

# HOUSE BILL No. 4544

April 11, 2013, Introduced by Reps. Zorn, Price, Heise, Denby, Rendon, Jenkins, Kurtz, Stallworth, Durhal, Lane, Muxlow, LaVoy and Oakes and referred to the Committee on Appropriations.

A bill to amend 1967 PA 281, entitled "Income tax act of 1967," by amending section 527a (MCL 206.527a), as amended by 2011 PA 38.

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

1           Sec. 527a. (1) Subject to subsections (18) and (19), a  
2 claimant may claim a credit for heating fuel costs for the  
3 claimant's homestead in this state. An adult foster care home,  
4 nursing home, home for the aged, or substance abuse center is not  
5 a homestead for purposes of this section. The credit shall be  
6 determined in the following manner:

7           (a) Subject to subsections (18) and (19), the following  
8 table shall be used for the computation of a credit as computed  
9 under subdivision (c):

1 Exemptions	0 or 1	2	3	4	5	6 or more
2 Credit	\$272	\$326	\$379	\$450	\$525	\$601 + \$76 for each
3						exemption over 6

4 (b) The amounts in the table in subdivision (a) shall be  
5 adjusted each year as necessary by the department so that a  
6 claimant with total household resources of less than 110% of the  
7 federal poverty income standards as defined and determined  
8 annually by the United States office of management and budget is  
9 not denied a credit.

10 (c) A claimant shall receive the greater of the credit  
11 amount as determined in subparagraph (i) or (ii):

12 (i) Subtract 3.5% of the claimant's total household resources  
13 from the amount specified in subdivision (a) that corresponds  
14 with the number of exemptions claimed in the return filed under  
15 this part, except that the number of exemptions for purposes of  
16 this subdivision shall not exceed the actual number of persons  
17 living in the household plus the additional personal exemptions  
18 allowed under section 30, and any dependency exemptions for a  
19 person or persons living in the household under a custodial  
20 arrangement, even if the exemptions may not be claimed for other  
21 income tax purposes. For a claimant whose heating costs are  
22 included in his or her rent, multiply the result of the preceding  
23 calculation by 50%.

24 (ii) Subject to subsection (2), for a claimant whose total  
25 household resources do not exceed the maximum specified in the  
26 following table, as adjusted, that corresponds with the number of

1 exemptions claimed in the return filed under this part, subtract  
 2 11% of claimant's total household resources from the total cost  
 3 incurred by a claimant for heating fuel from a heating fuel  
 4 provider during the 12 consecutive monthly billing periods ending  
 5 in October of the tax year, and multiply the resulting amount by  
 6 70%:

7 Exemptions	0 or 1	2	3	4	5	For each
8						exemption
9						over 5,
10						add
11						\$2,441.00
12						to the
13						maximum
14						total
15						household
16						resources
17 Maximum						
18 Total						
19 Household						
20 Resources	\$7,060	\$9,501	\$11,943	\$14,382	\$16,824	

21 (d) The maximum cost incurred by a claimant for heating fuel  
 22 during a tax year shall be adjusted by multiplying the maximum  
 23 cost for the immediately preceding tax year by the percentage by  
 24 which the average all urban Detroit consumer price index for  
 25 fuels and other utilities for the 12 months ending August 31 of  
 26 the tax year for which the credit is claimed exceeds that index's  
 27 average for the 12 months ending on August 31 of the previous tax  
 28 year, but not more than 10%. That product shall be added to the

1 maximum cost of the immediately preceding tax year and then  
2 rounded to the nearest whole dollar. That dollar amount is the  
3 new maximum cost for the current tax year. If the claimant  
4 received any credits to his or her heating bill during the tax  
5 year, as provided for in subsection (6), the credits shall be  
6 treated as costs incurred by the claimant.

