

# HOUSE BILL No. 4957

September 13, 2011, Introduced by Rep. Walsh and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
by amending section 508 (MCL 206.508), as amended by 2011 PA 38.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 508. (1) "Gross rent" means the total rent contracted to  
2 be paid by the renter or lessee of a homestead pursuant to dealing  
3 at arms' length with the landlord of the homestead. When the  
4 landlord and tenant have not dealt with each other at arms' length  
5 and the department believes that the gross rent charged is  
6 excessive, the department may adjust the gross rent to a reasonable  
7 amount for the purposes of this chapter.

8       (2) "Homestead" means a dwelling or unit in a multiple-unit  
9 dwelling that is subject to ad valorem taxes, or a service charge  
10 in lieu of taxes as provided by section 15a of the state housing

development authority act of 1966, 1966 PA 346, MCL 125.1415a, owned and occupied as a home by the owner of the dwelling or unit, or occupied as the dwelling of the renter or lessee, including all unoccupied real property not classified for ad valorem tax purposes as commercial, industrial, residential, or timber-cut over, owned by the owner of the homestead. Beginning in the 1990 tax year, a homestead does not include unoccupied real property that is leased or rented by the owner to another person and that is not adjacent and contiguous to the home of the owner. Additionally, the following apply:

(a) If a homestead is an integral part of a larger unit of assessment such as commercial, industrial, residential, timber-cut over, or a multipurpose or multidwelling building, the tax on the homestead shall be the same proportion of the total property tax as the proportion of the value of the homestead is to the total value of the assessed property.

(b) If the gross receipts of the agricultural or horticultural operations do not exceed the household income, or if there are no gross receipts, the following apply:

(i) If the claimant has lived on the land 10 years or more, all of the adjacent and contiguous agricultural or horticultural lands shall be considered a homestead and the credit is allowed for all the land.

(ii) If the claimant has lived on the land less than 10 years, not more than 5 acres of adjacent and contiguous agricultural or horticultural land shall be considered a part of the homestead and the credit is allowed for that part of the land.

1 (c) A mobile home or trailer coach in a trailer coach park is  
2 a homestead and the site rent for space is considered the rent of a  
3 homestead. The specific tax levied by section 41 of 1959 PA 243,  
4 MCL 125.1041, is considered a property tax.

5 (3) "Household" means a claimant and spouse.

6 (4) "Total household resources" means all income received by  
7 all persons of a household in a tax year while members of a  
8 household, ~~plus any~~ **INCREASED BY THE FOLLOWING DEDUCTIONS FROM**  
9 **FEDERAL GROSS INCOME:**

10 (A) **ANY** net business loss after netting all business income  
11 and loss. ~~, plus any~~

12 (B) **ANY** net rental or royalty loss. ~~, plus any deduction from~~  
13 ~~federal adjusted gross income for a~~

14 (C) **ANY** carryback or carryforward of a net operating loss as  
15 defined in section 172(b)(2) of the internal revenue code.

16 Enacting section 1. This amendatory act takes effect January  
17 1, 2012.