

Legislative Analysis



HOME HEATING CREDITS

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House Bill 5798 as enrolled

Public Act 335 of 2004

Sponsor: Rep. Joseph Rivet

House Committee: Energy and Technology

Senate Committee: Technology and Energy

Complete to 12-27-04

A SUMMARY OF HOUSE BILL 5798 AS ENROLLED

A refundable home heating credit is available under the Income Tax Act to low-income households. (The credit is dependent upon federal appropriations made for this purpose.) Generally speaking, the amount of the credit is based on size of household and household income (although there is an alternative calculation that uses household income and actual heating costs). The credit is in the form of an energy draft negotiable through an enrolled heating fuel provider. Currently, the act provides that when the amount of the credit exceeds the cost of outstanding heating bills, the claimant can request the energy provider to refund the excess.

Under House Bill 5798, for certain claimants, the amount of a credit that exceeded outstanding heating bills would have to be applied by the energy provider to subsequent bills until used up or until nine months had passed. If there was any remaining energy draft amount after the nine-month period (or if the claimant was no longer a customer of the provider before the end of the nine-month period), then the heating fuel provider would remit it to the claimant within 14 days. This would apply only if the claimant received home heating assistance from the Family Independence Agency, a governmental agency, or a nonprofit organization 12 months prior to remitting an energy draft to the claimant's enrolled heating fuel provider.

The prior refund provisions would continue to apply to a claimant who did not fit the category described above. Those provisions allow a claimant to request a refund or to have the remaining amount of the credit applied to subsequent heating costs until the refund is used up or for one year.

The bill would also require the FIA to meet with interested parties, including enrolled heating fuel providers and advocacy groups, to identify and implement methods of improving the processing of claims for the credits and payments attributable to the credits.

Also under the bill, if the FIA established a program or pilot program for the direct payment of energy drafts to enrolled heating fuel providers, those providers could submit to the department the names of customers who are claimants. If a claimant met the department's standards, the department would send that claimant's energy drafts directly

to the enrolled heating fuel provider. If the fuel provider submitted names of claimants who were not its customers, and the energy drafts of those claimants were sent to the provider, the provider would have to return the drafts or pay the value of the drafts plus interest to the department.

The bill also would amend the act to allow low income home energy assistance program (LIHEAP) block grant funds to be used for weatherization purposes, up to \$9 million. Specifically, the bill would allow up to that amount to be deducted from “the amount available for the home heating credit.” Also, for the 2004-05 fiscal year only, the amount used for weatherization could not exceed \$9 million and could not be reduced by the amount used for weatherization from the emergency contingency funds received in the immediately preceding year.

The bill would apply to tax years beginning after December 31, 2003.

MCL 206.527a

FISCAL IMPACT:

As written, the bill should have no significant fiscal impact.

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