

Act No. 328
Public Acts of 1993
Approved by the Governor
December 31, 1993
Filed with the Secretary of State
December 31, 1993

**STATE OF MICHIGAN
87TH LEGISLATURE
REGULAR SESSION OF 1993**

Introduced by Rep. Munsell

ENROLLED HOUSE BILL No. 5106

AN ACT to amend sections 30, 51, 481, 504, 520, and 522 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," section 30 as amended by Act No. 516 of the Public Acts of 1988, section 51 as amended by Act No. 283 of the Public Acts of 1990, section 481 as amended by Act No. 167 of the Public Acts of 1993, section 520 as amended by Act No. 293 of the Public Acts of 1992, and section 522 as amended by Act No. 254 of the Public Acts of 1987, being sections 206.30, 206.51, 206.481, 206.504, 206.520, and 206.522 of the Michigan Compiled Laws.

The People of the State of Michigan enact:

Section 1. Sections 30, 51, 481, 504, 520, and 522 of Act No. 281 of the Public Acts of 1967, section 30 as amended by Act No. 516 of the Public Acts of 1988, section 51 as amended by Act No. 283 of the Public Acts of 1990, section 481 as amended by Act No. 167 of the Public Acts of 1993, section 520 as amended by Act No. 293 of the Public Acts of 1992, and section 522 as amended by Act No. 254 of the Public Acts of 1987, being sections 206.30, 206.51, 206.481, 206.504, 206.520, and 206.522 of the Michigan Compiled Laws, are amended to read as follows:

Sec. 30. (1) "Taxable income" means, for a person other than a corporation, estate, or trust, adjusted gross income as defined in the internal revenue code subject to the following adjustments:

(a) Add gross interest income and dividends derived from obligations or securities of states other than Michigan, in the same amount that has been excluded from adjusted gross income less related expenses not deducted in computing adjusted gross income because of section 265(a)(1) of the internal revenue code.

(b) Add taxes on or measured by income to the extent the taxes have been deducted in arriving at adjusted gross income.

(c) Add losses on the sale or exchange of obligations of the United States government, the income of which this state is prohibited from subjecting to a net income tax, to the extent that the loss has been deducted in arriving at adjusted gross income.

(d) Deduct, to the extent included in adjusted gross income, income derived from obligations, or the sale or exchange of obligations, of the United States government that this state is prohibited by law from subjecting to a net income tax, reduced by any interest on indebtedness incurred in carrying the obligations and by any expenses incurred in the production of that income to the extent that the expenses, including amortizable bond premiums, were deducted in arriving at adjusted gross income.

(e) Deduct, to the extent included in adjusted gross income, compensation, including retirement benefits, received for services in the armed forces of the United States.

(f) Deduct the following to the extent included in adjusted gross income:

(i) Retirement or pension benefits received from a public retirement system of or created by this state or a political subdivision of this state.

(ii) Retirement or pension benefits received from a public retirement system of or created by another state or any of its political subdivisions if the income tax laws of the other state permit a similar deduction or exemption or a reciprocal deduction or exemption of a retirement or pension benefit received from a public retirement system of or created by this state or any of the political subdivisions of this state.

(iii) Social security benefits as defined in section 86 of the internal revenue code.

(iv) Retirement or pension benefits from any other retirement or pension system as follows:

(A) For a single return, the sum of not more than \$7,500.00.

(B) For a joint return, the sum of not more than \$10,000.00.

(v) The amount determined to be the section 22 amount eligible for the elderly and permanently and totally disabled credit provided in section 22 of the internal revenue code.

(g) Adjustments resulting from the application of section 271.

(h) Adjustments with respect to estate and trust income as provided in section 36.

(i) Adjustments resulting from the allocation and apportionment provisions of chapter 3.

(j) Deduct political contributions as described in section 4 of the Michigan campaign finance act, Act No. 388 of the Public Acts of 1976, being section 169.204 of the Michigan Compiled Laws, or section 301 of title III of the federal election campaign act of 1971, Public Law 92-225, 2 U.S.C. 431, not in excess of \$50.00 per annum, or \$100.00 per annum for a joint return.

(k) Deduct, to the extent included in adjusted gross income, wages not deductible under section 280C of the internal revenue code.

(l) Deduct the following payments made by the taxpayer in the tax year:

(i) The amount of payment made under an advance tuition payment contract as provided in the Michigan education trust act, Act No. 316 of the Public Acts of 1986, being sections 390.1421 to 390.1444 of the Michigan Compiled Laws.

