

SUBSTITUTE FOR
SENATE BILL NO. 783

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending sections 520, 522, and 524 (MCL 206.520, 206.522, and
206.524), sections 520 and 522 as amended by 2015 PA 179 and
section 524 as amended by 1987 PA 254, and by adding section 521.

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, **other than a claimant under section**
3 **521**, may claim against the tax due under this part for the tax year
4 a credit for the property taxes on the taxpayer's homestead
5 deductible for federal income tax purposes pursuant to section 164
6 of the internal revenue code, or that would have been deductible if
7 the claimant had not elected the zero bracket amount or if the

1 claimant had been subject to the federal income tax. The property
2 taxes used for the credit computation shall not be greater than the
3 amount levied for 1 tax year. An owner is not eligible for a credit
4 under this section if the taxable value of his or her homestead
5 excluding the portion of a parcel of real property that is
6 unoccupied and classified as agricultural for ad valorem tax
7 purposes in the year for which the credit is claimed is greater
8 than \$135,000.00 through the 2021 tax year. Beginning with the 2021
9 tax year and each tax year after 2021, the taxable value cap under
10 this subsection for the immediately preceding tax year shall be
11 adjusted by the percentage increase in the United States ~~consumer~~
12 ~~price index~~ **Consumer Price Index** for the immediately preceding
13 calendar year and rounded to the nearest \$100.00 increment. The
14 department shall annualize the amount in this subsection as
15 necessary. As used in this subsection, "taxable value" means that
16 value determined under section 27a of the general property tax act,
17 1893 PA 206, MCL 211.27a.

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

27 (3) If the credit claimed under this section and section 522
28 exceeds the tax liability for the tax year or if there is no tax
29 liability for the tax year, the amount of the claim not used as an

1 offset against the tax liability shall, after examination and
2 review, be approved for payment, without interest, to the claimant.
3 In determining the amount of the payment under this subsection,
4 withholdings and other credits shall be used first to offset any
5 tax liabilities.

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

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

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

29 (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
28 increment of \$1,000.00 of total household resources in excess of
29 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.

28 (12) A senior citizen may claim the credit under subsections
29 (9) to (15) on the same form as the property tax credit permitted

1 by subsection (2). The department shall adjust the forms
2 accordingly.

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

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

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

25 (16) As used in this section, "United States ~~consumer price~~
26 ~~index~~ **Consumer Price Index**" means the United States ~~consumer price~~
27 ~~index~~ **Consumer Price Index** for all urban consumers as defined and
28 reported by the United States Department of Labor, Bureau of Labor
29 Statistics.

1 Sec. 521. (1) For tax years beginning on and after January 1,
2 2023, a claimant who is a disabled veteran or a widow or widower of
3 a disabled veteran is entitled to a credit against the tax levied
4 and imposed under this part for the tax year in an amount equal to
5 100% of the property taxes levied on the taxpayer's homestead
6 deductible for federal income tax purposes pursuant to section 164
7 of the internal revenue code, or that would have been deductible if
8 the claimant had not elected zero bracket amount or if the claimant
9 had been subject to the federal income tax, for that same tax year.
10 For purposes of calculating the amount of the credit under this
11 section, both of the following apply:

12 (a) The property taxes levied on the taxpayer's homestead
13 deductible for federal income tax purposes must be calculated as if
14 section 164(b) (6) (B) was not in effect.

15 (b) The property taxes used for the credit computation shall
16 not be greater than the amount levied for 1 tax year.

17 (2) In order to claim the credit under this section, the
18 claimant shall either claim the credit for property taxes paid by
19 the claimant during the tax year on his or her annual return for
20 that same tax year in a form and manner as prescribed by the
21 department or shall file an affidavit with the local tax collecting
22 unit pursuant to section 7b of the general property tax act, 1893
23 PA 206, MCL 211.7b, that authorizes the local tax collecting unit
24 to claim the credit under this section on behalf of the claimant
25 and authorizes the department to remit direct payment to that local
26 tax collecting unit for that credit claimed on his or her behalf. A
27 local tax collecting unit seeking to file a credit on behalf of a
28 claimant under this section shall submit a copy of the affidavit
29 filed pursuant to section 7b of the general property tax act, 1893

1 PA 206, MCL 211.7b, with the department and shall also provide the
2 information necessary to determine the amount of the property taxes
3 levied and deferred on the claimant's homestead for the tax year
4 for which the credit is being claimed under this section before
5 February 1 of each year. The affidavit and information required to
6 be submitted to the department by the local tax collecting unit
7 under this subsection may be submitted electronically.

