

**SENATE SUBSTITUTE FOR  
HOUSE BILL NO. 6004**

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
by amending section 527a (MCL 206.527a), as amended by 2018 PA 161.

**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 a  
5       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 table  
8       shall be used for the computation of a credit as computed under  
9       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 annually  
8 by the United States Office of Management and Budget is not denied  
9 a credit.

10 (c) A claimant shall receive the greater of the credit amount  
11 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 with  
14 the number of exemptions claimed in the return filed under this  
15 part, except that the number of exemptions for purposes of this  
16 subdivision shall not exceed the actual number of persons living in  
17 the household plus the additional personal exemptions allowed under  
18 section 30, and any dependency exemptions for a person or persons  
19 living in the household under a custodial arrangement, even if the  
20 exemptions may not be claimed for other income tax purposes. For a  
21 claimant whose heating costs are included in his or her rent,  
22 multiply the result of the preceding calculation by 50%.

23 (ii) Subject to subsection (2), for a claimant whose total  
24 household resources do not exceed the maximum specified in the  
25 following table, as adjusted, that corresponds with the number of  
26 exemptions claimed in the return filed under this part, subtract  
27 11% of claimant's total household resources from the total cost

1 incurred by a claimant for heating fuel from a heating fuel  
 2 provider during the 12 consecutive monthly billing periods ending  
 3 in October of the tax year, and multiply the resulting amount by  
 4 70%:

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

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

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

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

18 (2) An enrolled heating fuel provider shall notify each of its  
19 customers, not later than December 15 of each year, of the  
20 availability, upon request, of the information necessary for  
21 determining the credit under this section. For a claimant for whom,  
22 at the time of filing, the department of health and human services  
23 is making direct vendor payments to an enrolled heating fuel  
24 provider, the enrolled heating fuel provider that accepts the  
25 direct payments shall provide the information necessary to  
26 determine the credit before February 1 of each year. If an enrolled  
27 heating fuel provider refuses or fails to provide to a customer the

1 information required to determine the credit, or if the claimant is  
2 not a customer of an enrolled heating fuel provider, a claimant may  
3 determine the credit provided in subsection (1) (c) (ii) based on his  
4 or her own records.

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

8 (4) The allowable amount of the credit under this section  
9 shall be remitted to the claimant, other than a claimant whose  
10 heating costs are included in his or her rent, in the form of an  
11 energy draft that states the name of the claimant and is issued by  
12 the department. For a claimant for whom, at the time of filing, the  
13 department of health and human services has identified the enrolled  
14 heating fuel provider or is making direct vendor payments to an  
15 enrolled heating fuel provider, the department shall send the  
16 energy draft directly to the claimant's enrolled heating fuel  
17 provider, as identified by the claimant. If the department  
18 establishes a program or pilot program for the direct payment of  
19 energy drafts to enrolled heating fuel providers, enrolled heating  
20 fuel providers may submit to the department, in a manner prescribed  
21 by the department, the names of their customers who are claimants.  
22 If a claimant whose name has been submitted meets the standards  
23 established by the department, the department shall send that  
24 claimant's energy draft directly to the claimant's enrolled heating  
25 fuel provider. If the enrolled heating fuel provider submits names  
26 of claimants who are not its customers and the energy drafts of any  
27 of those claimants are sent to the enrolled heating fuel provider,

1 the enrolled heating fuel provider shall return the energy drafts  
2 or pay the value of the energy drafts to the department plus  
3 interest on the amount of the energy drafts at the rate calculated  
4 under section 23 of 1941 PA 122, MCL 205.23, for deficiencies in  
5 tax payments. Except as provided in subsection (5), after July 31,  
6 a refundable credit for a prior tax year may be paid in the form of  
7 a negotiable warrant. The energy draft shall be negotiable only  
8 through the claimant's enrolled heating fuel provider upon  
9 remittance by the claimant.

10 (5) If a claimant received home heating assistance from the  
11 department of health and human services, a governmental agency, or  
12 a nonprofit organization 12 months prior to remitting an energy  
13 draft to the claimant's enrolled heating fuel provider and the  
14 amount of the energy draft is greater than the total of outstanding  
15 bills incurred by the claimant with the enrolled heating fuel  
16 provider as of the date that the energy draft was remitted to the  
17 enrolled heating fuel provider, the enrolled heating fuel provider  
18 shall first apply the full amount of the energy draft to the  
19 claimant's outstanding bills and then apply any remaining amount to  
20 subsequent bills of the claimant until the full amount of the  
21 energy draft is used up or the expiration of 9 months after the  
22 date on which the energy draft was first applied to cover the  
23 claimant's outstanding bills. If there is any remaining energy  
24 draft amount at the end of the 9-month period, or if before the end  
25 of the 9-month period the claimant is no longer a customer of the  
26 enrolled heating fuel provider, the enrolled heating fuel provider  
27 shall remit the remaining amount to the claimant in the form of a

