3) THE FILING OF THE NOTICE AND AFFIDAVIT IS AN ASSIGNMENT
10 OF THE CREDIT AMOUNT TO THE STATE FOR PAYMENT OF AN OUTSTANDING
11 LIABILITY UNDER THIS ACT OR DISBURSEMENT TO THE INDIVIDUAL'S
12 LOCAL SCHOOL DISTRICT AS A PORTION OF THE SCHOOL PROPERTY TAX DUE
13 ON THE HOMESTEAD AS PROVIDED IN SECTION 284.

14 SEC. 284. (1) BEFORE SEPTEMBER 1 FOR THE PORTION OF A
15 CREDIT PROVIDED FOR IN SECTION 281 APPLICABLE TO A SUMMER SCHOOL
16 PROPERTY TAX LEVY AND BEFORE DECEMBER 15 FOR THE PORTION OF THE
17 CREDIT APPLICABLE TO A WINTER SCHOOL PROPERTY TAX LEVY, THE STATE
18 TREASURER SHALL SEND ALL OF THE FOLLOWING:

19 (A) A CERTIFICATION TO THE INDIVIDUAL ENTITLED TO THE CREDIT
20 STATING THE AMOUNT OF THE CREDIT BEING APPLIED AS A PAYMENT OF A
21 PORTION OF THE SCHOOL PROPERTY TAX.

22 (B) A LIST TO THE TREASURER OF THE LOCAL TAX COLLECTING UNIT
23 CERTIFYING EACH ELIGIBLE INDIVIDUAL'S NAME WITH THE CORRESPONDING
24 CREDIT AMOUNT AND PARCEL IDENTIFICATION NUMBER OR LEGAL DESCRIP-
25 TION FOR EACH CREDIT PROVIDED FOR IN SECTION 281 THAT IS BEING
26 APPLIED AS A PAYMENT OF A PORTION OF THE SCHOOL PROPERTY TAX ON
27 THE INDIVIDUAL'S HOMESTEAD.

1 (C) IF A DESIGNATED AGENT IS IDENTIFIED ON AN INDIVIDUAL'S
2 NOTICE AND AFFIDAVIT, A CERTIFICATION OF THE CREDIT TO THAT DES-
3 IGNATED AGENT.

4 (2) BEFORE SEPTEMBER 14 FOR THE PORTION OF THE CREDITS PRO-
5 VIDED FOR IN SECTION 281 APPLICABLE TO A SUMMER SCHOOL PROPERTY
6 TAX LEVY AND BEFORE FEBRUARY 14 FOR THE PORTION OF THE CREDITS
7 APPLICABLE TO A WINTER SCHOOL PROPERTY TAX LEVY, THE STATE TREA-
8 SURER SHALL DISTRIBUTE TO THE LOCAL SCHOOL DISTRICT THAT LEVIES
9 THE SCHOOL PROPERTY TAX ON THE HOMESTEADS THE BALANCE OF THE
10 ASSIGNED CREDIT AMOUNTS AFTER APPLICATION OF THE CREDITS AGAINST
11 UNPAID TAX LIABILITIES AS PROVIDED IN SECTION 283.

12 SEC. 285. SECTIONS 280 TO 284 APPLY TO TAX YEARS BEGINNING
13 AFTER 1990.

14 Section 2. This amendatory act shall not take effect unless
15 all of the following bills of the 85th Legislature are enacted
16 into law:

17 (a) House Bill No. 4612.

18 (b) Senate Bill No. ____ or House Bill No. ⁵⁵³⁸____ (request
19 no. 04846'90).