

**RAISE HOMESTEAD RELIEF CAP
FOR CLAIMANTS OVER 70**

House Bill 4244
Sponsor: Rep. Gary Woronchak
Committee: Tax Policy

Complete to 3-1-01

A SUMMARY OF HOUSE BILL 4244 AS INTRODUCED 2-14-01

The bill would amend the Income Tax Act to increase the maximum homestead property tax credit available to persons over 70 years of age from \$1,200 to \$1,800.

Under the Income Tax Act, a taxpayer can claim a credit for property taxes paid that exceed a certain percentage of household income. The size of the credit depends on the characteristics of the taxpayer. The credit is phased out for those with household incomes between \$73,650 and \$82,650. Generally speaking, a taxpayer can claim a credit equal to 60 percent of the amount by which property taxes exceed 3.5 percent of household income. However, a larger credit is available to certain other taxpayers, including senior citizens. A senior citizen with an income of over \$6,000, for example, can claim a credit equal to 100 percent of the amount by which property taxes exceed 3.5 percent of household income. Senior citizens with incomes below \$6,000 can claim proportionately larger credits based on a sliding scale, with senior citizens whose household incomes are \$3,000 or less getting a full refund of property taxes. (A senior citizen is defined as a person 65 years of age or older or an unremarried surviving spouse.) Renters can also claim the credit using an amount equal to 20 percent of rent paid in lieu of property taxes. However, the maximum credit in any case is \$1,200. The bill would increase the maximum credit to \$1,800 for claimants over 70 years of age (as of the last day of the tax year) and leave it at \$1,200 for other claimants.

MCL 206.520 and 206.522

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