



**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-1)  
Sponsor: Senator Joanne G. Emmons  
Committee: Finance

Date Completed: 10-16-95

**SUMMARY OF SENATE BILL 541 (Substitute S-1):**

The bill would amend the Income Tax Act to provide that payments made to 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.

(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". 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 payments 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 credit. The estimated revenue impact would be a loss of \$120,670 from the General Fund.

Fiscal Analyst: R. Ross

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.