

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 847

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending sections 272 and 522 (MCL 206.272 and 206.522),
section 272 as amended by 2011 PA 38 and section 522 as amended
by 2013 PA 206.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 272. (1) For the following tax years that begin after
2 December 31, 2007, a taxpayer may credit against the tax imposed
3 by this act an amount equal to the specified percentages of the
4 credit the taxpayer is allowed to claim as a credit under section
5 32 of the internal revenue code for a tax year on a return filed
6 under this act for the same tax year:

7 (a) For tax years that begin after December 31, 2007 and
8 before January 1, 2009, 10%.

(b) For tax years that begin after December 31, 2008 and before January 1, 2012, 20%.

(c) For tax years that begin after December 31, 2011 **AND BEFORE JANUARY 1, 2016**, 6%.

(D) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2015, 20%.

(2) If the credit allowed by this section exceeds the tax liability of the taxpayer for the tax year, the state treasurer shall refund the excess to the taxpayer without interest, except as provided in section 30 of 1941 PA 122, MCL 205.30.

Sec. 522. (1) The amount of a claim made pursuant to this chapter shall be determined as follows:

(a) A claimant who is not a senior citizen is entitled to a credit against the state income tax liability under this part equal to 60% of the amount by which the property taxes on the homestead, or the credit for rental of the homestead for the tax year, exceeds 3.5% of the claimant's total household resources for that tax year.

(b) A claimant who is a senior citizen is entitled to a credit against the state income tax liability under this part equal to the following:

(i) For a claimant with total household resources of \$21,000.00 or less, an amount as determined in accordance with subdivision (c).

(ii) For a claimant with total household resources of more than \$21,000.00 and less than or equal to \$22,000.00, an amount equal to 96% of the difference between the property taxes on the homestead or the credit for rental of the homestead for the tax

1 year and 3.5% of total household resources.

2 (iii) For a claimant with total household resources of more
3 than \$22,000.00 and less than or equal to \$23,000.00, an amount
4 equal to 92% of the difference between the property taxes on the
5 homestead or the credit for rental of the homestead for the tax
6 year and 3.5% of total household resources.

7 (iv) For a claimant with total household resources of more
8 than \$23,000.00 and less than or equal to \$24,000.00, an amount
9 equal to 88% of the difference between the property taxes on the
10 homestead or the credit for rental of the homestead for the tax
11 year and 3.5% of total household resources.

12 (v) For a claimant with total household resources of more
13 than \$24,000.00 and less than or equal to \$25,000.00, an amount
14 equal to 84% of the difference between the property taxes on the
15 homestead or the credit for rental of the homestead for the tax
16 year and 3.5% of total household resources.

17 (vi) For a claimant with total household resources of more
18 than \$25,000.00 and less than or equal to \$26,000.00, an amount
19 equal to 80% of the difference between the property taxes on the
20 homestead or the credit for rental of the homestead for the tax
21 year and 3.5% of total household resources.

22 (vii) For a claimant with total household resources of more
23 than \$26,000.00 and less than or equal to \$27,000.00, an amount
24 equal to 76% of the difference between the property taxes on the
25 homestead or the credit for rental of the homestead for the tax
26 year and 3.5% of total household resources.

27 (viii) For a claimant with total household resources of more

1 than \$27,000.00 and less than or equal to \$28,000.00, an amount
2 equal to 72% of the difference between the property taxes on the
3 homestead or the credit for rental of the homestead for the tax
4 year and 3.5% of total household resources.

5 (ix) For a claimant with total household resources of more
6 than \$28,000.00 and less than or equal to \$29,000.00, an amount
7 equal to 68% of the difference between the property taxes on the
8 homestead or the credit for rental of the homestead for the tax
9 year and 3.5% of total household resources.

10 (x) For a claimant with total household resources of more
11 than \$29,000.00 and less than or equal to \$30,000.00, an amount
12 equal to 64% of the difference between the property taxes on the
13 homestead or the credit for rental of the homestead for the tax
14 year and 3.5% of total household resources.

15 (xi) For a claimant with total household resources of more
16 than \$30,000.00, an amount equal to 60% of the difference between
17 the property taxes on the homestead or the credit for rental of
18 the homestead for the tax year and 3.5% of total household
19 resources.

