

# HOUSE BILL No. 6004

May 15, 2018, Introduced by Rep. Rendon and referred to the Committee on Oversight.

A bill to amend 1967 PA 281, entitled "Income tax act of 1967," by amending section 527a (MCL 206.527a), as amended by 2014 PA 523.

**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):

10 Exemptions	0 or 1	2	3	4	5	6 or more
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1 provider during the 12 consecutive monthly billing periods ending  
 2 in October of the tax year, and multiply the resulting amount by  
 3 70%:

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

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

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

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

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

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

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

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

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

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

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

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

1 form of a fully negotiable check within 14 days after the end of  
2 the 1-year period or within 14 days after termination of service,  
3 whichever is sooner.

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

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

22 (9) A claimant whose heating fuel is provided by a utility  
23 regulated by the Michigan public service commission is protected  
24 against the discontinuance of his or her heating fuel service from  
25 the date of filing a claim for the credit under this section  
26 through the date of issuance of an energy draft and during a period  
27 beginning December 1 of the tax year for which the credit is



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

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

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

1 dependent by another person is not eligible for the credit provided  
2 by this section. A claimant who shares a homestead with other  
3 eligible claimants shall prorate the credit by the number of  
4 claimants sharing the homestead.

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

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

1 Michigan public service commission, the Michigan public service  
2 commission may use an enforcement method authorized by law or rule  
3 to enforce the requirements prescribed by this section on the  
4 enrolled heating fuel provider. If an enrolled heating fuel  
5 provider is not regulated by the Michigan public service  
6 commission, the department of **HEALTH AND** 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 to  
11 every person who received assistance through the department of  
12 **HEALTH AND** human services pursuant to the social welfare act, 1939  
13 PA 280, 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 this  
17 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 **HEALTH AND** human services is  
24 making 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 a  
7 fraction, the numerator of which is the amount available for the  
8 home heating credit and the denominator of which is the full home  
9 heating credit amount. As used in this subsection, "amount  
10 available for the home heating credit" means the sum of the federal  
11 low income home energy assistance program block grant allotment for  
12 this state for the federal fiscal year beginning in the tax year  
13 and the amount as certified by the director of the department of  
14 **HEALTH AND** 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 **HEALTH AND** human services for  
18 administration of the low income home energy assistance program  
19 block grant, the amount certified by the director of the department  
20 of **HEALTH AND** human services for crisis assistance programs, and  
21 the amount certified by the director of the department of **HEALTH**  
22 **AND** human services for weatherization. For the 2014-2015 fiscal  
23 year and continuing through the 2016-2017 fiscal year, the amount  
24 used for weatherization each fiscal year shall be determined as  
25 provided under this subsection. If the total federal low income  
26 home energy assistance program block grant received for the current  
27 fiscal year is greater than or equal to 90% of the amount of block

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

26 (19) For tax years after the 1994 tax year, a claimant who  
27 claims a credit under this section shall not report the credit

1 amount on the claimant's income tax return filed under this part as  
2 an offset against the tax imposed by this part, but shall claim the  
3 credit on a separate form prescribed by the department. For tax  
4 years after the 1995 tax year, a credit claimed under this section  
5 shall not be allowed unless the claim for the credit is filed with  
6 the department on or before the September 30 immediately following  
7 the tax year for which the credit is claimed.

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

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

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

16 ~~—— (c) The senate and house of representatives committees on~~  
17 ~~energy and technology related issues.~~

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

26 **(21)** ~~(22)~~ The department shall meet with interested parties  
27 including enrolled heating fuel providers and advocacy groups to

1 identify and implement methods of improving the processing of  
2 claims for the credit allowed under this section and payments  
3 attributable to those credits.

4       **(22)** ~~(23)~~—As used in this section:

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

8       (b) "Enrolled heating fuel provider" means a heating fuel  
9 provider that is enrolled with the department of **HEALTH AND** human  
10 services as a heating fuel provider.

11       (c) "Heating fuel provider" means an individual or entity that  
12 provides a claimant with heating fuel or electricity for heating  
13 purposes.