



HOUSE BILL No. 4281

February 17, 1993, Introduced by Reps. Nye, Jondahl, Munsell, O'Neill, Gubow, Oxender, Sikkema, Keith, Dobb, Dalman, Bobier, Pitoniak, Gilmer, Martin, Weeks, Bender, Horton, Byrum, Middleton, Emerson, Agee, DeMars, Profit, Scott, Brown, Alley, Baade, Yokich, Stille, Hollister, Owen, Dolan, Wetters, Leland, Harder, Walberg, Shepich, Gernaat, Curtis and Gire and referred to the Committee on Taxation.

A bill to amend sections 30, 51, 481, 520, and 522 of Act No. 281 of the Public Acts of 1967, entitled "Income tax act 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. 160 of the Public Acts of 1992, 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, 206.520, and 206.522 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 30, 51, 481, 520, and 522 of Act
2 No. 281 of the Public Acts of 1967, section 30 as amended by Act
3 No. 516 of the Public Acts of 1988, section 51 as amended by Act

1 No. 283 of the Public Acts of 1990, section 481 as amended by Act
2 No. 160 of the Public Acts of 1992, section 520 as amended by Act
3 No. 293 of the Public Acts of 1992, and section 522 as amended by
4 Act No. 254 of the Public Acts of 1987, being sections 206.30,
5 206.51, 206.481, 206.520, and 206.522 of the Michigan Compiled
6 Laws, are amended to read as follows:

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

11 (a) Add gross interest income and dividends derived from
12 obligations or securities of states other than Michigan, in the
13 same amount that has been excluded from ~~federal~~ adjusted gross
14 income less related expenses not deducted in computing ~~federal~~
15 adjusted gross income because of section 265(a)(1) of the inter-
16 nal revenue code.

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

20 (c) Add losses on the sale or exchange of obligations of the
21 United States government, the income of which this state is pro-
22 hibited from subjecting to a net income tax, to the extent that
23 the loss has been deducted in arriving at ~~federal~~ adjusted
24 gross income.

25 (d) Deduct, to the extent included in ~~federal~~ adjusted
26 gross income, income derived from obligations, or the sale or
27 exchange of obligations, of the United States government that

1 this state is prohibited by law from subjecting to a net income
2 tax, reduced by any interest on indebtedness incurred in carrying
3 the obligations and by any expenses incurred in the production of
4 that income to the extent that the expenses, including amorti-
5 zable bond premiums, were deducted in arriving at ~~federal~~
6 adjusted gross income.

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

10 (f) Deduct THE FOLLOWING to the extent included in adjusted
11 gross income:

12 (i) Retirement or pension benefits received from a public
13 retirement system of or created by this state or a political sub-
14 division of this state.

15 (ii) ~~Any retirement~~ RETIREMENT or pension benefits
16 received from a public retirement system of or created by another
17 state or any of its political subdivisions if the income tax laws
18 of the other state permit a similar deduction or exemption or a
19 reciprocal deduction or exemption of a retirement or pension ben-
20 efit received from a public retirement system of or created by
21 this state or any of the political subdivisions of this state.

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

24 (iv) Retirement or pension benefits from any other retire-
25 ment or pension system as follows:

26 (A) For a single return, the sum of not more than
27 \$7,500.00.

1 (B) For a joint return, the sum of not more than
2 \$10,000.00.

3 (v) The amount determined to be the section 22 amount eligi-
4 ble for the elderly and permanently and totally disabled credit
5 provided in section 22 of the internal revenue code.

6 (g) Adjustments resulting from the application of section
7 271.

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

10 (i) Adjustments resulting from the allocation and apportion-
11 ment provisions of chapter 3.

12 (j) Deduct political contributions as ~~defined~~ DESCRIBED in
13 section 4 of THE MICHIGAN CAMPAIGN FINANCE ACT, Act No. 388 of
14 the Public Acts of 1976, being section 169.204 of the Michigan
15 Compiled Laws, or section 301 of title III of the federal elec-
16 tion campaign act of 1971, Public Law 92-225, 2 U.S.C. 431, not
17 in excess of \$50.00 per annum, or \$100.00 per annum for a joint
18 return.