20 (c) A claimant who is a senior citizen with total household
21 resources of \$21,000.00 or less or a paraplegic, hemiplegic, or
22 quadriplegic and for tax years that begin after December 31,
23 1999, a claimant who is totally and permanently disabled, deaf,
24 or, for tax years that begin after December 31, 2012, blind is
25 entitled to a credit against the state income tax liability for
26 the amount by which the property taxes on the homestead, the
27 credit for rental of the homestead, or a service charge in lieu

1 of ad valorem taxes as provided by section 15a of the state
 2 housing development authority act of 1966, 1966 PA 346, MCL
 3 125.1415a, for the tax year exceeds the percentage of the
 4 claimant's total household resources for that tax year computed
 5 as follows:

6 **FOR TAX YEARS ENDING BEFORE JANUARY 1, 2016**

7	Total household resources	Percentage
8	Not over \$3,000.00	.0%
9	Over \$3,000.00 but not over \$4,000.00	1.0%
10	Over \$4,000.00 but not over \$5,000.00	2.0%
11	Over \$5,000.00 but not over \$6,000.00	3.0%
12	Over \$6,000.00	3.5%

13

14 **FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 2015**

15	TOTAL HOUSEHOLD RESOURCES	PERCENTAGE
16	NOT OVER \$6,000.00	.0%
17	OVER \$6,000.00	3.5%

18 (d) A claimant who is an eligible serviceperson, eligible
 19 veteran, or eligible widow or widower is entitled to a credit
 20 against the state income tax liability for a percentage of the
 21 property taxes on the homestead for the tax year not in excess of
 22 100% determined as follows:

23 (i) Divide the taxable value allowance specified in section
 24 506 by the taxable value of the homestead or, if the eligible
 25 serviceperson, eligible veteran, or eligible widow or widower
 26 leases or rents a homestead, divide 17% of the total annual rent
 27 paid for tax years before the 1994 tax year, or 20% of the total

1 annual rent paid for tax years after the 1993 tax year on the
2 property by the property tax rate on the property.

3 (ii) Multiply the property taxes on the homestead by the
4 percentage computed in subparagraph (i).

5 (e) A claimant who is blind is entitled to a credit against
6 the state income tax liability for a percentage of the property
7 taxes on the homestead for the tax year determined as follows:

8 (i) If the taxable value of the homestead is \$3,500.00 or
9 less, 100% of the property taxes.

10 (ii) If the taxable value of the homestead is more than
11 \$3,500.00, the percentage that \$3,500.00 bears to the taxable
12 value of the homestead.

13 (2) A person who is qualified to make a claim under more
14 than 1 classification shall elect the classification under which
15 the claim is made.

16 (3) Only 1 claimant per household for a tax year is entitled
17 to the credit, unless both the husband and wife filing a joint
18 return are blind, then each shall be considered a claimant.

19 (4) As used in this section, "totally and permanently
20 disabled" means disability as defined in section 216 of title II
21 of the social security act, 42 USC 416.

22 (5) A senior citizen who has total household resources for
23 the tax year of \$6,000.00 or less and who for 1973 received a
24 senior citizen homestead exemption under former section 7c of the
25 general property tax act, 1893 PA 206, may compute the credit
26 against the state income tax liability for a percentage of the
27 property taxes on the homestead for the tax year determined as

1 follows:

2 (a) If the taxable value of the homestead is \$2,500.00 or
3 less, 100% of the property taxes.

4 (b) If the taxable value of the homestead is more than
5 \$2,500.00, the percentage that \$2,500.00 bears to the taxable
6 value of the homestead.

7 (6) For a return of less than 12 months, the claim shall be
8 reduced proportionately.

9 (7) The department may prescribe tables that may be used to
10 determine the amount of the claim.

11 (8) The total credit allowed in this section for each year
12 after December 31, 1975 shall not exceed \$1,200.00 per year.

13 (9) The total credit allowable under this part and part 361
14 of the natural resources and environmental protection act, 1994
15 PA 451, MCL 324.36101 to 324.36117, shall not exceed the total
16 property tax due and payable by the claimant in that year. The
17 amount by which the credit exceeds the property tax due and
18 payable shall be deducted from the credit claimed under part 361
19 of the natural resources and environmental protection act, 1994
20 PA 451, MCL 324.36101 to 324.36117.

21 Enacting section 1. This amendatory act does not take effect
22 unless Senate Joint Resolution ____ or House Joint Resolution
23 ____ (request no. 02708'13 **) of the 97th Legislature becomes a
24 part of the state constitution of 1963 as provided in section 1
25 of article XII of the state constitution of 1963.