

SUBSTITUTE FOR  
HOUSE BILL NO. 4990

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
by amending section 520 (MCL 206.520), as amended by 2011 PA 38.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 520. (1) Subject to the limitations and the definitions  
2   in this chapter, a claimant may claim against the tax due under  
3   this part for the tax year a credit for the property taxes on the  
4   taxpayer's homestead deductible for federal income tax purposes  
5   pursuant to section 164 of the internal revenue code, or that would  
6   have been deductible if the claimant had not elected the zero  
7   bracket amount or if the claimant had been subject to the federal  
8   income tax. The property taxes used for the credit computation  
9   shall not be greater than the amount levied for 1 tax year. A  
10 ~~person~~**-AN OWNER** is not eligible for a credit under this section if

1 the taxable value of his or her homestead **EXCLUDING THE PORTION OF**  
2 **A PARCEL OF REAL PROPERTY THAT IS UNOCCUPIED AND CLASSIFIED AS**  
3 **AGRICULTURAL FOR AD VALOREM TAX PURPOSES** in the year for which the  
4 credit is claimed is greater than \$135,000.00. As used in this  
5 subsection, "taxable value" means that value determined under  
6 section 27a of the general property tax act, 1893 PA 206, MCL  
7 211.27a.

8 (2) A person who rents or leases a homestead may claim a  
9 similar credit computed under this section and section 522 based  
10 upon 17% of the gross rent paid for tax years before the 1994 tax  
11 year, or 20% of the gross rent paid for tax years after the 1993  
12 tax year. A person who rents or leases a homestead subject to a  
13 service charge in lieu of ad valorem taxes as provided by section  
14 15a of the state housing development authority act of 1966, 1966 PA  
15 346, MCL 125.1415a, may claim a similar credit computed under this  
16 section and section 522 based upon 10% of the gross rent paid.

17 (3) If the credit claimed under this section and section 522  
18 exceeds the tax liability for the tax year or if there is no tax  
19 liability for the tax year, the amount of the claim not used as an  
20 offset against the tax liability shall, after examination and  
21 review, be approved for payment, without interest, to the claimant.  
22 In determining the amount of the payment under this subsection,  
23 withholdings and other credits shall be used first to offset any  
24 tax liabilities.

25 (4) If the homestead is an integral part of a multipurpose or  
26 multidwelling building that is federally aided housing or state  
27 aided housing, a claimant who is a senior citizen entitled to a

1 payment under subsection (2) may assign the right to that payment  
2 to a mortgagor if the mortgagor reduces the rent charged and  
3 collected on the claimant's homestead in an amount equal to the tax  
4 credit payment provided in this chapter. The assignment of the  
5 claim is valid only if the Michigan state housing development  
6 authority, by affidavit, verifies that the claimant's rent has been  
7 so reduced.

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

10 (6) A person who discriminates in the charging or collection  
11 of rent on a homestead by increasing the rent charged or collected  
12 because the renter or lessee claims and receives a credit or  
13 payment under this chapter is guilty of a misdemeanor.  
14 Discrimination against a renter who claims and receives the credit  
15 under this section and section 522 by a reduction of the rent on  
16 the homestead of a person who does not claim and receive the credit  
17 is a misdemeanor. If discriminatory rents are charged or collected,  
18 each charge or collection of the higher or lower payment is a  
19 separate offense. Each acceptance of a payment of rent is a  
20 separate offense.

21 (7) A person who received aid to families with dependent  
22 children, state family assistance, or state disability assistance  
23 pursuant to the social welfare act, 1939 PA 280, MCL 400.1 to  
24 400.119b, in the tax year for which the person is filing a return  
25 shall have a credit that is authorized and computed under this  
26 section and section 522 reduced by an amount equal to the product  
27 of the claimant's credit multiplied by the quotient of the sum of

1 the claimant's aid to families with dependent children, state  
2 family assistance, and state disability assistance for the tax year  
3 divided by the claimant's total household resources. The reduction  
4 of credit shall not exceed the sum of the aid to families with  
5 dependent children, state family assistance, and state disability  
6 assistance for the tax year. For the purposes of this subsection,  
7 aid to families with dependent children does not include child  
8 support payments that offset or reduce payments made to the  
9 claimant.

10 (8) A credit under subsection (1) or (2) shall be reduced by  
11 10% for each claimant whose total household resources exceed  
12 \$41,000.00 and by an additional 10% for each increment of \$1,000.00  
13 of total household resources in excess of \$41,000.00.

14 (9) If the credit authorized and calculated under this section  
15 and section 522 and adjusted under subsection (7) or (8) does not  
16 provide to a senior citizen who rents or leases a homestead that  
17 amount attributable to rent that constitutes more than 40% of the  
18 total household resources of the senior citizen, the senior citizen  
19 may claim a credit based upon the amount of total household  
20 resources attributable to rent as provided by this section.

21 (10) A senior citizen whose gross rent paid for the tax year  
22 is more than the percentage of total household resources specified  
23 in subsection (9) for the respective tax year may claim a credit  
24 for the amount of rent paid that constitutes more than the  
25 percentage of the total household resources of the senior citizen  
26 specified in subsection (9) and that was not provided to the senior  
27 citizen by the credit computed pursuant to this section and section

1 522 and adjusted pursuant to subsection (7) or (8).

2 (11) The department may promulgate rules to implement  
3 subsections (9) to (15) and may prescribe a table to allow a  
4 claimant to determine the credit provided under this section and  
5 section 522 in the instruction booklet that accompanies the  
6 respective income tax or property tax credit forms used by  
7 claimants.

8 (12) A senior citizen may claim the credit under subsections  
9 (9) to (15) on the same form as the property tax credit permitted  
10 by subsection (2). The department shall adjust the forms  
11 accordingly.

12 (13) A senior citizen who moves to a different rented or  
13 leased homestead shall determine, for 2 tax years after the move,  
14 both his or her qualification to claim a credit under subsections  
15 (9) to (15) and the amount of a credit under subsections (9) to  
16 (15) on the basis of the annualized final monthly rental payment at  
17 his or her previous homestead, if this annualized rental is less  
18 than the senior citizen's actual annual rental payments.

19 (14) For a return of less than 12 months, the claim for a  
20 credit under subsections (9) to (15) shall be reduced  
21 proportionately.

22 (15) The total credit allowed by this section and section 522  
23 shall not exceed \$1,200.00 per year.

24 Enacting section 1. This amendatory act takes effect January  
25 1, 2012.