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

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

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

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

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

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

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

15 (D) The contract is entered into AFTER either OF THE
16 FOLLOWING:

17 (I) ~~After the~~ THE purchaser has had his or her offer to
18 enter into an advance tuition payment contract rejected by the
19 board OF DIRECTORS OF THE MICHIGAN EDUCATION TRUST, if the board
20 determines that the trust cannot accept an unlimited number of
21 enrollees upon an actuarially sound basis.

22 (II) ~~After the~~ THE board OF DIRECTORS OF THE MICHIGAN EDU-
23 CATION TRUST determines that the trust can accept an unlimited
24 number of enrollees upon an actuarially sound basis.

25 (m) If an advance tuition payment contract under the
26 Michigan education trust act, Act No. 316 of the Public Acts of
27 1986, or another contract for which the payment was deductible

1 under subdivision (l) is terminated and the qualified beneficiary
2 under that contract does not attend a university, college, junior
3 or community college, or other institution of higher education,
4 add the amount of a refund received by the taxpayer as a result
5 of that termination ~~which amount shall be the lesser of the~~
6 ~~amount of the refund~~ or the amount of the deduction taken under
7 subdivision (l) for payment made under that contract, WHICHEVER
8 IS LESS.

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

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

21 (p) Deduct a net operating loss deduction for the taxable
22 year as defined in section 172 of the internal revenue code
23 subject to the modifications under section 172(b)(2) of the
24 internal revenue code and subject to the allocation and appor-
25 tionment provisions of chapter 3 of this act for the taxable year
26 in which the loss was incurred.

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

5 (2) ~~For a tax year beginning during 1987, a personal exemp-~~
 6 ~~tion of \$1,600.00; for a tax year beginning during 1988, a per-~~
 7 ~~sonal exemption of \$1,800.00; for a tax year beginning during~~
 8 ~~1989, a personal exemption of \$2,000.00; and for a tax year~~
 9 ~~beginning after 1989, a personal exemption of \$2,100.00 times~~
 10 THE FOLLOWING PERSONAL EXEMPTIONS MULTIPLIED BY the number of
 11 personal or dependency exemptions allowable on the taxpayer's
 12 federal income tax return pursuant to the internal revenue code
 13 shall be subtracted from taxable income:

14 (A) FOR A TAX YEAR BEGINNING DURING 1987..... \$1,600.00.
 15 (B) FOR A TAX YEAR BEGINNING DURING 1988..... \$1,800.00.
 16 (C) FOR A TAX YEAR BEGINNING DURING 1989..... \$2,000.00.
 17 (D) FOR A TAX YEAR BEGINNING AFTER 1989 AND
 18 BEFORE 1993..... \$2,100.00.
 19 (E) FOR A TAX YEAR BEGINNING DURING 1993..... \$2,775.00.
 20 (F) FOR A TAX YEAR BEGINNING AFTER 1993..... \$3,000.00.

21 (3) A single additional exemption of \$1,400.00 for a tax
 22 year beginning during 1987, \$1,200.00 for a tax year beginning
 23 during 1988, \$1,000.00 for a tax year beginning during 1989, and
 24 \$900.00 for a tax year beginning after 1989 is allowed ~~for~~ IN
 25 each of the following CIRCUMSTANCES:

1 (a) The taxpayer is a paraplegic, a quadriplegic, a
2 hemiplegic, a person who is blind as defined in section 504, or a
3 totally and permanently disabled person as defined in section
4 522.

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

9 (c) The taxpayer is ~~a person who is~~ 65 years of age or
10 older.

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

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

20 (5) A nonresident or a part-year resident is allowed that
21 proportion of an exemption or deduction allowed under subsection
22 (2), (3), or (4) that the taxpayer's income from Michigan sources
23 bears to the total income from all sources.

