



SENATE BILL No. 914

October 21, 1993, Introduced by Senator HONIGMAN and referred to the Committee on School Finance Reform

A bill to amend section 520 of Act No 281 of the Public Acts of 1967, entitled as amended

"Income tax act of 1967,"

as amended by Act No 293 of the Public Acts of 1992, being section 206 520 of the Michigan Compiled Laws and to add section 274

THE PEOPLE OF THE STATE OF MICHIGAN ENACT

1 Section 1 Section 520 of Act No 281 of the Public Acts of
2 1967, as amended by Act No 293 of the Public Acts of 1992, being
3 section 206 520 of the Michigan Compiled Laws, is amended and
4 section 274 is added to read as follows

5 SEC 274 (1) A CLAIMANT WHO IS A SENIOR CITIZEN, ELIGIBLE
6 VETERAN, UNREMARIED SURVIVING SPOUSE OF AN ELIGIBLE VETERAN WHO
7 RECEIVES A WIDOW'S OR WIDOWER'S PENSION FROM THE UNITED STATES
8 VETERANS' ADMINISTRATION, HEMIPLEGIC, PARAPLEGIC, OR QUADRIPLEGIC

1 MAY CLAIM A CREDIT AS PROVIDED UNDER THIS SECTION IF THE
2 CLAIMANT HAS HOUSEHOLD INCOME EQUAL TO OR LESS THAN 150% OF THE
3 FEDERAL POVERTY INCOME STANDARDS, THE CREDIT IS \$450 00 FOR
4 EACH CLAIMANT WHOSE HOUSEHOLD INCOME EXCEEDS 150% OF THE FEDERAL
5 POVERTY INCOME STANDARDS THE CREDIT SHALL BE REDUCED BY \$50 00,
6 AND BY AN ADDITIONAL \$100 00 FOR EACH INCREMENT OF \$1,000 00 OF
7 HOUSEHOLD INCOME IN EXCESS OF 150% OF THE FEDERAL POVERTY INCOME
8 STANDARDS

9 (2) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE TAX
10 LIABILITY OF THE CLAIMANT, THAT PORTION OF THE CREDIT THAT
11 EXCEEDS THE TAX LIABILITY SHALL BE REFUNDED

12 (3) AS USED IN THIS SECTION

13 (A) CLAIMANT', 'ELIGIBLE VETERAN , 'HOUSEHOLD INCOME',
14 PARAPLEGIC QUADRIPLAGIC AND SENIOR CITIZEN MEAN THOSE
15 TERMS AS DEFINED IN CHAPTER 9

16 (B) "FEDERAL POVERTY INCOME STANDARDS MEANS THE FEDERAL
17 POVERTY INCOME STANDARDS FOR THE CLAIMANT S FAMILY SIZE AS
18 DEFINED AND DETERMINED ANNUALLY BY THE UNITED STATES DEPARTMENT
19 OF MANAGEMENT AND BUDGET AND APPROVED BY THE STATE TREASURER

20 Sec 520 (1) Subject to the limitations and the defini-
21 tions set out in this chapter, a claimant may claim against ~~his~~
22 ~~or her state income~~ THE tax ~~otherwise~~ due PURSUANT TO THIS ACT
23 for the tax year a credit for the property taxes on the
24 TAXPAYER S homestead deductible for federal income ~~taxes~~ TAX
25 PURPOSES pursuant to section 164 of the internal revenue code or
26 that would have been deductible if the claimant had not elected
27 the zero bracket amount or if the claimant had been subject to

1 the federal income tax The property taxes used for the credit
2 computation shall not be greater than the amount levied for 1 tax
3 year