1 fully negotiable check within 14 days after the end of the 9-month  
2 period or 14 days after the termination of services, whichever  
3 occurs sooner. If the claimant did not receive home heating  
4 assistance from the department of health and human services, a  
5 governmental agency, or a nonprofit organization 12 months prior to  
6 remitting an energy draft, the claimant, by checking the  
7 appropriate box to be included on the energy draft or application  
8 for participation with an enrolled heating fuel provider, may  
9 request from the enrolled heating fuel provider a payment equal to  
10 the amount of the energy draft less the amount of the outstanding  
11 bills. The enrolled heating fuel provider shall issue the payment  
12 within 14 days after the claimant's request. For purposes of this  
13 subsection, home heating assistance does not include the credit  
14 allowed under this section.

15 (6) If a claimant whose energy draft exceeds his or her  
16 outstanding bills does not request a payment from an enrolled  
17 heating fuel provider under subsection (5), an energy draft  
18 remitted to an enrolled heating fuel provider shall be applied upon  
19 receipt to the claimant's designated account. The energy draft may  
20 be used to cover outstanding bills that the claimant has incurred  
21 with the enrolled heating fuel provider and to cover subsequent  
22 heating costs until the full amount of the energy draft is used or  
23 until 1 year after the date on which the energy draft is first  
24 applied to the claimant's designated account. If a credit amount  
25 remains from this energy draft after the 1-year period, or if prior  
26 to the end of the 1-year period a claimant is no longer a customer  
27 of the enrolled heating fuel provider, the heating fuel provider

1 shall remit the remaining unused portion to the claimant in the  
2 form of a fully negotiable check within 14 days after the end of  
3 the 1-year period or within 14 days after termination of service,  
4 whichever is sooner.

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

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

23 (9) A claimant whose heating fuel is provided by a utility  
24 regulated by the Michigan public service commission is protected  
25 against the discontinuance of his or her heating fuel service from  
26 the date of filing a claim for the credit under this section  
27 through the date of issuance of an energy draft and during a period



1 beginning December 1 of the tax year for which the credit is  
2 claimed and ending March 31 of the following year if the claimant  
3 participates in the winter protection program set forth in R  
4 460.148 of the Michigan Administrative Code or if the utility  
5 accepts the claimant's energy draft. The acceptance of an energy  
6 draft by a utility is considered a request by the claimant for the  
7 winter protection program. The energy draft shall be coded by the  
8 department to denote claimants who are 65 years of age or older. If  
9 the claimant is a claimant whose heating cost is included in his or  
10 her rent payments, the amount of the claim not used as an offset  
11 against the state income tax, after examination and review, shall  
12 be approved for payment, without interest, to the claimant.

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

23 (11) Only the renter or lessee shall claim a credit on  
24 property that is rented or leased as a homestead. Only 1 credit may  
25 be claimed for a household. The credit under this section is in  
26 addition to other credits to which the claimant is entitled under  
27 this part. A person who is a full-time student at a school,

1 community college, or college or university and who is claimed as a  
2 dependent by another person is not eligible for the credit provided  
3 by this section. A claimant who shares a homestead with other  
4 eligible claimants shall prorate the credit by the number of  
5 claimants sharing the homestead.

6 (12) A claimant who is eligible for the credit provided by  
7 this section shall be referred by the department to the appropriate  
8 state agency for determination of eligibility for home  
9 weatherization assistance and shall accept weatherization  
10 assistance if eligible and if assistance is available. A heating  
11 fuel provider that is required by the Michigan public service  
12 commission to participate in the residential conservation services  
13 home energy analysis program shall annually contact each claimant  
14 to whom it provides heating fuel, and whose usage exceeds 200,000  
15 cubic feet of natural gas or 18,000 kilowatt hours of electricity  
16 annually, and shall offer to provide a home energy analysis at no  
17 cost to the claimant. A heating fuel provider that is not required  
18 to participate in the residential conservation services program  
19 shall not be required to conduct a home energy analysis for its  
20 customers. For all rental properties that are weatherized pursuant  
21 to this section, each agency that determines eligibility for  
22 weatherization assistance shall require that not less than 25% of  
23 the total cost of the weatherization services for that property  
24 shall be contributed by the property owner unless the property  
25 owner is also eligible for weatherization assistance or is a  
26 nonprofit organization, governmental agency, or municipal  
27 corporation.

