

# HOUSE BILL No. 4871

September 16, 2015, Introduced by Reps. Howrylak, Dianda, Goike, Kelly, Robinson, Pagan, Faris, Victory, Somerville, Leutheuser, Lucido, Glenn, Zemke, LaVoy and Lauwers and referred to the Committee on Tax Policy.

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 273.

## 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. An

owner is not eligible for a credit under this section if the taxable value of his or her homestead excluding the portion of a parcel of real property that is unoccupied and classified as agricultural for ad valorem tax purposes in the year for which the credit is claimed is greater than \$135,000.00, **ADJUSTED ANNUALLY BY THE PERCENTAGE INCREASE IN THE UNITED STATES CONSUMER PRICE INDEX FOR THE IMMEDIATELY PRECEDING CALENDAR YEAR. THE DEPARTMENT SHALL ANNUALIZE THE AMOUNTS PROVIDED IN THIS SUBSECTION AS NECESSARY.** As used in this subsection, "taxable value" means that value determined under section 27a of the general property tax act, 1893 PA 206, MCL 211.27a.

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

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

1 tax liabilities.

2 (4) If the homestead is an integral part of a multipurpose or  
3 multidwelling building that is federally aided housing or state  
4 aided housing, a claimant who is a senior citizen entitled to a  
5 payment under subsection (2) may assign the right to that payment  
6 to a mortgagor if the mortgagor reduces the rent charged and  
7 collected on the claimant's homestead in an amount equal to the tax  
8 credit payment provided in this chapter. The assignment of the  
9 claim is valid only if the Michigan state housing development  
10 authority, by affidavit, verifies that the claimant's rent has been  
11 so reduced.

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

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

25 (7) A person who received aid to families with dependent  
26 children, state family assistance, or state disability assistance  
27 pursuant to the social welfare act, 1939 PA 280, MCL 400.1 to

1 400.119b, in the tax year for which the person is filing a return  
2 shall have a credit that is authorized and computed under this  
3 section and section 522 reduced by an amount equal to the product  
4 of the claimant's credit multiplied by the quotient of the sum of  
5 the claimant's aid to families with dependent children, state  
6 family assistance, and state disability assistance for the tax year  
7 divided by the claimant's total household resources. The reduction  
8 of credit shall not exceed the sum of the aid to families with  
9 dependent children, state family assistance, and state disability  
10 assistance for the tax year. For the purposes of this subsection,  
11 aid to families with dependent children does not include child  
12 support payments that offset or reduce payments made to the  
13 claimant.

14 (8) A credit under subsection (1) or (2) shall be reduced by  
15 10% for each claimant whose total household resources exceed  
16 \$41,000.00 and by an additional 10% for each increment of \$1,000.00  
17 of total household resources in excess of \$41,000.00. **THE MAXIMUM**  
18 **AMOUNTS ALLOWED UNDER THIS SUBSECTION SHALL BE ADJUSTED BY THE**  
19 **PERCENTAGE INCREASE IN THE UNITED STATES CONSUMER PRICE INDEX FOR**  
20 **THE IMMEDIATELY PRECEDING CALENDAR YEAR. THE DEPARTMENT SHALL**  
21 **ANNUALIZE THE AMOUNTS PROVIDED IN THIS SUBSECTION AS NECESSARY.**

22 (9) If the credit authorized and calculated under this section  
23 and section 522 and adjusted under subsection (7) or (8) does not  
24 provide to a senior citizen who rents or leases a homestead that  
25 amount attributable to rent that constitutes more than 40% of the  
26 total household resources of the senior citizen, the senior citizen  
27 may claim a credit based upon the amount of total household

1 resources attributable to rent as provided by this section.

2 (10) A senior citizen whose gross rent paid for the tax year  
3 is more than the percentage of total household resources specified  
4 in subsection (9) for the respective tax year may claim a credit  
5 for the amount of rent paid that constitutes more than the  
6 percentage of the total household resources of the senior citizen  
7 specified in subsection (9) and that was not provided to the senior  
8 citizen by the credit computed pursuant to this section and section  
9 522 and adjusted pursuant to subsection (7) or (8).

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

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

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

27 (14) For a return of less than 12 months, the claim for a

credit under subsections (9) to (15) shall be reduced proportionately.

(15) ~~The~~ EXCEPT AS OTHERWISE PROVIDED UNDER THIS SUBSECTION, THE total credit allowed by this section and section 522 shall not exceed \$1,200.00 per year. BEGINNING JANUARY 1, 2016 AND EACH JANUARY 1 THEREAFTER, THE MAXIMUM AMOUNT OF THE CREDIT ALLOWED UNDER THIS SUBSECTION FOR THE IMMEDIATELY PRECEDING TAX YEAR SHALL BE ADJUSTED BY THE PERCENTAGE INCREASE IN THE UNITED STATES CONSUMER PRICE INDEX FOR THE IMMEDIATELY PRECEDING CALENDAR YEAR. THE DEPARTMENT SHALL ROUND THE AMOUNT TO THE NEAREST \$100.00 INCREMENT.

(16) AS USED IN THIS SECTION, "UNITED STATES CONSUMER PRICE INDEX" MEANS THE UNITED STATES CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS AS DEFINED AND REPORTED BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS.

Enacting section 1. This amendatory act takes effect January 1, 2016.