(ii) The amount of payment made under a contract with a private sector investment manager that meets all of the following criteria:

(A) The contract is certified and approved by the board of directors of the Michigan education trust to provide equivalent benefits and rights to purchasers and beneficiaries as an advance tuition payment contract as described in subparagraph (i).

(B) The contract applies only for a state institution of higher education as defined in the Michigan education trust act, Act No. 316 of the Public Acts of 1986, or a community or junior college in Michigan.

(C) The contract provides for enrollment by the contract's qualified beneficiary in not less than 4 years after the date on which the contract is entered into.

(D) The contract is entered into after either of the following:

(I) The purchaser has had his or her offer to enter into an advance tuition payment contract rejected by the board of directors of the Michigan education trust, if the board determines that the trust cannot accept an unlimited number of enrollees upon an actuarially sound basis.

(II) The board of directors of the Michigan education trust determines that the trust can accept an unlimited number of enrollees upon an actuarially sound basis.

(m) If an advance tuition payment contract under the Michigan education trust act, Act No. 316 of the Public Acts of 1986, or another contract for which the payment was deductible under subdivision (l) is terminated and the qualified beneficiary under that contract does not attend a university, college, junior or community college, or other institution of higher education, add the amount of a refund received by the taxpayer as a result of that termination or the amount of the deduction taken under subdivision (l) for payment made under that contract, whichever is less.

(n) Deduct from the taxable income of a purchaser the amount included as income to the purchaser under the internal revenue code after the advance tuition payment contract entered into under the Michigan education trust act, Act No. 316 of the Public Acts of 1986, is terminated because the qualified beneficiary attends an institution of postsecondary education other than either a state institution of higher education or an institution of postsecondary education located outside this state with which a state institution of higher education has reciprocity.

(o) Add, to the extent deducted in determining adjusted gross income, the net operating loss deduction under section 172 of the internal revenue code.

(p) Deduct a net operating loss deduction for the taxable year as defined in section 172 of the internal revenue code subject to the modifications under section 172(b)(2) of the internal revenue code and subject to the allocation and apportionment provisions of chapter 3 of this act for the taxable year in which the loss was incurred.

(q) For a tax year beginning after 1986, deduct, to the extent included in adjusted gross income, benefits from a discriminatory self-insurance medical expense reimbursement plan.

(2) The following personal exemptions multiplied by the number of personal or dependency exemptions allowable on the taxpayer's federal income tax return pursuant to the internal revenue code shall be subtracted from taxable income:

(a) For a tax year beginning during 1987	\$1,600.00.
(b) For a tax year beginning during 1988	\$1,800.00.
(c) For a tax year beginning during 1989.....	\$2,000.00.
(d) Except as provided in subdivision (e), for a tax year beginning after 1989.....	\$2,100.00.
(e) For a tax year beginning after 1993, if the sales tax is levied at a rate of 4% under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws.....	\$3,000.00.

(3) The increase in the personal exemption under subsection (2)(e) shall take effect May 1, 1994. The department shall annualize the personal exemption amounts as necessary for a tax year beginning during 1994.

(4) A single additional exemption of \$1,400.00 for a tax year beginning during 1987, \$1,200.00 for a tax year beginning during 1988, \$1,000.00 for a tax year beginning during 1989, and \$900.00 for a tax year beginning after 1989 is allowed in each of the following circumstances:

(a) The taxpayer is a paraplegic, a quadriplegic, a hemiplegic, a person who is blind as defined in section 504, or a totally and permanently disabled person as defined in section 522.

(b) The taxpayer is a deaf person as defined in section 2 of the deaf persons' interpreters act, Act No. 204 of the Public Acts of 1982, being section 393.502 of the Michigan Compiled Laws.

(c) The taxpayer is 65 years of age or older.

(d) The return includes unemployment compensation that amounts to 50% or more of adjusted gross income.

(5) For a tax year beginning after 1987, an individual with respect to whom a deduction under section 151 of the internal revenue code is allowable to another federal taxpayer during the tax year is not considered to have an allowable federal exemption for purposes of subsection (2), but may deduct \$500.00 from taxable income for a tax year beginning in 1988 and \$1,000.00 for a tax year beginning after 1988.

(6) A nonresident or a part-year resident is allowed that proportion of an exemption or deduction allowed under subsection (2), (4), or (5) that the taxpayer's portion of adjusted gross income from Michigan sources bears to the taxpayer's total adjusted gross income.

