



# SENATE BILL No. 379

February 10, 1993, Introduced by Senators DILLINGHAM,  
WELBORN, DINGELL, MC MANUS, EHLERS, DI NELLO, HONIGMAN  
and POLLACK and referred to the Committee on Finance.

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

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 520 and 522 of Act No. 281 of the  
2 Public Acts of 1967, section 520 as amended by Act No. 293 of the  
3 Public Acts of 1992 and section 522 as amended by Act No. 254 of  
4 the Public Acts of 1987, being sections 206.520 and 206.522 of  
5 the Michigan Compiled Laws, are amended to read as follows:

6 Sec. 520. (1) Subject to the limitations and the  
7 definitions set out in this chapter, a claimant may claim against

1 his or her state income tax otherwise due for the tax year a  
2 credit for the property taxes on the TAXPAYER'S homestead deduct-  
3 ible for federal income ~~taxes~~ TAX PURPOSES pursuant to  
4 section 164 of the internal revenue code, or that would have been  
5 deductible if the claimant had not elected the zero bracket  
6 amount or if the claimant had been subject to the federal income  
7 tax. The property taxes used for the credit computation shall  
8 not be greater than the amount levied for 1 tax year.

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

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

1 allowed by this act. In determining the amount of this check or  
2 warrant, withholdings and other credits shall be used first to  
3 offset any tax liabilities.

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

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

16 (6) A person who discriminates in the charging or collection  
17 of rent on a homestead by increasing the rent charged or col-  
18 lected because the renter or lessee ~~is claiming and receiving~~  
19 CLAIMS AND RECEIVES a credit or payment under this chapter is  
20 guilty of a misdemeanor. Discrimination against a renter  
21 ~~claiming and receiving~~ WHO CLAIMS AND RECEIVES the credit UNDER  
22 THIS CHAPTER by A reduction of THE rent on the homestead of a  
23 person WHO DOES not ~~claiming or receiving~~ CLAIM OR RECEIVE the  
24 credit is a misdemeanor. If discriminatory rents are charged or  
25 collected, each charge ~~and~~ OR collection of ~~both~~ the higher  
26 ~~and~~ OR lower payment is a separate offense. Each acceptance of  
27 a payment of rent is a separate offense.

1       (7) A person who received aid to families with dependent  
2 children, state family assistance, or state disability assistance  
3 pursuant to the social welfare act, Act No. 280 of the Public  
4 Acts of 1939, as amended, being sections 400.1 to 400.119b of  
5 the Michigan Compiled Laws, in the tax year for which the person  
6 is filing a return shall have a credit that is authorized pursu-  
7 ant to this section and computed pursuant to section 522 reduced  
8 by an amount equal to the product of the claimant's credit, as  
9 computed pursuant to section 522, multiplied by the quotient of  
10 the sum of the claimant's aid to families with dependent chil-  
11 dren, state family assistance, and state disability assistance  
12 for the tax year divided by the claimant's household income. The  
13 reduction of credit shall not exceed the sum of the aid to fami-  
14 lies with dependent children, state family assistance, and state  
15 disability assistance for the tax year. For the purposes of this  
16 subsection, aid to families with dependent children does not  
17 include child support payments that offset or reduce payments  
18 made to the claimant. This subsection applies only to the 1980  
19 through the 1994 tax years.

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

25       (9) If the credit permitted by subsection (2), that is cal-  
26 culated pursuant to section 522 and adjusted pursuant to  
27 subsection (7) or (8), does not provide to a senior citizen who

1 ~~is renting or leasing~~ RENTS OR LEASES a homestead that amount  
 2 attributable to rent that constitutes more than the following  
 3 percentage of the household income of the senior citizen, the  
 4 senior citizen may claim a credit based upon the amount of house-  
 5 hold income attributable to rent as provided by this section,  
 6 subject to the FOLLOWING limitations: ~~of this section:~~

- 7 (a) 50% for a credit claimed for the 1982 tax year.
- 8 (b) 45% for a credit claimed for the 1983 tax year.
- 9 (c) 40% for a credit claimed for the 1984 tax year or a tax  
 10 year after the 1984 tax year.

