

# SENATE BILL No. 590

November 5, 1991, Introduced by Senator N. SMITH and referred to the Committee on Finance.

A bill to amend section 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 section 206.522 of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 522 of Act No. 281 of the Public Acts of  
2 1967, as amended by Act No. 254 of the Public Acts of 1987, being  
3 section 206.522 of the Michigan Compiled Laws, is amended to read  
4 as follows:

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

7 (a) A claimant ~~—, other than a senior citizen, a paraplegic~~  
8 ~~or quadriplegic, a totally and permanently disabled person, an~~  
9 ~~eligible serviceperson, an eligible veteran, an eligible widow or~~

1 ~~widower, or a blind person,~~ is entitled to a credit against the  
 2 state income tax liability equal to 60% of the amount by which  
 3 the property taxes on the homestead, or the credit for rental of  
 4 the homestead for the taxable year, exceeds 3.5% of the  
 5 claimant's ~~total~~ household income for that taxable year.

6 (b) A CLAIMANT WHO IS A senior citizen or a paraplegic or  
 7 quadriplegic is entitled to a credit against the state income tax  
 8 liability for the amount by which the property taxes on the home-  
 9 stead, the credit for rental of the homestead, or a service  
 10 charge in lieu of ad valorem taxes as provided by section 15a of  
 11 the state housing development authority act of 1966, Act No. 346  
 12 of the Public Acts of 1966, as amended, being section 125.1415a  
 13 of the Michigan Compiled Laws, for the taxable year exceeds the  
 14 percentage of the claimant's ~~total~~ household income for that  
 15 taxable year computed as follows:

16	Household income	Percentage
17	Not over <del>-\$3,000.00</del> \$4,000.00	0%
18	Over <del>-\$3,000.00</del> \$4,000.00 but not over	
19	<del>-\$4,000.00</del> \$5,000.00	1.0%
20	Over <del>-\$4,000.00</del> \$5,000.00 but not over	
21	<del>-\$5,000.00</del> \$6,000.00	2.0%
22	Over <del>-\$5,000.00</del> \$6,000.00 but not over	
23	<del>-\$6,000.00</del> \$12,000.00	3.0%
24	Over <del>-\$6,000.00</del> \$12,000.00	3.5%

25 (c) A CLAIMANT WHO IS totally and permanently disabled  
 26 ~~person~~ is entitled to a credit against the state income tax

1 liability equal to 60% of the amount by which the property taxes  
2 on the homestead, or the credit for rental of the homestead or  
3 for a service charge in lieu of ad valorem taxes as provided in  
4 section 15a of the state housing development authority act of  
5 1966, ~~being section 125.1415a of the Michigan Compiled Laws~~ ACT  
6 NO. 346 OF THE PUBLIC ACTS OF 1966, for the taxable year, exceeds  
7 the percentage of the claimant's ~~total~~ household income for  
8 that taxable year based on the schedule in subdivision (b).

9 (d) ~~An~~ A CLAIMANT WHO IS AN eligible serviceperson, eligi-  
10 ble veteran, or eligible widow or widower is entitled to a credit  
11 against the state income tax liability for a percentage of the  
12 property taxes on the homestead for the taxable year not in  
13 excess of 100% determined as follows:

14 (i) Divide the state equalized value allowance specified in  
15 section 506 by the state equalized value of the homestead or, if  
16 the eligible serviceperson, eligible veteran, or eligible widow  
17 or widower leases or rents a homestead, divide 17% of the total  
18 annual rent paid on the property by the property tax rate on the  
19 property.

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

22 (e) A claimant who is blind is entitled to a credit against  
23 the state income tax liability for a percentage of the property  
24 taxes on the homestead for the taxable year determined as  
25 follows:

26 (i) If the state equalized value of the homestead is  
27 \$3,500.00 or less, — 100% of the property taxes.

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

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

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

10 (4) As used in this section, "totally and permanently  
11 disabled" means disability as defined in section 216 of title II  
12 of the social security act, CHAPTER 531, 49 STAT. 620, 42 U.S.C.  
13 416.

14 (5) A senior citizen who has a total household income for  
15 the taxable year of \$6,000.00 or less and who for 1973 received a  
16 senior citizen homestead exemption under former section 7c of THE  
17 GENERAL PROPERTY TAX ACT, Act No. 206 of the Public Acts of 1893,  
18 may compute the credit against the state income tax liability for  
19 a percentage of the property taxes on the homestead for the tax-  
20 able year determined as follows:

21 (a) If the state equalized value of the homestead is  
22 \$2,500.00 or less, — 100% of the property taxes.

23 (b) If the state equalized value of the homestead is more  
24 than \$2,500.00, the percentage that \$2,500.00 bears to the state  
25 equalized value of the homestead.

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

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

3 (8) The total credit allowed in this section ~~for a taxable~~  
4 ~~period prior to January 1, 1976, shall not exceed \$500.00 per~~  
5 ~~year and~~ for each year after December 31, 1975 ~~,~~ shall not  
6 exceed \$1,200.00 per year.

7 (9) The total credit allowable under this act and the farm-  
8 land and open space preservation act, Act No. 116 of the Public  
9 Acts of 1974, as amended, being sections 554.701 to 554.719 of  
10 the Michigan Compiled Laws, shall not exceed the total property  
11 tax due and payable by the claimant in that year. The amount BY  
12 WHICH the credit exceeds the property tax due and payable shall  
13 be deducted from the credit claimed under THE FARMLAND AND OPEN  
14 SPACE PRESERVATION ACT, Act No. 116 of the Public Acts of 1974,  
15 as amended.