

Act No. 293
Public Acts of 1992
Approved by the Governor
December 18, 1992
Filed with the Secretary of State
December 18, 1992

**STATE OF MICHIGAN
86TH LEGISLATURE
REGULAR SESSION OF 1992**

Introduced by Reps. Olshove, Palamara, Byrum, DeBeaussiaert, Gire, Harder, Baade, Weeks, Hertel, Dobronski, Kosteva, Yokich, Profit, DeMars, Porreca, Pitoniak, Jondahl and Ciaramitaro
Rep. Rocca named co-sponsor

ENROLLED HOUSE BILL No. 4410

AN ACT to amend section 520 of Act No. 281 of the Public Acts of 1967, entitled "An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, and enforcement by lien and otherwise of taxes on or measured by net income; to prescribe the manner and time of making reports and paying the taxes, and the functions of public officers and others as to the taxes; to permit the inspection of the records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits and refunds of the taxes; to prescribe penalties for the violation of this act; to provide an appropriation; and to repeal certain acts and parts of acts," as amended by Act No. 283 of the Public Acts of 1990, being section 206.520 of the Michigan Compiled Laws.

The People of the State of Michigan enact:

Section 1. Section 520 of Act No. 281 of the Public Acts of 1967, as amended by Act No. 283 of the Public Acts of 1990, being section 206.520 of the Michigan Compiled Laws, is amended to read as follows:

Sec. 520. (1) Subject to the limitations and the definitions set out in this chapter, a claimant may claim against his or her state income tax otherwise due for the tax year a credit for the property taxes on the homestead deductible for federal income taxes pursuant to section 164 of the internal revenue code, or that would have been deductible if the claimant had not elected the zero bracket amount or if the claimant had been subject to the federal income tax. The property taxes used for the credit computation shall not be greater than the amount levied for 1 tax year.

(2) A person who is renting or leasing a homestead may claim a similar credit, computed pursuant to section 522, that shall be based upon 17% of the gross rent paid. A person renting or leasing a homestead subject to a service charge in lieu of ad valorem taxes as provided by section 15a of the state housing development authority act of 1966, Act No. 346 of the Public Acts of 1966, as amended, being section 125.1415a of the Michigan Compiled Laws, may claim a similar credit, computed pursuant to section 522, that shall be based upon 10% of the gross rent paid.

(3) If the allowable amount of the credit claimed under this section exceeds the state income tax otherwise due for the tax year or if there is no state income tax due for the tax year, the amount of the claim not used as an offset against the state income tax shall, after examination and review, be approved for payment, without interest, to the claimant. A payment approved pursuant to this subsection to a claimant eligible for a credit under subsection (1) shall be made in a check or warrant exclusive of refunds due for withholdings or other credits allowed by this act. In determining the amount of this check or warrant, withholdings and other credits shall be used first to offset any tax liabilities.

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

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

(6) A person who discriminates in the charging or collection of rent on a homestead by increasing the rent charged or collected because the renter or lessee is claiming and receiving a credit or payment under this chapter is guilty of a misdemeanor. Discrimination against a renter claiming and receiving the credit by reduction of rent on the homestead of a person not claiming or receiving the credit is a misdemeanor. If discriminatory rents are charged or collected, each charge and collection of both the higher and lower payment is a separate offense. Each acceptance of a payment of rent is a separate offense.

(7) A person who received aid to families with dependent children, state family assistance, or state disability assistance pursuant to the social welfare act, Act No. 280 of the Public Acts of 1939, as amended, being sections 400.1 to 400.119b of the Michigan Compiled Laws, in the tax year for which the person is filing a return shall have a credit that is authorized pursuant to this section and computed pursuant to section 522 reduced by an amount equal to the product of the claimant's credit, as computed pursuant to section 522, multiplied by the quotient of the sum of the claimant's aid to families with dependent children, state family assistance, and state disability assistance for the tax year divided by the claimant's household income. The reduction of credit shall not exceed the sum of the aid to families with dependent children, state family assistance, and state disability assistance for the tax year. For the purposes of this subsection, aid to families with dependent children does not include child support payments that offset or reduce payments made to the claimant. This subsection applies only to the 1980 through the 1994 tax years.

(8) For tax years commencing after December 31, 1984, a credit under subsection (1) or (2) shall be reduced by 10% for each claimant whose household income exceeds \$73,650.00 and by an additional 10% for each increment of \$1,000.00 of household income in excess of \$73,650.00.

(9) If the credit permitted by subsection (2), that is calculated pursuant to section 522 and adjusted pursuant to subsection (7) or (8), does not provide to a senior citizen who is renting or leasing a homestead that amount attributable to rent that constitutes more than the following percentage of the household income of the senior citizen, the senior citizen may claim a credit based upon the amount of household income attributable to rent as provided by this section, subject to the limitations of this section:

(a) 50% for a credit claimed for the 1982 tax year.

(b) 45% for a credit claimed for the 1983 tax year.

(c) 40% for a credit claimed for the 1984 tax year or a tax year after the 1984 tax year.

(10) For tax years commencing after December 31, 1981, a senior citizen whose gross rent paid for the tax year is more than the percentage of household income specified in subsection (9) for the respective tax year may claim a credit for the amount of rent paid that constitutes more than the percentage of the household income of the senior citizen specified in subsection (9) for the respective tax year and that was not provided to the senior citizen by the credit computed pursuant to section 522 and adjusted pursuant to subsection (7) or (8).

(11) The department may promulgate rules to implement subsections (9) to (16) and may prescribe a table to allow a claimant to determine the credit provided under subsections (9) to (16) and section 522 in the instruction booklet that accompanies the respective income tax or property tax credit forms used by claimants.

(12) A senior citizen may claim the credit under subsections (9) to (16) 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, after December 31, 1981, 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 (16) and the amount of a credit under subsections (9) to (16) 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 (16) shall be reduced proportionately.

(15) The Michigan state housing development authority shall report on the effect of the credit provided by subsections (9) to (16) on the price of rented and leased homesteads. If the authority determines that the price of rented and leased homesteads has increased as a result of the credit provided by subsections (9) to (16), the authority shall make recommendations to the legislature to remedy this situation. The report shall be made to the chairpersons of the house and senate committees that have primary responsibility for taxation legislation 2 years after the credit provided by subsections (9) to (16) is in effect.

- (16) The total credit allowed by subsections (9) to (15) and section 522 shall not exceed \$1,200.00 per year.
(17) Subsection (8) does not apply for any tax year to which subsection (7) does not apply.

This act is ordered to take immediate effect.

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Clerk of the House of Representatives.

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Secretary of the Senate.

Approved.....

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Governor.