

HOUSE BILL No. 5027

July 9, 1997, Introduced by Rep. McManus and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 522 (MCL 206.522), as amended by 1996 PA
484.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

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

3 (a) A claimant is entitled to a credit against the state
4 income tax liability equal to 60% of the amount by which the
5 property taxes on the homestead, or the credit for rental of the
6 homestead for the tax year, exceeds 3.5% of the claimant's house-
7 hold income for that tax year.

8 (b) A claimant who is a senior citizen or a paraplegic,
9 hemiplegic, or quadriplegic is entitled to a credit against the
10 state income tax liability for the amount by which the property

1 taxes on the homestead, the credit for rental of the homestead,
 2 or a service charge in lieu of ad valorem taxes as provided by
 3 section 15a of the state housing development authority act of
 4 1966, ~~Act No. 346 of the Public Acts of 1966, being section~~
 5 ~~125.1415a of the Michigan Compiled Laws~~ 1966 PA 346, MCL
 6 125.1415A, for the tax year exceeds the percentage of the
 7 claimant's household income for that tax year computed as
 8 follows:

9

10 Household income	Percentage
11 Not over \$3,000.00	.0%
12 Over \$3,000.00 but not over \$4,000.00	1.0%
13 Over \$4,000.00 but not over \$5,000.00	2.0%
14 Over \$5,000.00 but not over \$6,000.00	3.0%
15 Over \$6,000.00	3.5%

16 (c) A claimant who is totally and permanently disabled is
 17 entitled to a credit against the state income tax liability equal
 18 to 60% of the amount by which the property taxes on the home-
 19 stead, or the credit for rental of the homestead or for a service
 20 charge in lieu of ad valorem taxes as provided in section 15a of
 21 ~~Act No. 346 of the Public Acts of 1966~~ THE STATE HOUSING DEVEL-
 22 OPMENT AUTHORITY ACT OF 1966, 1966 PA 346, MCL 125.1415A, for the
 23 tax year, exceeds the percentage of the claimant's household
 24 income for that tax year based on the schedule in subdivision
 25 (b).

26 (d) A claimant who is an eligible serviceperson, eligible
 27 veteran, or eligible widow or widower is entitled to a credit

1 against the state income tax liability for a percentage of the
2 property taxes on the homestead for the tax year not in excess of
3 100% determined as follows:

4 (i) Divide the taxable value allowance specified in section
5 506 by the taxable value of the homestead or, if the eligible
6 serviceperson, eligible veteran, or eligible widow or widower
7 leases or rents a homestead, divide 17% of the total annual rent
8 paid for tax years before the 1994 tax year, or 20% of the total
9 annual rent paid for tax years after the 1993 tax year on the
10 property by the property tax rate on the property.

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

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

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

18 (ii) If the taxable value of the homestead is more than
19 \$3,500.00, the percentage that \$3,500.00 bears to the taxable
20 value of the homestead.

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

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

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

4 (5) A senior citizen who has a total household income for
5 the tax year of \$6,000.00 or less and who for 1973 received a
6 senior citizen homestead exemption under former section 7c of the
7 general property tax act, ~~Act No. 206 of the Public Acts of~~
8 ~~1893~~ 1893 PA 206, may compute the credit against the state
9 income tax liability for a percentage of the property taxes on
10 the homestead for the tax year determined as follows:

11 (a) If the taxable value of the homestead is \$2,500.00 or
12 less, 100% of the property taxes.

13 (b) If the taxable value of the homestead is more than
14 \$2,500.00, the percentage that \$2,500.00 bears to the taxable
15 value of the homestead.

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

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

20 (8) The total credit allowed in this section for each year
21 after December 31, 1975 shall not exceed \$1,200.00 per year.

22 (9) The total credit allowable under this act and part 361
23 ~~-(farmland and open space preservation)-~~ of the natural resources
24 and environmental protection act, ~~Act No. 451 of the Public Acts~~
25 ~~of 1994, being sections 324.36101 to 324.36117 of the Michigan~~
26 ~~Compiled Laws~~ 1994 PA 451, MCL 324.36101 TO 324.36117, shall not
27 exceed the total property tax due and payable by the claimant in

1 that year. The amount by which the credit exceeds the property
2 tax due and payable shall be deducted from the credit claimed
3 under part 361 of ~~Act No. 451 of the Public Acts of 1994~~ THE
4 NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451,
5 MCL 324.36101 TO 324.36117.

6 (10) FOR PURPOSES OF THIS SECTION AND SECTION 520 ONLY,
7 HOUSEHOLD INCOME DOES NOT INCLUDE ANY AMOUNT PAID IN A YEAR BY A
8 TAXPAYER AS SUPPORT AS THAT TERM IS DEFINED IN SECTION 2 OF THE
9 SUPPORT AND PARENTING TIME ENFORCEMENT ACT, 1982 PA 295, MCL
10 552.602.