

HOUSE BILL NO. 5578

November 30, 2021, Introduced by Reps. Hood, Neeley, Morse, Hope, Sowerby, Kuppa, Rogers, Brabec, Koleszar, Brixie, Scott, O'Neal, Thanedar, Steckloff, Stone, Young, Tyrone Carter, Peterson, Whitsett, Yancey and Aiyash and referred to the Committee on Families, Children, and Seniors.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 527a (MCL 206.527a), as amended by 2018 PA 309.

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:

(a) Subject to subsections (18) and (19), the following table shall be used for the computation of a credit as computed under subdivision (c):

Exemptions	0 or 1	2	3	4	5	6 or more
Credit	\$272	\$326	\$379	\$450	\$525	\$601 + \$76 for each 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 is not denied a credit.

(c) A claimant shall receive the greater of the credit amount 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~~ **individuals** living in the household plus the additional personal exemptions allowed under section 30, and any dependency exemptions for ~~a person or persons~~ **individuals** 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 provider during the 12 consecutive monthly billing periods ending in October of the tax year, and multiply the resulting amount by 70%:

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

(d) The maximum cost incurred by a claimant for heating fuel during a tax year shall be adjusted by multiplying the maximum cost for the immediately preceding tax year by the percentage by which the average all urban Detroit Consumer Price Index for fuels and other utilities for the 12 months ending August 31 of the tax year for which the credit is claimed exceeds that index's average for

1 the 12 months ending on August 31 of the previous tax year, but not
2 more than 10%. That product shall be added to the maximum cost of
3 the immediately preceding tax year and then rounded to the nearest
4 whole dollar. That dollar amount is the new maximum cost for the
5 current tax year. If the claimant received any credits to his or
6 her heating bill during the tax year, as provided for in subsection
7 (6), the credits shall be treated as costs incurred by the
8 claimant.

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

21 (2) An enrolled heating fuel provider shall notify each of its
22 customers, not later than December 15 of each year, of the
23 availability, upon request, of the information necessary for
24 determining the credit under this section. For a claimant for whom,
25 at the time of filing, the department of health and human services
26 is making direct vendor payments to an enrolled heating fuel
27 provider, the enrolled heating fuel provider that accepts the
28 direct payments shall provide the information necessary to
29 determine the credit before February 1 of each year. If an enrolled

1 heating fuel provider refuses or fails to provide to a customer the
2 information required to determine the credit, or if the claimant is
3 not a customer of an enrolled heating fuel provider, a claimant may
4 determine the credit provided in subsection (1) (c) (ii) based on his
5 or her own records.

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

9 (4) The allowable amount of the credit under this section
10 shall be remitted to the claimant, other than a claimant whose
11 heating costs are included in his or her rent, in the form of an
12 energy draft that states the name of the claimant and is issued by
13 the department. For a claimant for whom, at the time of filing, the
14 department of health and human services has identified the enrolled
15 heating fuel provider or is making direct vendor payments to an
16 enrolled heating fuel provider, the department shall send the
17 energy draft directly to the claimant's enrolled heating fuel
18 provider, as identified by the claimant. If the department
19 establishes a program or pilot program for the direct payment of
20 energy drafts to enrolled heating fuel providers, enrolled heating
21 fuel providers may submit to the department, in a manner prescribed
22 by the department, the names of their customers who are claimants.
23 If a claimant whose name has been submitted meets the standards
24 established by the department, the department shall send that
25 claimant's energy draft directly to the claimant's enrolled heating
26 fuel provider. If the enrolled heating fuel provider submits names
27 of claimants who are not its customers and the energy drafts of any
28 of those claimants are sent to the enrolled heating fuel provider,
29 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
28 period or 14 days after the termination of services, whichever
29 occurs sooner. If the claimant did not receive home heating

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

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

29 (7) A claimant who is no longer a resident of this state, who

1 is not a customer of an enrolled heating fuel provider, or whose
2 heating fuel provider refuses to accept an energy draft shall
3 return the energy draft to the department and request the issuance
4 of a negotiable warrant. A claimant may return an energy draft to
5 the department and request issuance of a negotiable warrant if the
6 energy draft is impractical because the claimant has already
7 purchased his or her energy supply for the year and does not have
8 an outstanding obligation to an enrolled heating fuel provider. The
9 department may honor that request if it agrees that the use of the
10 energy draft is impractical. The department shall issue the warrant
11 within 14 days after receiving the energy draft from the claimant.