24 (6) For a tax year beginning after 1987, in calculating tax-
25 able income, a taxpayer shall not subtract from adjusted gross
26 income the amount of prizes won by the taxpayer under the
27 McCauley-Traxler-Law-Bowman-McNeely lottery act, Act No. 239 of

1 the Public Acts of 1972, being sections 432.1 to 432.47 of the
2 Michigan Compiled Laws.

3 Sec. 51. (1) For receiving, earning, or otherwise acquiring
4 income from any source whatsoever, there is levied and imposed a
5 tax ~~at the rate of 4.6%~~ upon the taxable income of every person
6 ~~— other than a corporation —~~ AT THE FOLLOWING RATES FOR THE
7 FOLLOWING PERIODS:

8 (A) BEFORE APRIL 1, 1993, 4.6%.

9 (B) AFTER MARCH 31, 1993, 4.6% PLUS AN ADDITIONAL 1.4%.

10 (C) FOR A TAX YEAR BEGINNING AFTER DECEMBER 31, 1994, IF
11 HOUSE JOINT RESOLUTION _____ IS SUBMITTED TO THE QUALIFIED ELEC-
12 TORS OF THE STATE IN NOVEMBER 1994 AND APPROVED BY A MAJORITY OF
13 THE ELECTORS VOTING ON THE QUESTION, 4.6%.

14 ~~(2) As used in this section, "taxable income" means taxable~~
15 ~~income as defined in this act subject to the applicable source~~
16 ~~and attribution rules contained in this act.~~

17 ~~(3) As used in this section, a person other than a corpora-~~
18 ~~tion means the following in addition to a resident or nonresident~~
19 ~~individual:~~

20 ~~(a) A partner in a partnership as defined in the internal~~
21 ~~revenue code.~~

22 ~~(b) A beneficiary of an estate or a trust as defined in the~~
23 ~~internal revenue code.~~

24 ~~(c) An estate or trust as defined in the internal revenue~~
25 ~~code.~~

26 (2) THE RATES PROVIDED IN SUBSECTION (1) SHALL BE ANNUALIZED
27 AS NECESSARY BY THE DEPARTMENT. THE APPLICABLE ANNUALIZED RATE

1 SHALL BE IMPOSED UPON THE TAXABLE INCOME OF EVERY PERSON OTHER
2 THAN A CORPORATION FOR THE 1993 TAX YEAR.

3 (3) AFTER MARCH 31, 1993, AN AMOUNT EQUAL TO GROSS COLLEC-
4 TIONS FROM THE TAX IMPOSED AT THE ADDITIONAL RATE PURSUANT TO
5 SUBSECTION (1)(B) SHALL BE DEDICATED TO AND DEPOSITED INTO THE
6 STATE SCHOOL AID FUND ESTABLISHED IN SECTION 11 OF ARTICLE IX OF
7 THE STATE CONSTITUTION OF 1963 AND USED SOLELY FOR AID TO LOCAL
8 SCHOOL DISTRICTS.

9 (4) ~~As used in this section, the~~ THE taxable income of a
10 nonresident shall be computed in the same manner as in the case
11 of a resident, subject to the allocation and apportionment provi-
12 sions of this act.

13 (5) A resident beneficiary of a trust whose taxable income
14 includes all or part of an accumulation distribution by a trust,
15 as defined in section 665 of the internal revenue code, shall be
16 allowed a credit against the tax otherwise due under this act.
17 The credit shall be all or a proportionate part of any tax paid
18 by the trust under this act for any preceding taxable year that
19 would not have been payable if the trust had in fact made distri-
20 bution to its beneficiaries at the times and in the amounts spec-
21 ified in section 666 of the internal revenue code. The credit
22 shall not reduce the tax otherwise due from the beneficiary to an
23 amount less than would have been due if the accumulation distri-
24 bution were excluded FROM taxable income.

25 (6) The taxable income of a resident who is required to
26 include income from a trust in his or her federal income tax
27 return under the provisions of subpart E of part I of subchapter

1 J of chapter 1 of the internal revenue code, ~~sections 671~~
2 ~~through 679~~ 26 U.S.C. 671 TO 679, shall include items of income
3 and deductions from the trust in taxable income to the extent
4 required by this act with respect to property owned outright.

