

HOUSE BILL No. 5770

March 5, 2002, Introduced by Reps. Wojno, Raczkowski, Callahan, Quarles, Rocca, Plakas, Mans and Lemmons and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.532) by adding section 269.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 269. (1) FOR TAX YEARS BEGINNING AFTER DECEMBER 31,
2 2001 AND SUBJECT TO THE ADJUSTMENTS IN SUBSECTION (2), A TAXPAYER
3 MAY CLAIM A CREDIT EQUAL TO THE INCREASE IN THE TAXPAYER'S RATE
4 FOR WATER SERVICE AT THE TAXPAYER'S HOMESTEAD IN THE TAX YEAR,
5 NOT TO EXCEED \$600.00 PER YEAR.

6 (2) A TAXPAYER MAY CLAIM THE FULL CREDIT AMOUNT UNDER
7 SUBSECTION (1) IF THE TAXPAYER'S HOUSEHOLD INCOME IS \$60,000.00
8 OR LESS. A TAXPAYER WITH HOUSEHOLD INCOME GREATER THAN
9 \$60,000.00 SHALL REDUCE THE FULL CREDIT AMOUNT UNDER
10 SUBSECTION (1) BY THE FOLLOWING PERCENTAGES:

1 (A) IF THE TAXPAYER'S HOUSEHOLD INCOME IS GREATER THAN
2 \$60,000.00 BUT \$70,000.00 OR LESS, THE CREDIT SHALL BE REDUCED BY
3 20%.

4 (B) IF THE TAXPAYER'S HOUSEHOLD INCOME IS GREATER THAN
5 \$70,000.00 BUT \$85,000.00 OR LESS, THE CREDIT SHALL BE REDUCED BY
6 40%.

7 (C) IF THE TAXPAYER'S HOUSEHOLD INCOME IS GREATER THAN
8 \$85,000.00 BUT \$100,000.00 OR LESS, THE CREDIT SHALL BE REDUCED
9 BY 60%.

10 (D) IF THE TAXPAYER'S HOUSEHOLD INCOME IS GREATER THAN
11 \$100,000.00 BUT \$115,000.00 OR LESS, THE CREDIT SHALL BE REDUCED
12 BY 80%.

13 (E) IF THE TAXPAYER'S HOUSEHOLD INCOME IS GREATER THAN
14 \$115,000.00, A CREDIT IS NOT ALLOWED UNDER THIS SECTION.

15 (3) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE TAX
16 LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT PORTION OF THE
17 CREDIT THAT EXCEEDS THE TAX LIABILITY SHALL BE REFUNDED.

18 (4) THE DEPARTMENT MAY REQUIRE REASONABLE PROOF TO SUPPORT A
19 CREDIT CLAIMED UNDER THIS SECTION.

20 (5) AS USED IN THIS SECTION:

21 (A) "HOMESTEAD" AND "HOUSEHOLD INCOME" MEAN THOSE TERMS AS
22 DEFINED IN SECTION 508.

23 (B) "INCREASE IN THE TAXPAYER'S RATE" MEANS ANY INCREASE IN
24 THE RATE CHARGED FOR WATER SERVICE DURING THE TAX YEAR FROM THE
25 RATE CHARGED FOR WATER SERVICE IN CALENDAR YEAR 1998 MULTIPLIED
26 BY THE UNITS OF WATER SERVICE DELIVERED TO AND PAID FOR BY THE
27 TAXPAYER DURING THE TAX YEAR.

1 (C) "RATE" MEANS THE AMOUNT CHARGED FOR WATER SERVICE PER
2 UNIT OF WATER SERVICE DELIVERED TO THE TAXPAYER'S HOMESTEAD.

3 (D) "WATER SERVICE" MEANS A WATER SUPPLY OR SEWAGE DISPOSAL
4 SYSTEM THAT PROVIDES WATER SUPPLY OR SEWAGE DISPOSAL SERVICE TO
5 RESIDENCES AND THAT IS OPERATED BY A MUNICIPALITY, CITY, TOWN-
6 SHIP, COUNTY, OR A PUBLIC UTILITY PROVIDING WATER SUPPLY OR
7 SEWAGE DISPOSAL SERVICE TO RESIDENTS OF A MUNICIPALITY, CITY,
8 TOWNSHIP, OR COUNTY.