4 (2) A person who ~~is renting or leasing~~ RENTS OR LEASES a
5 homestead may claim a similar credit ~~✓~~ computed pursuant to
6 THIS SECTION AND section 522 ~~, that shall be~~ based upon 17% of
7 the gross rent paid A person ~~renting or leasing~~ WHO RENTS OR
8 LEASES a homestead subject to a service charge in lieu of ad
9 valorem taxes as provided by section 15a of the state housing
10 development authority act of 1966, Act No 346 of the Public Acts
11 of 1966, as amended, being section 125 1415a of the Michigan
12 Compiled Laws, may claim a similar credit ~~✓~~ computed pursuant
13 to THIS SECTION AND section 522 ~~, that shall be~~ based upon 10%
14 of the gross rent paid

15 (3) If ~~the allowable amount of~~ the credit claimed ~~under~~
16 PURSUANT TO this section AND SECTION 522 exceeds the ~~state~~
17 ~~income~~ tax ~~otherwise due~~ LIABILITY for the tax year or if
18 there is no ~~state income~~ tax ~~due~~ LIABILITY for the tax year,
19 the amount of the claim not used as an offset against the ~~state~~
20 ~~income~~ tax LIABILITY shall, after examination and review be
21 approved for payment, without interest to the claimant A pay-
22 ment approved pursuant to this subsection to a claimant eligible
23 for a credit under subsection (1) shall be made in a check or
24 warrant exclusive of refunds due for withholdings or other cred-
25 its allowed by this act In determining the amount of this check
26 or warrant, withholdings and other credits shall be used first to
27 offset any tax liabilities

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

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

13 (6) A person who discriminates in the charging or collection
 14 of rent on a homestead by increasing the rent charged or col-
 15 lected because the renter or lessee ~~is claiming and receiving~~
 16 CLAIMS AND RECEIVES a credit or payment under this chapter is
 17 guilty of a misdemeanor Discrimination against a renter
 18 ~~claiming and receiving~~ WHO CLAIMS AND RECEIVES the credit UNDER
 19 THIS SECTION AND SECTION 522 by A reduction of THE rent on the
 20 homestead of a person WHO DOES not ~~claiming or receiving~~ CLAIM
 21 AND RECEIVE the credit is a misdemeanor If discriminatory rents
 22 are charged or collected, each charge ~~and~~ OR collection of
 23 ~~both~~ the higher ~~and~~ OR lower payment is a separate offense
 24 Each acceptance 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 AND
 4 COMPUTED pursuant to this section and ~~computed pursuant to~~
 5 section 522 reduced by an amount equal to the product of the
 6 claimant s credit ~~, as computed pursuant to section 522~~ multi-
 7 plied by the quotient of the sum of the claimant's aid to fami-
 8 lies with dependent children, state family assistance, and state
 9 disability assistance for the tax year divided by the claimant s
 10 household income The reduction of credit shall not exceed the
 11 sum of the aid to families with dependent children state family
 12 assistance, and state disability assistance for the tax year
 13 For the purposes of this subsection, aid to families with depen-
 14 dent children does not include child support payments that offset
 15 or reduce payments made to the claimant This subsection applies
 16 only to the 1980 through the 1994 tax years

17 (8) ~~For tax years commencing after December 31 1984, a~~ 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~~
 23 AUTHORIZED AND calculated pursuant to THIS SECTION AND section
 24 522 and adjusted pursuant to subsection (7) or (8) ~~does not~~
 25 provide to a senior citizen who ~~is renting or leasing~~ RENTS OR
 26 LEASES a homestead that amount attributable to rent that
 27 constitutes more than the following percentage of the household

1 income of the senior citizen the senior citizen may claim a
 2 credit based upon the amount of household income attributable to
 3 rent as provided by this section subject to the FOLLOWING
 4 limitations ~~of this section~~

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

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

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

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

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

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

1 (13) A senior citizen who ~~, after December 31, 1981,~~ moves
2 to a different rented or leased homestead shall determine, for 2
3 tax years after the move, both his or her qualification to claim
4 a 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)~~
24 THIS SECTION and section 522 shall not exceed \$1,200.00 per
25 year

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

1 (18) THE CREDIT ALLOWED BY THIS SECTION AND SECTION 522 DOES
2 NOT APPLY FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 1993