7 (e) The maximum total household resources specified in  
8 subdivision (c) (ii) shall be adjusted by multiplying the  
9 respective maximum total household resources for the immediately  
10 preceding tax year by the percentage by which the average all  
11 urban Detroit consumer price index for all items for the 12  
12 months ending August 31 of the tax year for which the credit is  
13 claimed exceeds that index's average for the 12 months ending on  
14 August 31 of the immediately preceding tax year, but not more  
15 than 10%. That product shall be added to the immediately  
16 preceding tax year's respective maximum total household resources  
17 and then rounded to the nearest whole dollar. That dollar amount  
18 is the new maximum level for total household resources for the  
19 then current tax year.

20 (2) An enrolled heating fuel provider shall notify each of  
21 its customers, not later than December 15 of each year, of the  
22 availability, upon request, of the information necessary for  
23 determining the credit under this section. For a claimant for  
24 whom, at the time of filing, the department of human services is  
25 making direct vendor payments to an enrolled heating fuel  
26 provider, the enrolled heating fuel provider that accepts the  
27 direct payments shall provide the information necessary to

1 determine the credit before February 1 of each year. If an  
2 enrolled heating fuel provider refuses or fails to provide to a  
3 customer the information required to determine the credit, or if  
4 the claimant is not a customer of an enrolled heating fuel  
5 provider, a claimant may determine the credit provided in  
6 subsection (1)(c)(ii) based on his or her own records.

7 (3) A credit claimed on a return that covers a period of  
8 less than 12 months shall be calculated based on subsection  
9 (1)(c)(i) and shall be reduced proportionately.

10 (4) The allowable amount of the credit under this section  
11 shall be remitted to the claimant, other than a claimant whose  
12 heating costs are included in his or her rent, in the form of an  
13 energy draft that states the name of the claimant and is issued  
14 by the department. For a claimant for whom, at the time of  
15 filing, the department of human services has identified the  
16 enrolled heating fuel provider or is making direct vendor  
17 payments to an enrolled heating fuel provider, the department  
18 shall send the energy draft directly to the claimant's enrolled  
19 heating fuel provider, as identified by the claimant. If the  
20 department establishes a program or pilot program for the direct  
21 payment of energy drafts to enrolled heating fuel providers,  
22 enrolled heating fuel providers may submit to the department, in  
23 a manner prescribed by the department, the names of their  
24 customers who are claimants. If a claimant whose name has been  
25 submitted meets the standards established by the department, the  
26 department shall send that claimant's energy draft directly to  
27 the claimant's enrolled heating fuel provider. If the enrolled

1 heating fuel provider submits names of claimants who are not its  
2 customers and the energy drafts of any of those claimants are  
3 sent to the enrolled heating fuel provider, the enrolled heating  
4 fuel provider shall return the energy drafts or pay the value of  
5 the energy drafts to the department plus interest on the amount  
6 of the energy drafts at the rate calculated under section 23 of  
7 1941 PA 122, MCL 205.23, for deficiencies in tax payments. Except  
8 as provided in subsection (5), after July 31, a refundable credit  
9 for a prior tax year may be paid in the form of a negotiable  
10 warrant. The energy draft shall be negotiable only through the  
11 claimant's enrolled heating fuel provider upon remittance by the  
12 claimant.

13 (5) If a claimant received home heating assistance from the  
14 department of human services, a governmental agency, or a  
15 nonprofit organization 12 months prior to remitting an energy  
16 draft to the claimant's enrolled heating fuel provider and the  
17 amount of the energy draft is greater than the total of  
18 outstanding bills incurred by the claimant with the enrolled  
19 heating fuel provider as of the date that the energy draft was  
20 remitted to the enrolled heating fuel provider, the enrolled  
21 heating fuel provider shall first apply the full amount of the  
22 energy draft to the claimant's outstanding bills and then apply  
23 any remaining amount to subsequent bills of the claimant until  
24 the full amount of the energy draft is used up or the expiration  
25 of 9 months after the date on which the energy draft was first  
26 applied to cover the claimant's outstanding bills. If there is  
27 any remaining energy draft amount at the end of the 9-month