(7) For a tax year beginning after 1987, in calculating taxable income, a taxpayer shall not subtract from adjusted gross income the amount of prizes won by the taxpayer under the McCauley-Traxler-Law-Bowman-McNeely lottery act, Act No. 239 of the Public Acts of 1972, being sections 432.1 to 432.47 of the Michigan Compiled Laws.

Sec. 51. (1) For receiving, earning, or otherwise acquiring income from any source whatsoever, there is levied and imposed upon the taxable income of every person other than a corporation a tax at the following rates in the following circumstances:

(a) Before May 1, 1994, 4.6%.

(b) After April 30, 1994, if the sales tax is levied at a rate of 4% under the general sales tax act, Act No. 167 of the Public Acts of 1933, being sections 205.51 to 205.78 of the Michigan Compiled Laws, 4.6% plus an additional 1.4%.

(c) After April 30, 1994, if the sales tax is levied at a rate of 6% under Act No. 167 of the Public Acts of 1933, 4.6% minus 0.2%.

(2) The following percentages of the net revenues collected under this section shall be deposited in the state school aid fund created in section 11 of article IX of the state constitution of 1963:

(a) Beginning May 1, 1994, 100% of the gross collections before refunds from the additional rate levied pursuant to subsection (1)(b) minus the amount of income tax over withholding attributable to that additional rate.

(b) Beginning October 1, 1994, 10.5% of the gross collections before refunds from the tax levied at a rate of 4.6% if the sales tax is levied at a rate of 4% under Act No. 167 of the Public Acts of 1933.

(c) Beginning October 1, 1994, 14.4% of the gross collections before refunds from the tax levied at a rate of 4.4% under subsection (1)(c) if the sales tax is levied at a rate of 6% under Act No. 167 of the Public Acts of 1933.

(3) The department shall annualize rates provided in subsection (1) as necessary for tax years that end after April 30, 1994. The applicable annualized rate shall be imposed upon the taxable income of every person other than a corporation for those tax years.

(4) The taxable income of a nonresident shall be computed in the same manner that the taxable income of a resident is computed, subject to the allocation and apportionment provisions of this act.

(5) A resident beneficiary of a trust whose taxable income includes all or part of an accumulation distribution by a trust, as defined in section 665 of the internal revenue code, shall be allowed a credit against the tax otherwise due under this act. The credit shall be all or a proportionate part of any tax paid by the trust under this act for any preceding taxable year that would not have been payable if the trust had in fact made distribution to its beneficiaries at the times and in the amounts specified in section 666 of the internal revenue code. The credit shall not reduce the tax otherwise due from the beneficiary to an amount less than would have been due if the accumulation distribution were excluded from taxable income.

(6) The taxable income of a resident who is required to include income from a trust in his or her federal income tax return under the provisions of subpart E of part I of subchapter J of chapter 1 of the internal revenue code, 26 U.S.C. 671 to 679, shall include items of income and deductions from the trust in taxable income to the extent required by this act with respect to property owned outright.

(7) It is the intention of this section that the income subject to tax of every person other than corporations shall be computed in like manner and be the same as provided in the internal revenue code subject to adjustments specifically provided for in this act.

(8) As used in this section:

(a) "Person other than a corporation" means a resident or nonresident individual or any of the following:

(i) A partner in a partnership as defined in the internal revenue code.

(ii) A beneficiary of an estate or a trust as defined in the internal revenue code.

(iii) An estate or trust as defined in the internal revenue code.

(b) "Taxable income" means taxable income as defined in this act subject to the applicable source and attribution rules contained in this act.

Sec. 481. (1) The state disbursing authority shall remit to cities, villages, townships, and counties in accordance with the state revenue sharing act of 1971, Act No. 140 of the Public Acts of 1971, as amended, being sections 141.901 to 141.921 of the Michigan Compiled Laws, a portion of an amount measured by 6.91% of the gross collections before refunds for collections for periods before May 1, 1994, 7.23% of gross collections before refunds from the tax levied at a rate of 4.6%, for collections for periods after April 30, 1994 if the tax is levied at the rate established in section 51(1)(b), or 7.21% of gross collections before refunds for collections for periods after April 30, 1994 if the tax is levied at the rate established in section 51(1)(c). An appropriation for each distribution is hereby made from like taxes collected during the quarter in which the distribution is required to be made. However, for the 1991-1992 state fiscal year, the amount of collections available for distribution to cities, villages, and townships under section 13(1)(a) of Act No. 140 of the Public Acts of 1971, being section 141.913 of the Michigan Compiled Laws, in August 1992, after the application of subsection (7), shall not be distributed but shall lapse to the general fund at the close of the fiscal year ending September 30, 1992.