8 (3) If the amount of the credit claimed under this section on
9 the claimant's annual return exceeds the tax liability of the
10 claimant for the tax year or if there is no tax liability for the
11 tax year, the amount of the claim not used as an offset against the
12 tax liability shall, after examination and review, be approved for
13 payment, without interest, to the claimant. In determining the
14 amount of the payment to the claimant under this subsection,
15 withholdings and other credits shall be used first to offset any
16 tax liabilities. However, the amount of the credit claimed under
17 this section by a local tax collecting unit, after examination and
18 review, shall not be used to offset tax liability of the claimant
19 under this part but shall be approved for payment and the
20 department shall remit the amount of the credit payment directly to
21 the local tax collecting unit in the form of a fully negotiable
22 check. Payment due to a local tax collecting unit shall be made
23 within 14 days of receiving the affidavit, the disabled veteran
24 property tax credit form filed on behalf of the claimant pursuant
25 to this section, and the necessary information from the local tax
26 collecting unit. If, after examination and review, the department
27 denies a claim for a credit filed by a local tax collecting unit,
28 the department shall send a written notice of that denial to the
29 local tax collecting unit and the claimant on whose behalf the

1 local tax collecting unit had filed the credit under this section.
 2 The written notice must include the reason for the denial, the
 3 amount denied, and the amount due and payable to the local tax
 4 collecting unit within 90 days of the date of the denial notice.

5 (4) A claimant who claims a credit under this section or
 6 authorizes a local tax collecting unit to claim a credit under this
 7 section on his or her behalf is not eligible for a credit under
 8 section 520. For a return of less than 12 months, the amount of the
 9 credit allowed shall be reduced proportionately. A claim shall not
 10 be allowed under this section if the department finds after
 11 examination and review any of the following:

12 (a) The claimant is not a disabled veteran or a widow or
 13 widower of a disabled veteran.

14 (b) The claimant filed a claim under section 520 for that same
 15 tax year.

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

23 (6) As used in this section, "disabled veteran", "veteran",
 24 and "widow or widower of a disabled veteran" mean those terms as
 25 defined in section 7b of the general property tax act, 1893 PA 206,
 26 MCL 211.7b.

27 Sec. 522. (1) The amount of a claim made pursuant to ~~this~~
 28 ~~chapter~~ **section 520** shall be determined as follows:

29 (a) A claimant who is not a senior citizen is entitled to a

1 credit against the state income tax liability under this part equal
2 to 60% of the amount by which the property taxes on the homestead,
3 or the credit for rental of the homestead for the tax year, exceeds
4 3.5% of the claimant's total household resources for tax years
5 before the 2018 tax year or 3.2% of the claimant's total household
6 resources for the 2018 tax year and each tax year after 2018.

7 (b) A claimant who is a senior citizen is entitled to a credit
8 against the state income tax liability under this part equal to the
9 following:

10 (i) For a claimant with total household resources of \$21,000.00
11 or less, an amount as determined in accordance with subdivision
12 (c).

13 (ii) For a claimant with total household resources of more than
14 \$21,000.00 and less than or equal to \$22,000.00, an amount equal to
15 96% of the difference between the property taxes on the homestead
16 or the credit for rental of the homestead for the tax year and 3.5%
17 of total household resources for tax years before the 2018 tax year
18 or 3.2% of total household resources for the 2018 tax year and each
19 tax year after 2018.

