



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL



ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 541 (Substitute S-2 as reported)
Sponsor: Senator Joanne G. Emmons
Committee: Finance

CONTENT

The bill would amend the Income Tax Act to provide that stipends received by a person 60 years old or older who was acting as a foster grandparent under the Federal foster grandparent program, or as a senior companion under the Federal senior companion program, would be excluded from consideration as "income" in the calculation of the homestead property tax credit and the home heating credit.

(Currently, under the Federal Domestic Volunteer Service Act, stipends may be given to low-income persons age 60 or over who serve as foster grandparents to children with special or exceptional needs, disabilities, or chronic health conditions, or who are in homes for dependent or neglected children; or as senior companions to older persons with exceptional needs, including long-term care, home health care, nursing care, nutrition services, and other special needs for companionship.

Under the Income Tax Act, resident taxpayers may claim a homestead property tax credit against the income tax; in general, persons may claim 60% of the amount by which their property taxes, or 20% of their rent, exceed 3.5% of household "income". Further, low income residents who own or rent the house where they live may claim a home heating credit against the income tax, based upon a standard allowance minus 3.5% of household "income". For purposes of determining the credit, income is the total income of both spouses or a single person maintaining a household, with adjustments; that is, it is the sum of Federal adjusted gross income (AGI), plus all income exempt or excluded from AGI *except* certain income specifically excluded by the Act.)

MCL 206.510

Legislative Analyst: G. Towne

FISCAL IMPACT

This bill would exclude stipends to foster grandparents and senior companions, who are at least 60 years old, from the definition of income in the calculation for the homestead property tax and home heating credits. The estimated revenue impact would be a loss of \$120,670 from the General Fund for the homestead property tax credit. Additionally, depending on the Federal and State funding shares, the home heating credit, if extended beyond 1994, could result in a minimal loss from the General Fund.

Date Completed: 10-18-95

Fiscal Analyst: R. Ross