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

18 (9) A claimant whose heating fuel is provided by a utility
19 regulated by the Michigan public service commission is protected
20 against the discontinuance of his or her heating fuel service from
21 the date of filing a claim for the credit under this section
22 through the date of issuance of an energy draft and during a period
23 beginning December 1 of the tax year for which the credit is
24 claimed and ending March 31 of the following year if the claimant
25 participates in the winter protection program set forth in R
26 ~~460.148~~ **460.131** of the Michigan Administrative Code or if the
27 utility accepts the claimant's energy draft. The acceptance of an
28 energy draft by a utility is considered a request by the claimant
29 for the winter protection program. The energy draft shall be coded

1 by the department to denote claimants who are 65 years of age or
2 older. If the claimant is a claimant whose heating cost is included
3 in his or her rent payments, the amount of the claim not used as an
4 offset against the state income tax, after examination and review,
5 shall be approved for payment, without interest, to the claimant.

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

16 (11) Only the renter or lessee shall claim a credit on
17 property that is rented or leased as a homestead. Only 1 credit may
18 be claimed for a household. The credit under this section is in
19 addition to other credits to which the claimant is entitled under
20 this part. ~~A person~~ **An individual** who is a full-time student at a
21 school, community college, or college or university and who is
22 claimed as a dependent by another ~~person~~ **individual** is not eligible
23 for the credit provided by this section. A claimant who shares a
24 homestead with other eligible claimants shall prorate the credit by
25 the number of claimants sharing the homestead.

26 (12) A claimant who is eligible for the credit provided by
27 this section shall be referred by the department to the appropriate
28 state agency for determination of eligibility for home
29 weatherization assistance and shall accept weatherization

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

19 (13) If an enrolled heating fuel provider is regulated by the
20 Michigan public service commission, the Michigan public service
21 commission may use an enforcement method authorized by law or rule
22 to enforce the requirements prescribed by this section on the
23 enrolled heating fuel provider. If an enrolled heating fuel
24 provider is not regulated by the Michigan public service
25 commission, the department of health and human services may use an
26 enforcement method authorized by law or rule to enforce the
27 requirements prescribed by this section on the enrolled heating
28 fuel provider.

29 (14) The department shall mail a home heating credit return to

1 every ~~person~~**individual** who received assistance through the
2 department of health and human services pursuant to the social
3 welfare act, 1939 PA 280, MCL 400.1 to 400.119b, during the tax
4 year.

5 (15) The department shall complete a study by August 1 of
6 1985, and of each subsequent year, of the actual heating costs of
7 each claimant who received a credit from the department under this
8 section for the immediately preceding tax year.

9 (16) The department may promulgate rules necessary to
10 administer this section pursuant to the administrative procedures
11 act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

12 (17) The department shall provide a simplified procedure for
13 claiming the credit under this section for claimants for whom, at
14 the time of filing, the department of health and human services is
15 making direct vendor payments to an enrolled heating fuel provider.

16 (18) ~~For the 2001 tax year and each tax year after the 2001~~
17 ~~tax year, the~~**The** credit under this section is allowed only if
18 there has been a federal appropriation for the federal fiscal year
19 beginning in the tax year of federal low income home energy
20 assistance program block grant funds of any amount. If the amount
21 of federal low income home energy assistance program block grant
22 funds available for the home heating credit is less than the full
23 home heating credit amount, each individual credit claimed under
24 this section shall be reduced by multiplying the credit amount by a
25 fraction, the numerator of which is the amount available for the
26 home heating credit and the denominator of which is the full home
27 heating credit amount. As used in this subsection, "amount
28 available for the home heating credit" means the sum of the federal
29 low income home energy assistance program block grant allotment for