20 (iii) For a claimant with total household resources of more than
21 \$22,000.00 and less than or equal to \$23,000.00, an amount equal to
22 92% of the difference between the property taxes on the homestead
23 or the credit for rental of the homestead for the tax year and 3.5%
24 of total household resources for tax years before the 2018 tax year
25 or 3.2% of total household resources for the 2018 tax year and each
26 tax year after 2018.

27 (iv) For a claimant with total household resources of more than
28 \$23,000.00 and less than or equal to \$24,000.00, an amount equal to
29 88% of the difference between the property taxes on the homestead

1 or the credit for rental of the homestead for the tax year and 3.5%
2 of total household resources for tax years before the 2018 tax year
3 or 3.2% of total household resources for the 2018 tax year and each
4 tax year after 2018.

5 (v) For a claimant with total household resources of more than
6 \$24,000.00 and less than or equal to \$25,000.00, an amount equal to
7 84% of the difference between the property taxes on the homestead
8 or the credit for rental of the homestead for the tax year and 3.5%
9 of total household resources for tax years before the 2018 tax year
10 or 3.2% of total household resources for the 2018 tax year and each
11 tax year after 2018.

12 (vi) For a claimant with total household resources of more than
13 \$25,000.00 and less than or equal to \$26,000.00, an amount equal to
14 80% of the difference between the property taxes on the homestead
15 or the credit for rental of the homestead for the tax year and 3.5%
16 of total household resources for tax years before the 2018 tax year
17 or 3.2% of total household resources for the 2018 tax year and each
18 tax year after 2018.

19 (vii) For a claimant with total household resources of more
20 than \$26,000.00 and less than or equal to \$27,000.00, an amount
21 equal to 76% of the difference between the property taxes on the
22 homestead or the credit for rental of the homestead for the tax
23 year and 3.5% of total household resources for tax years before the
24 2018 tax year or 3.2% of total household resources for the 2018 tax
25 year and each tax year after 2018.

26 (viii) For a claimant with total household resources of more
27 than \$27,000.00 and less than or equal to \$28,000.00, an amount
28 equal to 72% of the difference between the property taxes on the
29 homestead or the credit for rental of the homestead for the tax

1 year and 3.5% of total household resources for tax years before the
2 2018 tax year or 3.2% of total household resources for the 2018 tax
3 year and each tax year after 2018.

4 (ix) For a claimant with total household resources of more than
5 \$28,000.00 and less than or equal to \$29,000.00, an amount equal to
6 68% of the difference between the property taxes on the homestead
7 or the credit for rental of the homestead for the tax year and 3.5%
8 of total household resources for tax years before the 2018 tax year
9 or 3.2% of total household resources for the 2018 tax year and each
10 tax year after 2018.

11 (x) For a claimant with total household resources of more than
12 \$29,000.00 and less than or equal to \$30,000.00, an amount equal to
13 64% of the difference between the property taxes on the homestead
14 or the credit for rental of the homestead for the tax year and 3.5%
15 of total household resources for tax years before the 2018 tax year
16 or 3.2% of total household resources for the 2018 tax year and each
17 tax year after 2018.

18 (xi) For a claimant with total household resources of more than
19 \$30,000.00, an amount equal to 60% of the difference between the
20 property taxes on the homestead or the credit for rental of the
21 homestead for the tax year and 3.5% of total household resources
22 for tax years before the 2018 tax year or 3.2% of total household
23 resources for the 2018 tax year and each tax year after 2018.

24 (c) A claimant who is a senior citizen with total household
25 resources of \$21,000.00 or less or a paraplegic, hemiplegic, or
26 quadriplegic and for tax years that begin after December 31, 1999,
27 a claimant who is totally and permanently disabled, deaf, or, for
28 tax years that begin after December 31, 2012, blind is entitled to
29 a credit against the state income tax liability for the amount by

which the property taxes on the homestead, the credit for rental of the homestead, or a service charge in lieu of ad valorem taxes as provided by section 15a of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1415a, for the tax year exceeds the percentage of the claimant's total household resources for that tax year computed as follows:

Total household resources	Percentage
Not over \$3,000.00	.0%
Over \$3,000.00 but not over \$4,000.00	1.0%
Over \$4,000.00 but not over \$5,000.00	2.0%
Over \$5,000.00 but not over \$6,000.00	3.0%
Over \$6,000.00 for tax years before the 2018 tax year	3.5%
Over \$6,000.00 for tax years after the 2017 tax year	3.2%

(d) A claimant who is an eligible serviceperson, eligible veteran, or eligible widow or widower is entitled to a credit against the state income tax liability for a percentage of the property taxes on the homestead for the tax year not in excess of 100% determined as follows:

(i) Divide the taxable value allowance specified in section 506 by the taxable value of the homestead or, if the eligible serviceperson, eligible veteran, or eligible widow or widower leases or rents a homestead, divide 20% of the total annual rent paid for tax years before the 2018 tax year or 23% of the total annual rent paid for tax years after the 2017 tax year on the

1 property by the property tax rate on the property.

2 (ii) Multiply the property taxes on the homestead by the
3 percentage computed in subparagraph (i).

4 (e) A claimant who is blind is entitled to a credit against
5 the state income tax liability for a percentage of the property
6 taxes on the homestead for the tax year determined as follows:

7 (i) If the taxable value of the homestead is \$3,500.00 or less,
8 100% of the property taxes.

9 (ii) If the taxable value of the homestead is more than
10 \$3,500.00, the percentage that \$3,500.00 bears to the taxable value
11 of the homestead.

12 (2) A person who is qualified to make a claim under more than
13 1 classification shall elect the classification under which the
14 claim is made.

15 (3) Only 1 claimant per household for a tax year is entitled
16 to the credit, unless both ~~the husband and wife~~ **spouses** filing a
17 joint return are blind, then each shall be considered a claimant.

18 (4) As used in this section, "totally and permanently
19 disabled" means disability as defined in section 216 of title II of
20 the social security act, 42 USC 416.

21 (5) A senior citizen who has total household resources for the
22 tax year of \$6,000.00 or less and who for 1973 received a senior
23 citizen homestead exemption under former section 7c of the general
24 property tax act, 1893 PA 206, may compute the credit against the
25 state income tax liability for a percentage of the property taxes
26 on the homestead for the tax year determined as follows:

27 (a) If the taxable value of the homestead is \$2,500.00 or
28 less, 100% of the property taxes.

29 (b) If the taxable value of the homestead is more than

1 \$2,500.00, the percentage that \$2,500.00 bears to the taxable value
2 of the homestead.

3 (6) For a return of less than 12 months, the claim shall be
4 reduced proportionately.

5 (7) The department may prescribe tables that may be used to
6 determine the amount of the claim.

7 (8) The total credit allowed in this section for each year
8 shall not exceed the amount determined under section 520.

9 (9) The total credit allowable under this part and part 361 of
10 the natural resources and environmental protection act, 1994 PA
11 451, MCL 324.36101 to ~~324.36117~~, **324.36116**, shall not exceed the
12 total property tax due and payable by the claimant in that year.
13 The amount by which the credit exceeds the property tax due and
14 payable shall be deducted from the credit claimed under part 361 of
15 the natural resources and environmental protection act, 1994 PA
16 451, MCL 324.36101 to ~~324.36117~~. **324.36116**.

17 Sec. 524. (1) If the amount of the property taxes used as a
18 basis for the credit computation differs from the property tax
19 liability incurred and paid by the taxpayer **or deferred by the**
20 **local tax collecting unit** for the tax year, the credit for the
21 ensuing year shall be adjusted by the amount of the difference.

22 (2) If homestead property subject to ad valorem taxes is sold
23 or transferred during the tax year, the respective amounts of
24 credit shall be based on the ratio of days that the property was
25 the claimant's homestead to the total number of days in the tax
26 year.

27 Enacting section 1. This amendatory act takes effect January
28 1, 2023.

29 Enacting section 2. This amendatory act does not take effect

1 unless Senate Bill No. 784 of the 101st Legislature is enacted into
2 law.