1 period, or if before the end of the 9-month period the claimant  
2 is no longer a customer of the enrolled heating fuel provider,  
3 the enrolled heating fuel provider shall remit the remaining  
4 amount to the claimant in the form of a fully negotiable check  
5 within 14 days after the end of the 9-month period or 14 days  
6 after the termination of services, whichever occurs sooner. If  
7 the claimant did not receive home heating assistance from the  
8 department of human services, a governmental agency, or a  
9 nonprofit organization 12 months prior to remitting an energy  
10 draft, the claimant, by checking the appropriate box to be  
11 included on the energy draft or application for participation  
12 with an enrolled heating fuel provider, may request from the  
13 enrolled heating fuel provider a payment equal to the amount of  
14 the energy draft less the amount of the outstanding bills. The  
15 enrolled heating fuel provider shall issue the payment within 14  
16 days after the claimant's request. For purposes of this  
17 subsection, home heating assistance does not include the credit  
18 allowed under this section.

19 (6) If a claimant whose energy draft exceeds his or her  
20 outstanding bills does not request a payment from an enrolled  
21 heating fuel provider under subsection (5), an energy draft  
22 remitted to an enrolled heating fuel provider shall be applied  
23 upon receipt to the claimant's designated account. The energy  
24 draft may be used to cover outstanding bills that the claimant  
25 has incurred with the enrolled heating fuel provider and to cover  
26 subsequent heating costs until the full amount of the energy  
27 draft is used or until 1 year after the date on which the energy

1 draft is first applied to the claimant's designated account. If a  
2 credit amount remains from this energy draft after the 1-year  
3 period, or if prior to the end of the 1-year period a claimant is  
4 no longer a customer of the enrolled heating fuel provider, the  
5 heating fuel provider shall remit the remaining unused portion to  
6 the claimant in the form of a fully negotiable check within 14  
7 days after the end of the 1-year period or within 14 days after  
8 termination of service, whichever is sooner.

9 (7) A claimant who is no longer a resident of this state,  
10 who is not a customer of an enrolled heating fuel provider, or  
11 whose heating fuel provider refuses to accept an energy draft  
12 shall return the energy draft to the department and request the  
13 issuance of a negotiable warrant. A claimant may return an energy  
14 draft to the department and request issuance of a negotiable  
15 warrant if the energy draft is impractical because the claimant  
16 has already purchased his or her energy supply for the year and  
17 does not have an outstanding obligation to an enrolled heating  
18 fuel provider. The department may honor that request if it agrees  
19 that the use of the energy draft is impractical. The department  
20 shall issue the warrant within 14 days after receiving the energy  
21 draft from the claimant.

22 (8) The enrolled heating fuel provider shall bill the  
23 department for credit amounts that have been applied to claimant  
24 accounts pursuant to subsection (6), and the department shall pay  
25 the bills within 14 days of receipt. The billing shall be  
26 accompanied by the energy drafts for which reimbursement is  
27 claimed.

1           (9) A claimant whose heating fuel is provided by a utility  
2 regulated by the Michigan public service commission is protected  
3 against the discontinuance of his or her heating fuel service  
4 from the date of filing a claim for the credit under this section  
5 through the date of issuance of an energy draft and during a  
6 period beginning December 1 of the tax year for which the credit  
7 is claimed and ending March 31 of the following year if the  
8 claimant participates in the winter protection program set forth  
9 in R 460.148 of the Michigan administrative code or if the  
10 utility accepts the claimant's energy draft. The acceptance of an  
11 energy draft by a utility is considered a request by the claimant  
12 for the winter protection program. The energy draft shall be  
13 coded by the department to denote claimants who are 65 years of  
14 age or older. If the claimant is a claimant whose heating cost is  
15 included in his or her rent payments, the amount of the claim not  
16 used as an offset against the state income tax, after examination  
17 and review, shall be approved for payment, without interest, to  
18 the claimant.

19           (10) If an enrolled heating fuel provider does not issue a  
20 payment or a negotiable check within 14 days or as otherwise  
21 provided in subsection (5) or (6), beginning on the fifteenth day  
22 or the fifteenth day after the expiration of the 9-month period  
23 under subsection (5), the amount due to the claimant is increased  
24 by adding interest computed on the basis of the rate of interest  
25 prescribed for delayed refunds of excess tax payments in section  
26 30(3) of 1941 PA 122, MCL 205.30. The enrolled heating fuel  
27 provider shall pay the interest and shall not bill the interest

1 to or be reimbursed for the interest by the department.