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

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

26 (12) A senior citizen may claim the credit under subsections  
 27 (9) to (16) on the same form as the property tax credit permitted

1 by subsection (2). The department shall adjust the forms  
2 accordingly.

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

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

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

25 (16) The total credit allowed by ~~subsections (9) to (15)~~  
26 THIS SECTION and section 522 shall not exceed ~~-\$1,200.00 per~~  
27 year. THE FOLLOWING AMOUNTS FOR THE FOLLOWING YEARS:

1 (A) FOR TAX YEARS BEFORE THE 1993 TAX YEAR, \$1,200.00.

2 (B) FOR THE 1993 TAX YEAR, \$1,500.00.

3 (C) FOR THE 1994 TAX YEAR, \$1,800.00.

4 (D) FOR THE 1995 TAX YEAR, \$2,100.00.

5 (E) FOR THE 1996 TAX YEAR AND EACH TAX YEAR AFTER THE 1996  
6 TAX YEAR, THE MAXIMUM CREDIT ALLOWED BY THIS SUBSECTION SHALL BE  
7 ADJUSTED TO REFLECT THE ANNUAL AVERAGE PERCENTAGE INCREASE OR  
8 DECREASE IN THE DETROIT CONSUMER PRICE INDEX IN THE IMMEDIATELY  
9 PRECEDING TAX YEAR. THE ADJUSTMENT SHALL BE MADE BY MULTIPLYING  
10 THE ANNUAL AVERAGE PERCENTAGE INCREASE OR DECREASE IN THE DETROIT  
11 CONSUMER PRICE INDEX FOR THE IMMEDIATELY PRECEDING CALENDAR YEAR  
12 BY THE MAXIMUM CREDIT ALLOWED IN THE IMMEDIATELY PRECEDING TAX  
13 YEAR. THE RESULTANT PRODUCT SHALL BE ADDED TO THE MAXIMUM DOLLAR  
14 AMOUNT OF THE CREDIT ALLOWED IN THE IMMEDIATELY PRECEDING TAX  
15 YEAR AND THEN ROUNDED OFF TO THE NEAREST WHOLE NUMBER, WHICH  
16 SHALL BE THE NEW CREDIT FOR THE CURRENT YEAR. AS USED IN THIS  
17 SUBDIVISION, "DETROIT CONSUMER PRICE INDEX" MEANS THE MOST COM-  
18 PREHENSIVE INDEX OF CONSUMER PRICES AVAILABLE FOR THE DETROIT  
19 AREA FROM THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR  
20 STATISTICS.

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

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

25 (a) A claimant ~~—, other than a senior citizen, a paraplegic~~  
26 ~~or quadriplegic, a totally and permanently disabled person, an~~  
27 ~~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 \$3,000.00	.0%
18 Over \$3,000.00 but not over \$4,000.00	1.0%
19 Over \$4,000.00 but not over \$5,000.00	2.0%
20 Over \$5,000.00 but not over \$6,000.00	3.0%
21 Over \$6,000.00	3.5%

22 (c) A CLAIMANT WHO IS totally and permanently disabled  
 23 ~~person~~ is entitled to a credit against the state income tax  
 24 liability equal to 60% of the amount by which the property taxes  
 25 on the homestead, or the credit for rental of the homestead or  
 26 for a service charge in lieu of ad valorem taxes as provided in



1 section 15a of the state housing development authority act of  
2 1966, ~~being section 125.1415a of the Michigan Compiled Laws~~ ACT  
3 NO. 346 OF THE PUBLIC ACTS OF 1966, for the taxable year, exceeds  
4 the percentage of the claimant's ~~total~~ household income for  
5 that taxable year based on the schedule in subdivision (b).

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

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

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

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

23 (i) If the state equalized value of the homestead is  
24 \$3,500.00 or less, — 100% of the property taxes.

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

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

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

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

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

18       (a) If the state equalized value of the homestead is  
19 \$2,500.00 or less, — 100% of the property taxes.

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

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

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

1       (8) The total credit allowed in this section ~~for a taxable~~  
2 ~~period prior to January 1, 1976, shall not exceed \$500.00 per~~  
3 ~~year and for each year after December 31, 1975, shall not exceed~~  
4 ~~\$1,200.00 per year~~ SHALL BE DETERMINED PURSUANT TO  
5 SECTION 520(16).

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