

SENATE BILL No. 986

November 12, 2009, Introduced by Senator RICHARDVILLE and referred to the Committee on Finance.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.532) by adding section 278.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 278. (1) SUBJECT TO THE LIMITATION UNDER SUBSECTION (5),
2 FOR THE TAX YEARS THAT BEGIN AFTER SEPTEMBER 30, 2009 AND END
3 BEFORE OCTOBER 1, 2011, A TAXPAYER THAT PURCHASES A QUALIFIED NEWLY
4 CONSTRUCTED HOME DURING THE TAX YEAR MAY CLAIM A CREDIT AGAINST THE
5 TAX IMPOSED BY THIS ACT EQUAL TO 5% OF THE PURCHASE PRICE OR
6 \$10,000.00, WHICHEVER IS LESS.

7 (2) TO BE ELIGIBLE FOR THE CREDIT UNDER THIS SECTION, WITHIN
8 14 DAYS AFTER THE PURCHASE OF THE QUALIFIED NEWLY CONSTRUCTED HOME,
9 THE TAXPAYER SHALL SUBMIT A COMPLETED APPLICATION FOR THE NEW HOME
10 TAX CREDIT ON FORMS PROVIDED BY THE DEPARTMENT.

1 (3) IF THE TAXPAYER SELLS THE NEW HOME OR FAILS TO USE THE NEW
2 HOME AS HIS OR HER PRINCIPAL RESIDENCE LESS THAN 2 YEARS AFTER
3 PURCHASING THE NEW HOME AND CLAIMING THE CREDIT UNDER THIS SECTION,
4 THE AMOUNT OF THE CREDIT PREVIOUSLY CLAIMED RELATIVE TO THAT NEW
5 HOME SHALL BE ADDED BACK TO THE TAX LIABILITY OF THE TAXPAYER IN
6 THE YEAR THAT THE TAXPAYER SELLS THAT HOME OR FAILS TO MAINTAIN
7 THAT HOME AS HIS OR HER PRINCIPAL RESIDENCE.

8 (4) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE TAX
9 LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT PORTION OF THE
10 CREDIT THAT EXCEEDS THE TAX LIABILITY MAY BE REFUNDED OR CARRIED
11 FORWARD AND USED TO OFFSET TAX LIABILITY IN THE IMMEDIATELY
12 SUCCEEDING TAX YEAR ONLY.

13 (5) THE TOTAL AMOUNT OF CREDITS ALLOWED UNDER THIS SECTION FOR
14 EACH STATE FISCAL YEAR SHALL NOT EXCEED \$16,500,000.00.

15 (6) AS USED IN THIS SECTION:

16 (A) "PRINCIPAL RESIDENCE" MEANS THAT TERM AS DEFINED IN
17 SECTION 7DD OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL
18 211.7DD, AND EXEMPT FROM TAXATION UNDER SECTION 7CC OF THE GENERAL
19 PROPERTY TAX ACT, 1893 PA 206, MCL 211.7CC.

20 (B) "QUALIFIED NEWLY CONSTRUCTED HOME" MEANS A DETACHED OR
21 ATTACHED SINGLE-FAMILY DWELLING THAT IS CERTIFIED BY THE SELLER AS
22 HAVING NEVER BEEN OCCUPIED AND IS PURCHASED TO BE THE PRINCIPAL
23 RESIDENCE OF THE TAXPAYER FOR AT LEAST 2 YEARS.