1 this state for the federal fiscal year beginning in the tax year
 2 and the amount as certified by the director of the department of
 3 health and human services carried forward from the immediately
 4 preceding fiscal year for the low income home energy assistance
 5 program block grant minus the sum of the amount certified by the
 6 director of the department of health and human services for
 7 administration of the low income home energy assistance program
 8 block grant, the amount certified by the director of the department
 9 of health and human services for crisis assistance programs, and
 10 the amount certified by the director of the department of health
 11 and human services for weatherization. For the 2014-2015 fiscal
 12 year and ~~continuing through the 2021-2022~~ **each** fiscal year
 13 **thereafter**, the amount used for weatherization each fiscal year
 14 shall be determined as provided under this subsection. ~~If the total~~
 15 ~~federal low income home energy assistance program block grant~~
 16 ~~received for the current fiscal year is greater than or equal to~~
 17 ~~90% of the amount of block grant funds received in the immediately~~
 18 ~~preceding fiscal year, then the~~ **The** amount of federal low income
 19 home energy assistance program block grant funds used for
 20 weatherization for ~~that~~ **each** fiscal year shall be at least
 21 ~~\$6,000,000.00 but not greater than 15%~~ **10%** of the total federal low
 22 income home energy assistance program block grant funds received
 23 for that fiscal year. ~~If the total federal low income home energy~~
 24 ~~assistance block grant received for the current fiscal year is less~~
 25 ~~than 90% of the amount of block grant funds received in the~~
 26 ~~immediately preceding fiscal year, then the amount of federal low~~
 27 ~~income home energy assistance program block grant funds used for~~
 28 ~~weatherization for that fiscal year shall be at least \$5,000,000.00~~
 29 ~~but not greater than 15% of the total federal low income home~~

~~energy assistance program block grant funds received for that~~
~~fiscal year.~~ The amounts under this subsection that require
certification by the director of the department of health and human
services or by the state treasurer and the director of the
department of technology, management, and budget shall be certified
on or before December 30 of the tax year and each tax year
thereafter. As used in this subsection, "full home heating credit
amount" means the amount certified by the state treasurer and the
director of the department of technology, management, and budget to
be the estimated amount of the credits that would have been
provided under this section for the tax year if no reduction as
provided in this subsection were made for that tax year.

(19) ~~For tax years after the 1994 tax year, a~~ **A** claimant who
claims a credit under this section shall not report the credit
amount on the claimant's income tax return filed under this part as
an offset against the tax imposed by this part, but shall claim the
credit on a separate form prescribed by the department. ~~For tax~~
~~years after the 1995 tax year, a~~ **A** credit claimed under this
section shall not be allowed unless the claim for the credit is
filed with the department on or before the September 30 immediately
following the tax year for which the credit is claimed. For tax
years after the 2017 tax year, a credit claimed under this section
is not allowed unless the claimant provides the department with all
of the information, as requested by the department of health and
human services, necessary to comply with the requirements of the
federal appropriation of the federal low income home energy
assistance program block grant. The department shall disclose the
information provided under this subsection to the department of
health and human services or the United States Department of Health

1 and Human Services or its successor. The confidentiality
2 restrictions provided in section 28(1)(f) of 1941 PA 122, MCL
3 205.28, do not apply to the disclosure required by this subsection.

4 (20) Notwithstanding section 30a of 1941 PA 122, MCL 205.30a,
5 the credit allowed under this section is exempt from interception,
6 execution, levy, attachment, garnishment, or other legal process to
7 collect a debt. No portion of the credit allowed or any rights
8 existing under this section shall be applied as an offset to any
9 liability of the claimant under section 30a of 1941 PA 122, MCL
10 205.30a, or any arrearage or other debt of the claimant.

11 (21) The department shall meet with interested parties
12 including enrolled heating fuel providers and advocacy groups to
13 identify and implement methods of improving the processing of
14 claims for the credit allowed under this section and payments
15 attributable to those credits.

16 (22) By July 1, 2018 and by each July 1 thereafter, the
17 department of health and human services shall submit a report on
18 the operation and effectiveness of the home heating and
19 weatherization assistance programs under this section and any
20 recommendations regarding the home heating and weatherization
21 assistance programs to all of the following:

22 (a) The chairpersons and vice-chairpersons of the senate and
23 house of representatives appropriations committees.

24 (b) The senate and house of representatives committees on
25 taxation and finance related issues.

26 (c) The senate and house of representatives committees on
27 energy and technology related issues.

28 (23) As used in this section:

29 (a) "Claimant whose heating costs are included in his or her

1 rent" means a claimant whose rent includes the cost of heat at the
2 time the claim for the credit under this section is filed.

3 (b) "Enrolled heating fuel provider" means a heating fuel
4 provider that is enrolled with the department of health and human
5 services as a heating fuel provider.

6 (c) "Heating fuel provider" means an individual or entity that
7 provides a claimant with heating fuel or electricity for heating
8 purposes.