5 (7) It is the intention of this section that the income
6 subject to tax of every person other than corporations shall be
7 computed in like manner and be the same as provided in the inter-
8 nal revenue code ~~—~~ subject to adjustments specifically provided
9 for in this act.

10 (8) AS USED IN THIS SECTION:

11 (A) "PERSON OTHER THAN A CORPORATION" MEANS A RESIDENT OR
12 NONRESIDENT INDIVIDUAL OR ANY OF THE FOLLOWING:

13 (i) A PARTNER IN A PARTNERSHIP AS DEFINED IN THE INTERNAL
14 REVENUE CODE.

15 (ii) A BENEFICIARY OF AN ESTATE OR A TRUST AS DEFINED IN THE
16 INTERNAL REVENUE CODE.

17 (iii) AN ESTATE OR TRUST AS DEFINED IN THE INTERNAL REVENUE
18 CODE.

19 (B) "TAXABLE INCOME" MEANS TAXABLE INCOME AS DEFINED IN THIS
20 ACT SUBJECT TO THE APPLICABLE SOURCE AND ATTRIBUTION RULES CON-
21 TAINED IN THIS ACT.

22 Sec. 481. (1) Beginning January 1, 1974, the state disburs-
23 ing authority shall remit to cities, villages, townships, and
24 counties in accordance with the state revenue sharing act of
25 1971, Act No. 140 of the Public Acts of 1971, as amended, being
26 sections 141.901 to 141.921 of the Michigan Compiled Laws, a
27 portion of an amount measured by 6.91% of the gross collections

1 before refunds. FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 1992,
2 THE PORTION TO BE REMITTED UNDER THIS SUBSECTION SHALL BE IN THE
3 SAME RATIO AS 4.6% BEARS TO THE AVERAGE INCOME TAX COLLECTION
4 RATE AS CERTIFIED PURSUANT TO SUBSECTION (6) LESS 0.2% FOR THE
5 1993 TAX YEAR AND LESS 0.3% FOR TAX YEARS AFTER THE 1993 TAX YEAR
6 FOR THE QUARTER IMMEDIATELY PRECEDING THE QUARTER IN WHICH THE
7 COLLECTIONS ARE TO BE DISTRIBUTED. An appropriation for each dis-
8 tribution is hereby made from like taxes collected during the
9 quarter in which the distribution is required to be made.
10 However, for the 1991-1992 state fiscal year, the amount of col-
11 lections available for distribution to cities, villages, and
12 townships under section 13(1)(a) of Act No. 140 of the Public
13 Acts of 1971, being section 141.913 of the Michigan Compiled
14 Laws, in August 1992, after the application of subsection (7),
15 shall not be distributed but shall lapse to the general fund at
16 the close of the fiscal year ending September 30, 1992.

17 (2) Beginning July 1, 1987:

18 (a) Thirty-four point sixty-five percent of the amount
19 determined by subsection (1) shall be distributed to counties in
20 accordance with Act No. 140 of the Public Acts of 1971. For the
21 1992-1993 state fiscal year, the amount available for distribu-
22 tion under this subdivision shall be reduced by \$6,725,000.00
23 before a distribution under this subdivision is made.

24 (b) Sixty-five point thirty-five percent of the amount
25 determined by subsection (1) shall be distributed to cities, vil-
26 lages, and townships in accordance with Act No. 140 of the Public
27 Acts of 1971. For the 1992-1993 state fiscal year, the amount

1 available for distribution under this subdivision shall be
2 reduced by \$17,500,000.00 before a distribution under this subdi-
3 vision is made.

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

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

15 (b) Multiply the difference obtained in subdivision (a) by
16 the percentage obtained by dividing the amount of federal pay-
17 ments by the state appropriation for that year for general
18 relief.

19 (c) Add the product obtained in subdivision (b) to the per-
20 centage designated for distribution to counties in that year.

