

# HOUSE BILL No. 4857

July 12, 2017, Introduced by Rep. Tedder 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 2015 PA 179.

## 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  
10 owner is not eligible for a credit under this section if the

1 taxable value of his or her homestead excluding the portion of a  
2 parcel of real property that is unoccupied and classified as  
3 agricultural for ad valorem tax purposes in the year for which the  
4 credit is claimed is greater than \$135,000.00 through the 2021 tax  
5 year. Beginning with the 2021 tax year and each tax year after  
6 2021, the taxable value cap under this subsection for the  
7 immediately preceding tax year shall be adjusted by the percentage  
8 increase in the United States consumer price index for the  
9 immediately preceding calendar year and rounded to the nearest  
10 \$100.00 increment. The department shall annualize the amount in  
11 this subsection as necessary. As used in this subsection, "taxable  
12 value" means that value determined under section 27a of the general  
13 property tax act, 1893 PA 206, MCL 211.27a.

14 (2) A person who rents or leases a homestead may claim a  
15 similar credit computed under this section and section 522 based  
16 upon 20% of the gross rent paid for tax years before the 2018 tax  
17 year or 23% of the gross rent paid for tax years after the 2017 tax  
18 year. A person who rents or leases a homestead subject to a service  
19 charge in lieu of ad valorem taxes as provided by section 15a of  
20 the state housing development authority act of 1966, 1966 PA 346,  
21 MCL 125.1415a, may claim a similar credit computed under this  
22 section and section 522 based upon 10% of the gross rent paid.

23 (3) If the credit claimed under this section and section 522  
24 exceeds the tax liability for the tax year or if there is no tax  
25 liability for the tax year, the amount of the claim not used as an  
26 offset against the tax liability shall, after examination and  
27 review, be approved for payment, without interest, to the claimant.

1 In determining the amount of the payment under this subsection,  
2 withholdings and other credits shall be used first to offset any  
3 tax liabilities.

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

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

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

27 (7) A person who received aid to families with dependent

1 children, state family assistance, or state disability assistance  
2 pursuant to the social welfare act, 1939 PA 280, MCL 400.1 to  
3 400.119b, in the tax year for which the person is filing a return  
4 shall have a credit that is authorized and computed under this  
5 section and section 522 reduced by an amount equal to the product  
6 of the claimant's credit multiplied by the quotient of the sum of  
7 the claimant's aid to families with dependent children, state  
8 family assistance, and state disability assistance for the tax year  
9 divided by the claimant's total household resources. The reduction  
10 of credit shall not exceed the sum of the aid to families with  
11 dependent children, state family assistance, and state disability  
12 assistance for the tax year. For the purposes of this subsection,  
13 aid to families with dependent children does not include child  
14 support payments that offset or reduce payments made to the  
15 claimant.

16 (8) For tax years before the 2018 tax year, a credit under  
17 subsection (1) or (2) shall be reduced by 10% for each claimant  
18 whose total household resources exceed the minimum total household  
19 resources amount of \$41,000.00 and by an additional 10% for each  
20 increment of \$1,000.00 of total household resources in excess of  
21 \$41,000.00. Except as otherwise provided under this subsection, for  
22 the 2018 tax year and each tax year after 2018, the minimum total  
23 household resources amount is \$51,000.00. For the 2018 tax year and  
24 each tax year after 2018, a credit under subsection (1) or (2)  
25 shall be reduced by 10% for each claimant whose total household  
26 resources exceed the minimum total household resources amount  
27 established under this subsection and by an additional 10% for each

1 increment of \$1,000.00 of total household resources in excess of  
2 the minimum total household resources amount for that tax year. For  
3 the 2021 tax year and each tax year after 2021, the minimum total  
4 household resources threshold amount established under this  
5 subsection for the immediately preceding tax year shall be adjusted  
6 by the percentage increase in the United States consumer price  
7 index for the immediately preceding calendar year and rounded to  
8 the nearest \$100.00 increment.

9 (9) If the credit authorized and calculated under this section  
10 and section 522 and adjusted under subsection (7) or (8) does not  
11 provide to a senior citizen who rents or leases a homestead that  
12 amount attributable to rent that constitutes more than 40% of the  
13 total household resources of the senior citizen, the senior citizen  
14 may claim a credit based upon the amount of total household  
15 resources attributable to rent as provided by this section.

16 (10) A senior citizen whose gross rent paid for the tax year  
17 is more than the percentage of total household resources specified  
18 in subsection (9) for the respective tax year may claim a credit  
19 for the amount of rent paid that constitutes more than the  
20 percentage of the total household resources of the senior citizen  
21 specified in subsection (9) and that was not provided to the senior  
22 citizen by the credit computed pursuant to this section and section  
23 522 and adjusted pursuant to subsection (7) or (8).

24 (11) The department may promulgate rules to implement  
25 subsections (9) to (15) and may prescribe a table to allow a  
26 claimant to determine the credit provided under this section and  
27 section 522 in the instruction booklet that accompanies the

1    respective income tax or property tax credit forms used by  
2    claimants.

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

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

14           (14) For a return of less than 12 months, the claim for a  
15   credit under subsections (9) to (15) shall be reduced  
16   proportionately.

17           (15) For tax years before the 2018 tax year, the total credit  
18   allowed by this section and section 522 shall not exceed \$1,200.00  
19   per year. ~~Except as otherwise provided under this subsection, for~~  
20   **FOR** the 2018 tax year, ~~and each tax year after 2018,~~ the total  
21   credit allowed by this section and section 522 shall not exceed  
22   \$1,500.00 per year. Beginning with the ~~2021~~**2019** tax year and each  
23   tax year after ~~2021~~**2019**, the maximum amount of the credit allowed  
24   under this section and section 522 for the immediately preceding  
25   tax year shall be adjusted by the percentage increase in the United  
26   States consumer price index for the immediately preceding calendar  
27   year. The department shall round the amount to the nearest \$100.00

1 increment.

2 (16) As used in this section, "United States consumer price  
3 index" means the United States consumer price index for all urban  
4 consumers as defined and reported by the United States Department  
5 of Labor, Bureau of Labor Statistics.