

HOUSE BILL No. 4856

May 30, 2001, Introduced by Reps. Richner, Lemmons, Richardville, Meyer, Stewart, Schauer, Jacobs, Ehardt, Hager, Van Woerkom, DeVuyst, Bovin, Ruth Johnson, Cassis, Rocca, Pappageorge and Bernero and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending sections 506 and 520 (MCL 206.506 and 206.520), section 506 as amended by 1996 PA 484 and section 520 as amended by 1995 PA 245.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 506. (1) "Eligible serviceperson", "eligible veteran",
2 and "eligible widow or widower" means a serviceperson, veteran,
3 or widow or widower, whose income as defined in this chapter is
4 not more than \$7,500.00 per year unless the serviceperson, veter-
5 an, or widow or widower receives compensation paid by the veter-
6 ans administration or the armed forces of the United States for
7 service incurred disabilities and who meets the requirements of
8 the following schedule:

1 order or in service
 2 presidential
 3 proclamation
 4

5 Current	Serviceperson	Any	No	\$3,500.00
6 service	or		requirement	
7	serviceperson's			
8	widow or			
9	widower			

10

11 (2) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2000, THE
 12 TAXABLE VALUE AMOUNTS AND THE MAXIMUM INCOME AMOUNT UNDER SUBSEC-
 13 TION (1) SHALL BE ADJUSTED ANNUALLY TO REFLECT ANY INCREASE IN
 14 THE UNITED STATES CONSUMER PRICE INDEX FOR THE IMMEDIATELY PRE-
 15 CEDING CALENDAR YEAR. AS USED IN THIS SUBSECTION, "UNITED STATES
 16 CONSUMER PRICE INDEX" MEANS THE UNITED STATES CONSUMER PRICE
 17 INDEX FOR ALL URBAN CONSUMERS AS DEFINED AND REPORTED BY THE
 18 UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS,
 19 AND AS CERTIFIED BY THE STATE TREASURER.

20 Sec. 520. (1) Subject to the limitations and the defini-
 21 tions in this chapter, a claimant may claim against the tax due
 22 under this act for the tax year a credit for the property taxes
 23 on the taxpayer's homestead deductible for federal income tax
 24 purposes pursuant to section 164 of the internal revenue code, or
 25 that would have been deductible if the claimant had not elected
 26 the zero bracket amount or if the claimant had been subject to
 27 the federal income tax. The property taxes used for the credit
 28 computation shall not be greater than the amount levied for 1 tax
 29 year.

30 (2) A person who rents or leases a homestead may claim a
 31 similar credit computed under this section and section 522 based
 32 upon 17% of the gross rent paid for tax years before the 1994 tax

1 year, or 20% of the gross rent paid for tax years after the 1993
2 tax year. A person who rents or leases a homestead subject to a
3 service charge in lieu of ad valorem taxes as provided by
4 section 15a of the state housing development authority act of
5 1966, ~~Act No. 346 of the Public Acts of 1966, being~~
6 ~~section 125.1415a of the Michigan Compiled Laws~~ 1966 PA 346, MCL
7 125.1415A, may claim a similar credit computed under this section
8 and section 522 based upon 10% of the gross rent paid.

9 (3) If the credit claimed under this section and section 522
10 exceeds the tax liability for the tax year or if there is no tax
11 liability for the tax year, the amount of the claim not used as
12 an offset against the tax liability shall, after examination and
13 review, be approved for payment, without interest, to the
14 claimant. In determining the amount of the payment under this
15 subsection, withholdings and other credits shall be used first to
16 offset any tax liabilities.

17 (4) If the homestead is an integral part of a multipurpose
18 or multidwelling building that is federally aided housing or
19 state aided housing, a claimant who is a senior citizen entitled
20 to a payment under subsection (2) may assign the right to that
21 payment to a mortgagor if the mortgagor reduces the rent charged
22 and collected on the claimant's homestead in an amount equal to
23 the tax credit payment provided in this chapter. The assignment
24 of the claim is valid only if the Michigan state housing develop-
25 ment authority, by affidavit, verifies that the claimant's rent
26 has been so reduced.

1 (5) Only the renter or lessee shall claim a credit on
2 property that is rented or leased as a homestead.

3 (6) A person who discriminates in the charging or collection
4 of rent on a homestead by increasing the rent charged or col-
5 lected because the renter or lessee claims and receives a credit
6 or payment under this chapter is guilty of a misdemeanor.
7 Discrimination against a renter who claims and receives the
8 credit under this section and section 522 by a reduction of the
9 rent on the homestead of a person who does not claim and receive
10 the credit is a misdemeanor. If discriminatory rents are charged
11 or collected, each charge or collection of the higher or lower
12 payment is a separate offense. Each acceptance of a payment of
13 rent is a separate offense.