(2) Beginning July 1, 1987:

(a) Thirty-four point sixty-five percent of the amount determined by subsection (1) shall be distributed to counties in accordance with Act No. 140 of the Public Acts of 1971. For the 1992-1993 state fiscal year, the amount available for distribution under this subdivision shall be reduced by \$6,725,000.00 before a distribution under this subdivision is made. For the 1993-1994 state fiscal year, the amount available for distribution under this subdivision shall be reduced by \$9,857,000.00 before a distribution under this subdivision is made.

(b) Sixty-five point thirty-five percent of the amount determined by subsection (1) shall be distributed to cities, villages, and townships in accordance with Act No. 140 of the Public Acts of 1971. For the 1992-1993 state fiscal year, the amount available for distribution under this subdivision shall be reduced by \$17,500,000.00 before a distribution under this subdivision is made. For the 1993-1994 state fiscal year, the amount available for distribution under this subdivision shall be reduced by \$38,280,000.00 before a distribution under this subdivision is made.

(3) If it is determined that the federal government shall pay any of the costs for public welfare grants in respect to general relief that are appropriated by the legislature under section 18 of the social welfare act, Act No. 280 of the Public Acts of 1939, as amended, being section 400.18 of the Michigan Compiled Laws, the percentage of the amount determined by subsection (1) to be distributed to counties in any year pursuant to subsection (2)(a) shall be computed as follows commencing with July 1 after the date federal assumption of costs takes place:

(a) Subtract the percentage designated for counties in that year from 50%.

(b) Multiply the difference obtained in subdivision (a) by the percentage obtained by dividing the amount of federal payments by the state appropriation for that year for general relief.

(c) Add the product obtained in subdivision (b) to the percentage designated for distribution to counties in that year.

(d) The difference between the amount that would be distributed using the percentage obtained in subdivision (c) and the amount to be distributed to counties from the income tax in any year shall be appropriated from the general fund and paid to counties with the August payment of the following year as provided under section 11 of Act No. 140 of the Public Acts of 1971, being section 141.911 of the Michigan Compiled Laws.

(4) Any overpayments, underpayments, or errors may be adjusted on the subsequent payment date.

(5) The balance in the general fund shall be disbursed only on appropriation of the legislature.

(6) As used in this section, "average income tax collection rate" means a rate that shall be certified by the state treasurer for each quarter immediately preceding the quarter in which collections under this act are to be remitted under Act No. 140 of the Public Acts of 1971, as the average rate upon which the gross collections before refunds for the respective quarter are based. This certification shall account for any differences between gross collections before refunds based upon the income tax rate levied in section 51 in effect during a quarter and gross collections before refunds based upon both the rate upon which withholdings and estimated tax payments are made during that quarter under sections 301 and 351 and the rate upon which annual returns are submitted during that quarter.

(7) From the amount determined by subsection (1) to be distributed to cities, villages, and townships, \$27,400,000.00 from the amount that would have been the payment based on the quarter of collections ending June 30, 1992 shall be distributed in June 1992 in accordance with the tax effort formula as defined in Act No. 140 of the Public Acts of 1971.

(8) A city, village, township, or county is not eligible for a payment under subsection (1) unless that local unit of government requires sealed competitive bidding for any contract of \$20,000.00 or more except a contract for professional services or emergency repairs or services exempted pursuant to a written policy adopted or approved by the governing body of the local unit of government. This section shall not apply to transactions between governmental units.

Sec. 504. (1) "Blind" means a person with a permanent impairment of both eyes of the following status: central visual acuity of 20/200 or less in the better eye, with corrective glasses, or central visual acuity of more than 20/200 if there is a field defect in which the peripheral field has contracted to such an extent that the widest diameter of visual field subtends an angular distance of not greater than 20 degrees in the better eye.

(2) "Claimant" means an individual natural person who filed a claim under this chapter and who was domiciled in this state during at least 6 months of the calendar year immediately preceding the year in which the claim is filed under this chapter and includes a husband and wife if they are required to file a joint state income tax return. The 6-month residency requirement does not apply to a claimant who files for the home heating credit under section 527a.

Sec. 520. (1) Subject to the limitations and the definitions set out in this chapter, a claimant may claim against the tax due pursuant to this act for the tax year a credit for the property taxes on the taxpayer's homestead deductible for federal income tax purposes 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 rents or leases a homestead may claim a similar credit computed pursuant to this section and section 522 based upon 17% of the gross rent paid for tax years before the 1994 tax year, or 20% of the gross rent paid for tax years after the 1993 tax year. A person who rents or leases 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 this section and section 522 based upon 10% of the gross rent paid.