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

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

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

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

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

26           (18) For the 2001 tax year and each tax year after the 2001  
27 tax year, the credit under this section is allowed only if there

1 has been a federal appropriation for the federal fiscal year  
2 beginning in the tax year of federal low income home energy  
3 assistance program block grant funds of any amount. If the amount  
4 of federal low income home energy assistance program block grant  
5 funds available for the home heating credit is less than the full  
6 home heating credit amount, each individual credit claimed under  
7 this section shall be reduced by multiplying the credit amount by a  
8 fraction, the numerator of which is the amount available for the  
9 home heating credit and the denominator of which is the full home  
10 heating credit amount. As used in this subsection, "amount  
11 available for the home heating credit" means the sum of the federal  
12 low income home energy assistance program block grant allotment for  
13 this state for the federal fiscal year beginning in the tax year  
14 and the amount as certified by the director of the department of  
15 health and human services carried forward from the immediately  
16 preceding fiscal year for the low income home energy assistance  
17 program block grant minus the sum of the amount certified by the  
18 director of the department of health and human services for  
19 administration of the low income home energy assistance program  
20 block grant, the amount certified by the director of the department  
21 of health and human services for crisis assistance programs, and  
22 the amount certified by the director of the department of health  
23 and human services for weatherization. For the 2014-2015 fiscal  
24 year and continuing through the 2021-2022 fiscal year, the amount  
25 used for weatherization each fiscal year shall be determined as  
26 provided under this subsection. If the total federal low income  
27 home energy assistance program block grant received for the current

1 fiscal year is greater than or equal to 90% of the amount of block  
2 grant funds received in the immediately preceding fiscal year, then  
3 the amount of federal low income home energy assistance program  
4 block grant funds used for weatherization for that fiscal year  
5 shall be at least \$6,000,000.00 but not greater than 15% of the  
6 total federal low income home energy assistance program block grant  
7 funds received for that fiscal year. If the total federal low  
8 income home energy assistance block grant received for the current  
9 fiscal year is less than 90% of the amount of block grant funds  
10 received in the immediately preceding fiscal year, then the amount  
11 of federal low income home energy assistance program block grant  
12 funds used for weatherization for that fiscal year shall be at  
13 least \$5,000,000.00 but not greater than 15% of the total federal  
14 low income home energy assistance program block grant funds  
15 received for that fiscal year. The amounts under this subsection  
16 that require certification by the director of the department of  
17 health and human services or by the state treasurer and the  
18 director of the department of technology, management, and budget  
19 shall be certified on or before December 30 of the tax year and  
20 each tax year thereafter. As used in this subsection, "full home  
21 heating credit amount" means the amount certified by the state  
22 treasurer and the director of the department of technology,  
23 management, and budget to be the estimated amount of the credits  
24 that would have been provided under this section for the tax year  
25 if no reduction as provided in this subsection were made for that  
26 tax year.

27 (19) For tax years after the 1994 tax year, a claimant who

1 claims a credit under this section shall not report the credit  
2 amount on the claimant's income tax return filed under this part as  
3 an offset against the tax imposed by this part, but shall claim the  
4 credit on a separate form prescribed by the department. For tax  
5 years after the 1995 tax year, a credit claimed under this section  
6 shall not be allowed unless the claim for the credit is filed with  
7 the department on or before the September 30 immediately following  
8 the tax year for which the credit is claimed. For tax years after  
9 the 2017 tax year, a credit claimed under this section is not  
10 allowed unless the claimant provides the department with all of the  
11 information, as requested by the department of health and human  
12 services, necessary to comply with the requirements of the federal  
13 appropriation of the federal low income home energy assistance  
14 program block grant. The department shall disclose the information  
15 provided under this subsection to the department of health and  
16 human services or the United States Department of Health and Human  
17 Services or its successor. The confidentiality restrictions  
18 provided in section 28(1)(f) of 1941 PA 122, MCL 205.28, do not  
19 apply to the disclosure required by this subsection.

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

24 ~~—— (a) The chairpersons and vice-chairpersons of the senate and~~  
25 ~~house of representatives appropriations committees.~~

26 ~~—— (b) The senate and house of representatives committees on~~  
27 ~~taxation and finance related issues.~~

~~1 (c) The senate and house of representatives committees on~~  
~~2 energy and technology related issues.~~

3       **(20)** ~~(21)~~ Notwithstanding section 30a of 1941 PA 122, MCL  
4 205.30a, the credit allowed under this section is exempt from  
5 interception, execution, levy, attachment, garnishment, or other  
6 legal process to collect a debt. No portion of the credit allowed  
7 or any rights existing under this section shall be applied as an  
8 offset to any liability of the claimant under section 30a of 1941  
9 PA 122, MCL 205.30a, or any arrearage or other debt of the  
10 claimant.

11       **(21)** ~~(22)~~ The department shall meet with interested parties  
12 including enrolled heating fuel providers and advocacy groups to  
13 identify and implement methods of improving the processing of  
14 claims for the credit allowed under this section and payments  
15 attributable to those credits.

16       **(22)** ~~(23)~~ By July 1, 2018 and by each July 1 thereafter, the  
17 department of health and human services shall submit a report on  
18 the operation and effectiveness of the home heating and  
19 weatherization assistance programs under this section and any  
20 recommendations regarding the home heating and weatherization  
21 assistance programs to all of the following:

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

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

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

1       **(23)** ~~(24)~~—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 the  
4 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 health and human  
7 services as a heating fuel provider.

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