14 (7) A person who received ~~aid to families with dependent~~
15 ~~children,~~ state family INDEPENDENCE assistance, ~~or~~ state dis-
16 ability assistance, OR OTHER ASSISTANCE THROUGH FAMILY INDEPEN-
17 DENCE PROGRAMS pursuant to the social welfare act, ~~Act No. 280~~
18 ~~of the Public Acts of 1939, as amended, being sections 400.1 to~~
19 ~~400.119b of the Michigan Compiled Laws~~ 1939 PA 280, MCL 400.1 TO
20 400.119B, in the tax year for which the person is filing a return
21 shall have a credit that is authorized and computed under this
22 section and section 522 reduced by an amount equal to the product
23 of the claimant's credit multiplied by the quotient of the sum of
24 the claimant's ~~aid to families with dependent children,~~ state
25 family INDEPENDENCE assistance, ~~and~~ state disability
26 assistance, OR OTHER ASSISTANCE THROUGH FAMILY INDEPENDENCE
27 PROGRAMS PURSUANT TO THE SOCIAL WELFARE ACT, 1939 PA 280, MCL

1 400.1 TO 400.119B, for the tax year divided by the claimant's
2 household income. The reduction of credit shall not exceed the
3 sum of the ~~aid to families with dependent children,~~ state
4 family INDEPENDENCE assistance, ~~and~~ state disability
5 assistance, AND OTHER ASSISTANCE THROUGH FAMILY INDEPENDENCE PRO-
6 GRAMS PURSUANT TO THE SOCIAL WELFARE ACT, 1939 PA 280, MCL 400.1
7 TO 400.119B, for the tax year. For the purposes of this subsec-
8 tion, ~~aid to families with dependent children~~ ANY ASSISTANCE
9 THROUGH FAMILY INDEPENDENCE PROGRAMS does not include child sup-
10 port payments that offset or reduce payments made to the
11 claimant.

12 (8) A credit under subsection (1) or (2) shall be reduced by
13 10% for each claimant whose household income exceeds \$73,650.00
14 and by an additional 10% for each increment of \$1,000.00 of
15 household income in excess of \$73,650.00. FOR TAX YEARS THAT
16 BEGIN AFTER DECEMBER 31, 2000, THE MAXIMUM HOUSEHOLD INCOME
17 AMOUNT UNDER THIS SUBSECTION SHALL BE ADJUSTED TO REFLECT THE
18 ANNUAL AVERAGE PERCENTAGE INCREASE IN THE CONSUMER PRICE INDEX IN
19 THE IMMEDIATELY PRECEDING TAX YEAR. AS USED IN THIS SUBSECTION,
20 "CONSUMER PRICE INDEX" MEANS THE UNITED STATES CONSUMER PRICE
21 INDEX FOR ALL URBAN CONSUMERS AS DEFINED AND REPORTED BY THE
22 UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS.

23 (9) If the credit authorized and calculated under this sec-
24 tion and section 522 and adjusted under subsection (7) or (8)
25 does not provide to a senior citizen who rents or leases a home-
26 stead that amount attributable to rent that constitutes more than
27 40% of the household income of the senior citizen, the senior

1 citizen may claim a credit based upon the amount of household
2 income attributable to rent as provided by this section.

3 (10) A senior citizen whose gross rent paid for the tax year
4 is more than the percentage of household income specified in sub-
5 section (9) for the respective tax year may claim a credit for
6 the amount of rent paid that constitutes more than the percentage
7 of the household income of the senior citizen specified in sub-
8 section (9) and that was not provided to the senior citizen by
9 the credit computed pursuant to this section and section 522 and
10 adjusted pursuant to subsection (7) or (8).

11 (11) The department may promulgate rules to implement sub-
12 sections (9) to ~~-(16)-~~ (14) and may prescribe a table to allow a
13 claimant to determine the credit provided under this section and
14 section 522 in the instruction booklet that accompanies the
15 respective income tax or property tax credit forms used by
16 claimants.

17 (12) A senior citizen may claim the credit under subsections
18 (9) to ~~-(16)-~~ (14) on the same form as the property tax credit
19 permitted by subsection (2). The department shall adjust the
20 forms accordingly.

21 (13) A senior citizen who moves to a different rented or
22 leased homestead shall determine, for 2 tax years after the move,
23 both his or her qualification to claim a credit under subsections
24 (9) to ~~-(16)-~~ (14) and the amount of a credit under subsections
25 (9) to ~~-(16)-~~ (14) on the basis of the annualized final monthly
26 rental payment at his or her previous homestead, if this

1 annualized rental is less than the senior citizen's actual annual
2 rental payments.

3 (14) For a return of less than 12 months, the claim for a
4 credit under subsections (9) to ~~-(16)-~~ (13) shall be reduced
5 proportionately.

6 (15) The Michigan state housing development authority shall
7 report on the effect of the credit provided by subsections (9) to
8 ~~-(16)-~~ (14) on the price of rented and leased homesteads. If the
9 authority determines that the price of rented and leased home-
10 steads has increased as a result of the credit provided by sub-
11 sections (9) to ~~-(16)-~~ (14), the authority shall make recommenda-
12 tions to the legislature to remedy this situation. The report
13 shall be made to the chairpersons of the house and senate commit-
14 tees that have primary responsibility for taxation legislation 2
15 years after the credit provided by subsections (9) to ~~-(16)-~~ (14)
16 is in effect.

17 (16) The total credit allowed by this section and section
18 522 shall not exceed \$1,200.00 per year.