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BILL



ANALYSIS

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Senate Bill 647 (as introduced 11-2-17)
Sponsor: Senator Dale W. Zorn
Committee: Finance

Date Completed: 2-6-18

CONTENT

The bill would amend the Income Tax Act to do the following:

- **Extend to fiscal year 2021-22 provisions for determining the amount of Federal block grant funds used for weatherization, in the calculation of the home heating credit when the block grant funds are less than the full credit amount.**
- **Require the Department of Health and Human Services to submit a report and recommendations on the home heating and weatherization assistance programs to certain legislative committees and members by July 1 each year, beginning in 2018.**

The Act allows an eligible individual to claim a credit for heating fuel costs for his or her homestead in Michigan. Eligibility for the credit and the amount of the credit are based on various factors, including household resources, exemptions claimed, and heating costs.

The credit is allowed only if there has been a Federal appropriation for the Federal fiscal year beginning in the tax year of Federal Low Income Home Energy Assistance Program (LIHEAP) block grant funds of any amount. If the amount of LIHEAP block grant funds available for the home heating credit is less than the full home heating credit amount, each individual credit claimed must be reduced proportionately. "Amount available for the home heating credit" means the sum of the LIHEAP block grant allotment for Michigan for the Federal fiscal year beginning in the tax year and the amount as certified by the Director of the Department carried forward from the immediately preceding fiscal year for the LIHEAP block grant, minus the sum of amounts certified by the Director for weatherization, crisis assistance programs, and administration of the LIHEAP block grant.

For fiscal years 2014-15 through 2016-17, the amount used for weatherization each fiscal year had to be determined as follows: If the total LIHEAP block grant received for the current fiscal year was greater than or equal to 90% of the amount of block grant funds received in the preceding fiscal year, then the amount of LIHEAP block grant funds used for weatherization for that fiscal year had to be at least \$6.0 million but not more than 15% of the total LIHEAP block grant funds received for that fiscal year. If the total LIHEAP block grant received for the current fiscal year was less than 90% of the amount received in the preceding fiscal year, then the amount of LIHEAP block grant funds used for weatherization for that fiscal year had to be at least \$5.0 million but not more than 15% of the total LIHEAP block grant funds received for that fiscal year.

The bill would require the amount used for weatherization each fiscal year to be determined under these provisions through fiscal year 2021-22.

In addition, by July 1, 2018, and each subsequent July 1, the Department would have to submit a report on the operation and effectiveness of the home heating and weatherization assistance programs and any recommendations regarding the programs to all of the following:

- The chairpersons and vice-chairpersons of the Senate and House of Representatives Appropriations Committees.
- The Senate and House of Representative committees on taxation- and finance-related issues.
- The Senate and House of Representatives committees on energy- and technology-related issues.

MCL 206.527a

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would have no fiscal impact on State or local government. As the bill would extend the recently expired allocation of the Federal Low Income Home Energy Assistance Program block grant funding, there would be no change to the funding formula followed by the Department of Health and Human Services.

Fiscal Analyst: John Maxwell

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.