2 (11) Only the renter or lessee shall claim a credit on  
3 property that is rented or leased as a homestead. Only 1 credit  
4 may be claimed for a household. The credit under this section is  
5 in addition to other credits to which the claimant is entitled  
6 under this part. A person who is a full-time student at a school,  
7 community college, or college or university and who is claimed as  
8 a dependent by another person is not eligible for the credit  
9 provided by this section. A claimant who shares a homestead with  
10 other eligible claimants shall prorate the credit by the number  
11 of claimants sharing the homestead.

12 (12) A claimant who is eligible for the credit provided by  
13 this section shall be referred by the department to the  
14 appropriate state agency for determination of eligibility for  
15 home weatherization assistance and shall accept weatherization  
16 assistance if eligible and if assistance is available. A heating  
17 fuel provider that is required by the Michigan public service  
18 commission to participate in the residential conservation  
19 services home energy analysis program shall annually contact each  
20 claimant to whom it provides heating fuel, and whose usage  
21 exceeds 200,000 cubic feet of natural gas or 18,000 kilowatt  
22 hours of electricity annually, and shall offer to provide a home  
23 energy analysis at no cost to the claimant. A heating fuel  
24 provider that is not required to participate in the residential  
25 conservation services program shall not be required to conduct a  
26 home energy analysis for its customers.

27 (13) If an enrolled heating fuel provider is regulated by

1 the Michigan public service commission, the Michigan public  
2 service commission may use an enforcement method authorized by  
3 law or rule to enforce the requirements prescribed by this  
4 section on the enrolled heating fuel provider. If an enrolled  
5 heating fuel provider is not regulated by the Michigan public  
6 service commission, the department of human services may use an  
7 enforcement method authorized by law or rule to enforce the  
8 requirements prescribed by this section on the enrolled heating  
9 fuel provider.

10 (14) The department shall mail a home heating credit return  
11 to every person who received assistance through the department of  
12 human services pursuant to the social welfare act, 1939 PA 280,  
13 MCL 400.1 to 400.119b, during the tax year.

14 (15) The department shall complete a study by August 1 of  
15 1985, and of each subsequent year, of the actual heating costs of  
16 each claimant who received a credit from the department under  
17 this section for the immediately preceding tax year.

18 (16) The department may promulgate rules necessary to  
19 administer this section pursuant to the administrative procedures  
20 act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

21 (17) The department shall provide a simplified procedure for  
22 claiming the credit under this section for claimants for whom, at  
23 the time of filing, the department of human services is making  
24 direct vendor payments to an enrolled heating fuel provider.

25 (18) For the 2001 tax year and each tax year after the 2001  
26 tax year, the credit under this section is allowed only if there  
27 has been a federal appropriation for the federal fiscal year

1 beginning in the tax year of federal low income home energy  
2 assistance program block grant funds of any amount. If the amount  
3 of federal low income home energy assistance program block grant  
4 funds available for the home heating credit is less than the full  
5 home heating credit amount, each individual credit claimed under  
6 this section shall be reduced by multiplying the credit amount by  
7 a fraction, the numerator of which is the amount available for  
8 the home heating credit and the denominator of which is the full  
9 home heating credit amount. As used in this subsection, "amount  
10 available for the home heating credit" means the sum of the  
11 federal low income home energy assistance program block grant  
12 allotment for this state for the federal fiscal year beginning in  
13 the tax year and the amount as certified by the director of the  
14 department of human services carried forward from the immediately  
15 preceding fiscal year for the low income home energy assistance  
16 program block grant minus the sum of the amount certified by the  
17 director of the department of human services for administration  
18 of the low income home energy assistance program block grant, the  
19 amount certified by the director of the department of human  
20 services for crisis assistance programs, and the amount certified  
21 by the director of the department of human services for  
22 weatherization. ~~Except as otherwise provided in this subsection,~~  
23 ~~the amount used for weatherization each fiscal year shall not~~  
24 ~~exceed \$9,000,000.00 less the amount used for weatherization from~~  
25 ~~the emergency contingency funds received in the immediately~~  
26 ~~preceding year. For the 2004-2005 state fiscal year only, the~~  
27 ~~amount used for weatherization shall not exceed \$9,000,000.00 and~~