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

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

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

5 (6) As used in this section, "average income tax collection
6 rate" means a rate that shall be certified by the state treasurer
7 for each quarter immediately preceding the quarter in which col-
8 lections under this act are to be remitted under Act No. 140 of
9 the Public Acts of 1971, as the average rate upon which the gross
10 collections before refunds for the respective quarter are based.
11 This certification shall account for any differences between
12 gross collections before refunds based upon the income tax rate
13 levied in section 51 in effect during a quarter and gross collec-
14 tions before refunds based upon both the rate upon which with-
15 holdings and estimated tax payments are made during that quarter
16 under sections 301 and 351 and the rate upon which annual returns
17 are submitted during that quarter.

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

24 Sec. 520. (1) Subject to the limitations and the defini-
25 tions set out in this chapter, a claimant may claim against his
26 or her state income tax otherwise due for the tax year a credit
27 for the property taxes on the homestead deductible for federal

1 income taxes pursuant to section 164 of the internal revenue
2 code, or that would have been deductible if the claimant had not
3 elected the zero bracket amount or if the claimant had been
4 subject to the federal income tax. The property taxes used for
5 the credit computation shall not be greater than the amount
6 levied for 1 tax year.

7 (2) A person who is renting or leasing a homestead may claim
8 a similar credit, computed pursuant to section 522, that shall be
9 based upon ~~17%~~ 20% of the gross rent paid. A person renting or
10 leasing a homestead subject to a service charge in lieu of ad
11 valorem taxes as provided by section 15a of the state housing
12 development authority act of 1966, Act No. 346 of the Public Acts
13 of 1966, as amended, being section 125.1415a of the Michigan
14 Compiled Laws, may claim a similar credit, computed pursuant to
15 section 522, that shall be based upon 10% of the gross rent
16 paid.

17 (3) If the allowable amount of the credit claimed under this
18 section exceeds the state income tax otherwise due for the tax
19 year or if there is no state income tax due for the tax year, the
20 amount of the claim not used as an offset against the state
21 income tax shall, after examination and review, be approved for
22 payment, without interest, to the claimant. A payment approved
23 pursuant to this subsection to a claimant eligible for a credit
24 under subsection (1) shall be made in a check or warrant exclu-
25 sive of refunds due for withholdings or other credits allowed by
26 this act. In determining the amount of this check or warrant,

1 withholdings and other credits shall be used first to offset any
2 tax liabilities.

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

13 (5) Only the renter or lessee shall claim a credit on prop-
14 erty that is rented or leased as a homestead.

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

25 (7) A person who received aid to families with dependent
26 children, state family assistance, or state disability assistance
27 pursuant to the social welfare act, Act No. 280 of the Public

1 Acts of 1939, as amended, being sections 400.1 to 400.119b of
2 the Michigan Compiled Laws, in the tax year for which the person
3 is filing a return shall have a credit that is authorized pursu-
4 ant to this section and computed pursuant to section 522 reduced
5 by an amount equal to the product of the claimant's credit, as
6 computed pursuant to section 522, multiplied by the quotient of
7 the sum of the claimant's aid to families with dependent chil-
8 dren, state family assistance, and state disability assistance
9 for the tax year divided by the claimant's household income. The
10 reduction of credit shall not exceed the sum of the aid to fami-
11 lies with dependent children, state family assistance, and state
12 disability assistance for the tax year. For the purposes of this
13 subsection, aid to families with dependent children does not
14 include child support payments that offset or reduce payments
15 made to the claimant. This subsection applies only to the 1980
16 through the 1994 tax years.

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

22 (9) If the credit permitted by subsection (2), that is cal-
23 culated pursuant to section 522 and adjusted pursuant to subsec-
24 tion (7) or (8), does not provide to a senior citizen who is
25 renting or leasing a homestead that amount attributable to rent
26 that constitutes more than the following percentage of the
27 household income of the senior citizen, the senior citizen may

1 claim a credit based upon the amount of household income
2 attributable to rent as provided by this section, subject to the
3 limitations of this section:

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

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

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

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

17 (11) The department may promulgate rules to implement sub-
18 sections (9) to (16) and may prescribe a table to allow a claim-
19 ant to determine the credit provided under subsections (9) to
20 (16) and section 522 in the instruction booklet that accompanies
21 the respective income tax or property tax credit forms used by
22 claimants.

