

HOUSE BILL No. 6449

October 17, 2018, Introduced by Rep. Howrylak and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending sections 30a, 520, and 680 (MCL 206.30a, 206.520, and 206.680), section 30a as amended by 2018 PA 38, section 520 as amended by 2015 PA 179, and section 680 as amended by 2012 PA 70.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 30a. Notwithstanding any other provision of this part,
2 for the 2012 tax year and each tax year after 2012, ~~through the~~
3 ~~2021 tax year,~~ taxable income for purposes of this part means
4 taxable income as determined under section 30 with the following
5 adjustment. For the 2012 tax year and each tax year after 2012,
6 ~~through the 2021 tax year,~~ to determine taxable income, a taxpayer
7 shall claim a personal exemption deduction equal to the amount
8 calculated pursuant to section 30(2) or equal to the following
9 amounts multiplied by the number of personal and dependency

1 exemptions allowable under section 30(2), whichever calculation is
2 greater:

3 (a) Beginning on and after October 1, 2012 and before January
4 1, 2014, \$3,950.00. The department shall annualize the personal
5 exemption deduction for the 2012 tax year, rounded to the nearest
6 \$1.00.

7 (b) Beginning on and after January 1, 2014 and before January
8 1, 2018, \$4,000.00.

9 (c) For the 2018 tax year, \$4,050.00.

10 (d) For the 2019 tax year, ~~\$4,400.00~~ **\$5,500.00**.

11 ~~———— (e) For the 2020 tax year, \$4,750.00.~~

12 ~~———— (f) For the 2021 tax year, \$4,900.00.~~

13 Sec. 520. (1) Subject to the limitations and the definitions
14 in this chapter, a claimant may claim against the tax due under
15 this part for the tax year a credit for the property taxes on the
16 taxpayer's homestead deductible for federal income tax purposes
17 pursuant to section 164 of the internal revenue code, or that would
18 have been deductible if the claimant had not elected the zero
19 bracket amount or if the claimant had been subject to the federal
20 income tax. The property taxes used for the credit computation
21 shall not be greater than the amount levied for 1 tax year. An
22 owner is not eligible for a credit under this section if the
23 taxable value of his or her homestead excluding the portion of a
24 parcel of real property that is unoccupied and classified as
25 agricultural for ad valorem tax purposes in the year for which the
26 credit is claimed is greater than \$135,000.00 through the ~~2021~~**2018**
27 tax year. Beginning with the ~~2021~~**2019** tax year and each tax year

1 after ~~2021, 2019~~, the taxable value cap under this subsection for
2 the immediately preceding tax year shall be adjusted by the
3 percentage increase in the United States ~~consumer price index~~
4 **CONSUMER PRICE INDEX** for the immediately preceding calendar year
5 and rounded to the nearest \$100.00 increment. The department shall
6 annualize the amount in this subsection as necessary. As used in
7 this subsection, "taxable value" means that value determined under
8 section 27a of the general property tax act, 1893 PA 206, MCL
9 211.27a.

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

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

1 tax liabilities.

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

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

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

25 (7) A person who received aid to families with dependent
26 children, state family assistance, or state disability assistance
27 pursuant to the social welfare act, 1939 PA 280, MCL 400.1 to

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

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

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

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

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

22 (11) The department may promulgate rules to implement
23 subsections (9) to (15) and may prescribe a table to allow a
24 claimant to determine the credit provided under this section and
25 section 522 in the instruction booklet that accompanies the
26 respective income tax or property tax credit forms used by
27 claimants.

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

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

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

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

27 (16) As used in this section, "United States ~~consumer price~~

1 ~~index~~ "**CONSUMER PRICE INDEX**" means the United States ~~consumer price~~
2 ~~index~~ **CONSUMER PRICE INDEX** for all urban consumers as defined and
3 reported by the United States Department of Labor, Bureau of Labor
4 Statistics.

5 Sec. 680. (1) Notwithstanding any other provision of this
6 part, except as otherwise provided in subsection (2) for a
7 certificated credit under section 435 or 437 of the Michigan
8 business tax act, 2007 PA 36, MCL 208.1435 and 208.1437, a taxpayer
9 that has been approved to receive, has received, or has been
10 assigned a certificated credit that has not been fully claimed or
11 paid prior to January 1, 2012 may, for the taxpayer's first tax
12 year ending after December 31, 2011 only, elect to file a return
13 and pay the tax imposed by the Michigan business tax act, 2007 PA
14 36, MCL 208.1101 to 208.1601, in lieu of the tax imposed by this
15 part. An election under this subsection shall continue for the
16 period prescribed in section 500(1) of the Michigan business tax
17 act, 2007 PA 36, MCL 208.1500.

18 (2) A taxpayer with a certificated credit under section 435 or
19 437 of the Michigan business tax act, 2007 PA 36, MCL 208.1435 and
20 208.1437, which certificated credit may be claimed in a tax year
21 ending after December 31, 2011 may, **THROUGH THE 2018 TAX YEAR ONLY,**
22 elect to pay the tax imposed by the Michigan business tax act, 2007
23 PA 36, MCL 208.1101 to 208.1601, in the tax year in which that
24 certificated credit or any unused carryforward may be claimed in
25 lieu of the tax imposed by this part. **A TAXPAYER IS NOT ALLOWED TO**
26 **MAKE AN ELECTION TO PAY THE TAX IMPOSED BY THE MICHIGAN BUSINESS**
27 **TAX ACT, 2007 PA 36, MCL 208.1101 TO 208.1601, UNDER THIS**

1 SUBSECTION AFTER THE 2018 TAX YEAR.

2 (3) A taxpayer that is a member of a unitary business group
3 and that has a certificated credit under sections 431 and 434(2)
4 and (5) of the Michigan business tax act, 2007 PA 36, MCL 208.1431
5 and 208.1434, is not required to file a combined return as a
6 unitary business group and may elect to file a separate return and
7 pay the tax, if any, under the Michigan business tax act, 2007 PA
8 36, MCL 208.1101 to 208.1601.

9 (4) A taxpayer that elects to pay the tax imposed by the
10 Michigan business tax act, 2007 PA 36, MCL 208.1101 to 208.1601,
11 under this section is not required to file an annual return under
12 this part.

13 (5) As used in this section, "certificated credit" means that
14 term as defined in section 107 of the Michigan business tax act,
15 2007 PA 36, MCL 208.1107.