1 ~~shall not be reduced by the amount used for weatherization from~~  
2 ~~the emergency contingency funds received in the immediately~~  
3 ~~preceding year.~~ **FOR THE 2013-2014 FISCAL YEAR AND EACH FISCAL**  
4 **YEAR THEREAFTER, THE AMOUNT USED FOR WEATHERIZATION EACH FISCAL**  
5 **YEAR SHALL NOT BE LESS THAN 15% OF THE TOTAL FEDERAL LOW INCOME**  
6 **HOME ENERGY ASSISTANCE PROGRAM BLOCK GRANT FUNDS RECEIVED AND**  
7 **SHALL NOT BE REDUCED BY THE AMOUNT USED FOR WEATHERIZATION FROM**  
8 **THE EMERGENCY CONTINGENCY FUNDS RECEIVED IN THE IMMEDIATELY**  
9 **PRECEDING YEAR.** The amounts under this subsection that require  
10 certification by the director of the department of human services  
11 or by the state treasurer and the director of the department of  
12 technology, management, and budget shall be certified on or  
13 before December 30 of the tax year ~~for the 1996 tax year, and on~~  
14 ~~or before November 1 of the tax year for the 1997 tax year and~~  
15 ~~each tax year after the 1997 tax year.~~ **AND EACH TAX YEAR**  
16 **THEREAFTER.** As used in this subsection, "full home heating credit  
17 amount" means the amount certified by the state treasurer and the  
18 director of the department of technology, management, and budget  
19 to be the estimated amount of the credits that would have been  
20 provided under this section for the tax year if no reduction as  
21 provided in this subsection were made for that tax year.

22 (19) For tax years after the 1994 tax year, a claimant who  
23 claims a credit under this section shall not report the credit  
24 amount on the claimant's income tax return filed under this part  
25 as an offset against the tax imposed by this part, but shall  
26 claim the credit on a separate form prescribed by the department.  
27 For tax years after the 1995 tax year, a credit claimed under

1 this section shall not be allowed unless the claim for the credit  
2 is filed with the department on or before the September 30  
3 immediately following the tax year for which the credit is  
4 claimed.

5 (20) The state treasurer shall notify all of the following  
6 each state fiscal year that the federal low income home energy  
7 assistance program block grant allotment for this state for that  
8 fiscal year is less than the full home heating credit amount:

9 (a) The chairpersons and vice-chairpersons of the senate and  
10 house of representatives appropriations committees.

11 (b) The senate and house of representatives committees on  
12 taxation and finance related issues.

13 (c) The senate and house of representatives committees on  
14 energy and technology related issues.

15 (21) Notwithstanding section 30a of 1941 PA 122, MCL  
16 205.30a, the credit allowed under this section is exempt from  
17 interception, execution, levy, attachment, garnishment, or other  
18 legal process to collect a debt. No portion of the credit allowed  
19 or any rights existing under this section shall be applied as an  
20 offset to any liability of the claimant under section 30a of 1941  
21 PA 122, MCL 205.30a, or any arrearage or other debt of the  
22 claimant.

23 (22) The department shall meet with interested parties  
24 including enrolled heating fuel providers and advocacy groups to  
25 identify and implement methods of improving the processing of  
26 claims for the credit allowed under this section and payments  
27 attributable to those credits.

1 (23) As used in this section:

2 (a) "Claimant whose heating costs are included in his or her  
3 rent" means a claimant whose rent includes the cost of heat at  
4 the time the claim for the credit under this section is filed.

5 (b) "Enrolled heating fuel provider" means a heating fuel  
6 provider that is enrolled with the department of human services  
7 as a heating fuel provider.

8 (c) "Heating fuel provider" means an individual or entity  
9 that provides a claimant with heating fuel or electricity for  
10 heating purposes.