



House Office Building, 9 South
Lansing, Michigan 48909
Phone: 517/373-6466

EXPAND HOMESTEAD CREDIT FOR TOTALLY AND PERMANENTLY DISABLED OR DEAF

House Bill 5393

Sponsor: Rep. Judson Gilbert II

Committee: Tax Policy

Complete to 2-18-00

A SUMMARY OF HOUSE BILL 5393 AS INTRODUCED 2-17-00

The bill would amend the Income Tax Act to allow a person who is a totally and permanently disabled person or a deaf person the same level of homestead property tax credit currently available to a senior citizen, or a paraplegic, hemiplegic, or quadriplegic person. The bill would apply for tax years beginning January 1, 2000.

Those persons are entitled to a credit against the income tax for 100 percent of the amount by which property taxes exceed a certain percentage of household income based on the household income of the claimant. The act specifies the percentage of household income that is not refundable, as follows: for an income not over \$3,000, zero percent; for household income from \$3,001 to \$4,000, one percent; for household income from \$4,001 to \$5,000, two percent; for household income from \$5,001 to \$6,000, three percent; and for household income of \$6,001 and over, three and one-half percent. In calculating the credit, a renter can substitute 20 percent of the rent paid during the year for property taxes. (This means, for example, that a person in one of these categories with \$3,000 or less in household income receives a credit equal to 100 percent of property taxes paid.)

Currently, a person who is totally and permanently disabled uses the same income scale in determining the credit, but the credit is equal to 60 percent of the amount by which property taxes exceed the specified level of income rather than 100 percent.

All other taxpayers are eligible for a homestead property tax credit equal to 60 percent of the amount by which property taxes exceed 3.5 percent of income. The credit for all taxpayers is reduced for people with household income over \$73,650 and is not available to those with household income of \$82,650 or more. The credit is capped at \$1,200.

MCL 206.522

Analyst: C. Couch

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.