

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
---------------	--------	---	---	---	---	-----------

1	Credit	\$272	\$326	\$379	\$450	\$525	\$601 + \$76 for each
2							exemption over 6

(b) The amounts in the table in subdivision (a) shall be adjusted each year as necessary by the department so that a claimant with total household resources of less than 110% of the federal poverty income standards as defined and determined annually by the United States ~~office of management and budget~~ **OFFICE OF MANAGEMENT AND BUDGET** is not denied a credit.

9 (c) A claimant shall receive the greater of the credit amount
10 as determined in subparagraph (i) or (ii):

(i) Subtract 3.5% of the claimant's total household resources from the amount specified in subdivision (a) that corresponds with the number of exemptions claimed in the return filed under this part, except that the number of exemptions for purposes of this subdivision shall not exceed the actual number of persons living in the household plus the additional personal exemptions allowed under section 30, and any dependency exemptions for a person or persons living in the household under a custodial arrangement, even if the exemptions may not be claimed for other income tax purposes. For a claimant whose heating costs are included in his or her rent, multiply the result of the preceding calculation by 50%.

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

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.