

Act No. 55
Public Acts of 1996
Approved by the Governor
February 25, 1996
Filed with the Secretary of State
February 26, 1996

**STATE OF MICHIGAN
88TH LEGISLATURE
REGULAR SESSION OF 1996**

Introduced by Rep. Bodem

ENROLLED HOUSE BILL No. 5306

AN ACT to amend sections 439, 471, and 522 of Act No. 281 of the Public Acts of 1967, entitled "An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, and enforcement by lien and otherwise of taxes on or measured by net income; to prescribe the manner and time of making reports and paying the taxes, and the functions of public officers and others as to the taxes; to permit the inspection of the records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits and refunds of the taxes; to prescribe penalties for the violation of this act; to provide an appropriation; and to repeal certain acts and parts of acts," section 439 as amended by Act No. 162 of the Public Acts of 1993, section 471 as amended by Act No. 119 of the Public Acts of 1994, and section 522 as amended by Act No. 328 of the Public Acts of 1993, being sections 206.439, 206.471, and 206.522 of the Michigan Compiled Laws.

The People of the State of Michigan enact:

Section 1. Sections 439, 471, and 522 of Act No. 281 of the Public Acts of 1967, section 439 as amended by Act No. 162 of the Public Acts of 1993, section 471 as amended by Act No. 119 of the Public Acts of 1994, and section 522 as amended by Act No. 328 of the Public Acts of 1993, being sections 206.439, 206.471, and 206.522 of the Michigan Compiled Laws, are amended to read as follows:

Sec. 439. (1) Until the state treasurer certifies that the assets in the nongame fish and wildlife trust fund created in the nongame fish and wildlife trust fund act exceed \$6,000,000.00, a taxpayer who is entitled to a tax refund under this act sufficient to make a designation under this section may designate that \$2.00 or more of his or her refund be credited to the state of Michigan nongame fish and wildlife trust fund created in part 439 (nongame fish and wildlife trust fund) of the natural resources and environmental protection act, Act No. 451 of the Public Acts of 1994, being sections 324.43901 to 324.43907 of the Michigan Compiled Laws.

(2) The tax designation authorized in this section shall be clearly and unambiguously printed on the first page of all state individual income tax return forms, if practicable.

(3) Notwithstanding the other allocations and disbursements required by this act, an amount equal to the cumulative designations made under this section, less the amount appropriated to the department of treasury for the purpose of implementing this section, shall be deposited in the state of Michigan nongame fish and wildlife trust fund and shall be appropriated solely for the purposes of the fund.

Sec. 471. (1) The tax imposed by this act shall be administered by the department. The department shall prescribe forms for use by taxpayers and shall promulgate rules for all of the following:

- (a) The maintenance by taxpayers of records, books, and accounts.
- (b) The computation of the tax.

(c) The manner and time of changing or electing accounting methods and of exercising the accounting method options contained in this act.

(d) The making of returns, the payment of tax due, and the ascertainment, assessment, and collection of the tax.

(2) The rules shall follow the rulings of the United States internal revenue service with respect to the federal income tax when those rulings are not inconsistent with this act, and the department may adopt as a part of the rules any portions of the internal revenue code of 1986 or rulings, in whole or in part.

(3) A summary of state expenditures and revenues by major category, in dollar amounts and percentage of total, for the most recent state fiscal year that the information is available, shall be printed in the instruction booklet accompanying each state income tax return.

(4) Each return shall contain a space for the taxpayer to indicate the school district in which the taxpayer resides.

(5) The department may provide information in the instruction booklet about the purchase of an annual state park motor vehicle permit pursuant to part 741 (state parks system) of the natural resources and environmental protection act, Act No. 451 of the Public Acts of 1994, being sections 324.74101 to 324.74125 of the Michigan Compiled Laws.

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

(a) A claimant is entitled to a credit against the state income tax liability equal to 60% of the amount by which the property taxes on the homestead, or the credit for rental of the homestead for the taxable year, exceeds 3.5% of the claimant's household income for that taxable year.

(b) A claimant who is a senior citizen or a paraplegic or quadriplegic is entitled to a credit against the state income tax liability for the amount by which the property taxes on the homestead, the credit for rental of the homestead, or a service charge in lieu of ad valorem taxes as provided by section 15a of the state housing development authority act of 1966, Act No. 346 of the Public Acts of 1966, being section 125.1415a of the Michigan Compiled Laws, for the taxable year exceeds the percentage of the claimant's household income for that taxable year computed as follows:

Household income	Percentage
Not over \$3,000.00	.0%
Over \$3,000.00 but not over \$4,000.00	1.0%
Over \$4,000.00 but not over \$5,000.00	2.0%
Over \$5,000.00 but not over \$6,000.00	3.0%
Over \$6,000.00	3.5%

(c) A claimant who is totally and permanently disabled is entitled to a credit against the state income tax liability equal to 60% of the amount by which the property taxes on the homestead, or the credit for rental of the homestead or for a service charge in lieu of ad valorem taxes as provided in section 15a of Act No. 346 of the Public Acts of 1966, for the taxable year, exceeds the percentage of the claimant's household income for that taxable year based on the schedule in subdivision (b).

(d) A claimant who is an eligible serviceperson, eligible veteran, or eligible widow or widower is entitled to a credit against the state income tax liability for a percentage of the property taxes on the homestead for the taxable year not in excess of 100% determined as follows:

(i) Divide the state equalized value allowance specified in section 506 by the state equalized value of the homestead or, if the eligible serviceperson, eligible veteran, or eligible widow or widower leases or rents a homestead, divide 17% of the total annual rent paid for tax years before the 1994 tax year, or 20% of the total annual rent paid for tax years after the 1993 tax year on the property by the property tax rate on the property.

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

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

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

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

(2) A person who is qualified to make a claim under more than 1 classification shall elect the classification under which the claim is made.

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

(4) As used in this section, "totally and permanently disabled" means disability as defined in section 216 of title II of the social security act, 42 U.S.C. 416.

(5) A senior citizen who has a total household income for the taxable year of \$6,000.00 or less and who for 1973 received a senior citizen homestead exemption under former section 7c of the general property tax act, Act No. 206 of

the Public Acts of 1893, may compute the credit against the state income tax liability for a percentage of the property taxes on the homestead for the taxable year determined as follows:

- (a) If the state equalized value of the homestead is \$2,500.00 or less, 100% of the property taxes.
- (b) If the state equalized value of the homestead is more than \$2,500.00, the percentage that \$2,500.00 bears to the state equalized value of the homestead.
- (6) For a return of less than 12 months, the claim shall be reduced proportionately.
- (7) The commissioner may prescribe tables that may be used to determine the amount of the claim.
- (8) The total credit allowed in this section for each year after December 31, 1975 shall not exceed \$1,200.00 per year.
- (9) The total credit allowable under this act and part 361 (farmland and open space preservation) of the natural resources and environmental protection act, Act No. 451 of the Public Acts of 1994, being sections 324.36101 to 324.36117 of the Michigan Compiled Laws, shall not exceed the total property tax due and payable by the claimant in that year. The amount by which the credit exceeds the property tax due and payable shall be deducted from the credit claimed under part 361 of Act No. 451 of the Public Acts of 1994.

This act is ordered to take immediate effect.

Clerk of the House of Representatives.

Secretary of the Senate.

Approved -----

Governor.