23 (12) A senior citizen may claim the credit under subsections
24 (9) to (16) on the same form as the property tax credit permitted
25 by subsection (2). The department shall adjust the forms
26 accordingly.

1 (13) A senior citizen who, after December 31, 1981, moves to
2 a different rented or leased homestead shall determine, for 2 tax
3 years after the move, both his or her qualification to claim a
4 credit under subsections (9) to (16) and the amount of a credit
5 under subsections (9) to (16) on the basis of the annualized
6 final monthly rental payment at his or her previous homestead, if
7 this annualized rental is less than the senior citizen's actual
8 annual rental payments.

9 (14) For a return of less than 12 months, the claim for a
10 credit under subsections (9) to (16) shall be reduced
11 proportionately.

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

23 (16) The total credit allowed by subsections (9) to (15) and
24 section 522 shall not exceed \$1,200.00 per year.

25 (17) Subsection (8) does not apply for any tax year to which
26 subsection (7) does not apply.

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

3 (a) A claimant ~~, other than a senior citizen, a paraplegic~~
4 ~~or quadriplegic, a totally and permanently disabled person, an~~
5 ~~eligible serviceperson, an eligible veteran, an eligible widow or~~
6 ~~widower, or a blind person,~~ is entitled to a credit against the
7 state income tax liability equal to 60% of the amount by which
8 the property taxes on the homestead, or the credit for rental of
9 the homestead for the taxable year, exceeds 3.5% of the
10 claimant's ~~total~~ household income for that taxable year.

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

21 Household income	Percentage
22 Not over \$3,000.00	-0% .0%
23 Over \$3,000.00 but not over \$4,000.00	1.0%
24 Over \$4,000.00 but not over \$5,000.00	2.0%
25 Over \$5,000.00 but not over \$6,000.00	3.0%
26 Over \$6,000.00	3.5%

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

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

16 (i) Divide the state equalized value allowance specified in
17 section 506 by the state equalized value of the homestead or, if
18 the eligible serviceperson, eligible veteran, or eligible widow
19 or widower leases or rents a homestead, divide ~~+7%~~ 20% of the
20 total annual rent paid on the property by the property tax rate
21 on the property.

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

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

1 (i) If the state equalized value of the homestead is
2 \$3,500.00 or less, — 100% of the property taxes.

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

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

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

12 (4) As used in this section, "totally and permanently
13 disabled" means disability as defined in section 216 of title II
14 of the social security act, CHAPTER 531, 49 STAT. 620, 42 U.S.C.
15 416.

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

23 (a) If the state equalized value of the homestead is
24 \$2,500.00 or less, — 100% of the property taxes.

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

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

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

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

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

18 Section 2. This amendatory act shall not take effect unless
19 all of the following bills of the 87th Legislature are enacted
20 into law:

- 21 (a) House Bill No. 4277 (request no. 02189'93).
- 22 (b) House Bill No. 4280 (request no. 02189'93a).
- 23 (c) House Bill No. 4279 (request no. 02192'93).
- 24 (d) House Bill No. 4282 (request no. 02193'93).
- 25 (e) House Bill No. 4278 (request no. 02194'93).
- 26 (f) House Bill No. 4283 (request no. 02197'93 *).

1 (g) House Bill No. 4286 (request no. 02198'93).

2 (h) House Bill No. 4285 (request no. 02199'93).

3 (i) House Bill No. 4284 (request no. 02200'93).

4 Section 3. This amendatory act shall not take effect unless
5 House Joint Resolution G (request no. 02190'93 *) of the
6 87th Legislature is submitted to the qualified electors of the
7 state for approval as provided in section 1 of article XII of the
8 state constitution of 1963.