(3) If the credit claimed pursuant to this section and section 522 exceeds the tax liability for the tax year or if there is no tax liability for the tax year, the amount of the claim not used as an offset against the tax liability 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 if the mortgagor 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 is 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 claims and receives a credit or payment under this chapter is guilty of a misdemeanor. Discrimination against a renter who claims and receives the credit under this section and section 522 by a reduction of the rent on the homestead of a person who does not claim and receive the credit is a misdemeanor. If

discriminatory rents are charged or collected, each charge or collection of the higher or 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 and computed pursuant to this section and section 522 reduced by an amount equal to the product of the claimant's credit 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) 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 authorized and calculated pursuant to this section and section 522 and adjusted pursuant to subsection (7) or (8) does not provide to a senior citizen who rents or leases 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 following limitations:

- (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) 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 this section and 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 this section 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 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 this section 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.

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

(a) A claimant is entitled to a credit against the state income tax liability equal to 60% of the amount by which the property taxes on the homestead, or the credit for rental of the homestead for the taxable year, exceeds 3.5% of the claimant's household income for that taxable year.

(b) A claimant who is a senior citizen or a paraplegic or quadriplegic is entitled to a credit against the state income tax liability for the amount by which the property taxes on the homestead, the credit for rental of the homestead, or 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, for the taxable year exceeds the percentage of the claimant's household income for that taxable year computed as follows:

Household income	Percentage
Not over \$3,000.00	.0%
Over \$3,000.00 but not over \$4,000.00	1.0%
Over \$4,000.00 but not over \$5,000.00	2.0%
Over \$5,000.00 but not over \$6,000.00	3.0%
Over \$6,000.00	3.5%

(c) A claimant who is totally and permanently disabled is entitled to a credit against the state income tax liability equal to 60% of the amount by which the property taxes on the homestead, or the credit for rental of the homestead or for a service charge in lieu of ad valorem taxes as provided in section 15a of the state housing development authority act of 1966, Act No. 346 of the Public Acts of 1966, for the taxable year, exceeds the percentage of the claimant's household income for that taxable year based on the schedule in subdivision (b).

(d) A claimant who is an eligible serviceperson, eligible veteran, or eligible widow or widower is entitled to a credit against the state income tax liability for a percentage of the property taxes on the homestead for the taxable year not in excess of 100% determined as follows:

(i) Divide the state equalized value allowance specified in section 506 by the state equalized value of the homestead or, if the eligible serviceperson, eligible veteran, or eligible widow or widower leases or rents a homestead, divide 17% of the total annual rent paid for tax years before the 1994 tax year, or 20% of the total annual rent paid for tax years after the 1993 tax year on the property by the property tax rate on the property.

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

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

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

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

(2) A person who is qualified to make a claim under more than 1 classification shall elect the classification under which the claim is made.

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

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

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

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

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

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

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

(8) The total credit allowed in this section for each year after December 31, 1975 shall not exceed \$1,200.00 per year.

(9) The total credit allowable under this act and the farmland and open space preservation act, Act No. 116 of the Public Acts of 1974, as amended, being sections 554.701 to 554.719 of the Michigan Compiled Laws, shall not exceed the total property tax due and payable by the claimant in that year. The amount by which the credit exceeds the property tax due and payable shall be deducted from the credit claimed under the farmland and open space preservation act, Act No. 116 of the Public Acts of 1974, as amended.

Section 2. This amendatory act shall not take effect unless Senate Joint Resolution S of the 87th Legislature is submitted to the people at an election as provided in section 1 of article XII of the state constitution of 1963.

Section 3. This amendatory act shall not take effect unless Senate Joint Resolution S is submitted to the voters and the following bills are enacted into law:

(a) House Bill No. 5109.

(b) House Bill No. 5110.

(c) House Bill No. 5116.

(d) House Bill No. 5009.

- (e) House Bill No. 5010.
- (f) House Bill No. 5118.
- (g) House Bill No. 5097.
- (h) House Bill No. 5123.
- (i) House Bill No. 4279.
- (j) House Bill No. 5102.
- (k) House Bill No. 5103.
- (l) House Bill No. 5104.
- (m) House Bill No. 5111.
- (n) House Bill No. 5115.
- (o) House Bill No. 5112.
- (p) House Bill No. 5120.
- (q) House Bill No. 5129.
- (r) House Bill No. 5224.

Co-Clerk of the House of Representatives.

Secretary of the Senate.

Approved -----

Governor.