

SENATE BILL NO. 783

December 08, 2021, Introduced by Senators BUMSTEAD, DALEY, MCBROOM, HOLLIER, WOZNIAK, MOSS, OUTMAN, BAYER, ZORN, JOHNSON, VANDERWALL and SCHMIDT and referred to the Committee on Finance.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending sections 516, 520, and 522 (MCL 206.516, 206.520, and 206.522), section 516 as amended by 2016 PA 212 and sections 520 and 522 as amended by 2015 PA 179, and by adding sections 505 and 521.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 505. "Disabled veteran" means a veteran who meets 1 of

1 the following criteria:

2 (a) Has been determined by the United States Department of
3 Veterans Affairs to be permanently and totally disabled as a result
4 of military service and entitled to veterans' benefits at the 100%
5 rate.

6 (b) Has a certificate from the United States Department of
7 Veterans Affairs certifying that he or she is receiving or has
8 received pecuniary assistance due to disability for specially
9 adapted housing.

10 (c) Has been rated by the United States Department of Veterans
11 Affairs as individually unemployable.

12 Sec. 516. (1) "Veteran" means an individual who meets all of
13 the following:

14 (a) Is a veteran as defined in section 1 of 1965 PA 90, MCL
15 35.61.

16 (b) Was a resident of this state at least 6 months prior to
17 the time of entering the ~~armed forces~~ **Armed Forces** of the United
18 States or was a resident of this state for at least 5 years prior
19 to filing a claim under this chapter.

20 (c) Served in the armed forces during a period of war as
21 described in 38 CFR 3.2, except that for purposes of this
22 subdivision, "period of war" for the Vietnam era means the
23 following:

24 (i) February 28, 1961 through May 7, 1975 for a veteran who
25 served during that period.

26 (ii) On or after January 31, 1955 in an area of hazardous duty
27 for which the veteran received an armed forces expeditionary medal
28 or Vietnam service medal.

29 (d) Was discharged from service in the armed forces of the

1 United States under honorable conditions or died while in service
2 not as a result of his or her own misconduct.

3 (2) "Widow or widower" means the unmarried surviving spouse of
4 a **disabled veteran**, veteran, or serviceperson who receives a
5 widow's or widower's pension from the United States Department of
6 Veterans Affairs. Widow or widower includes the unremarried
7 surviving spouse of the person who previously qualified as a
8 claimant.

9 Sec. 520. (1) Subject to the limitations and the definitions
10 in this chapter, a claimant **who is not a disabled veteran or a**
11 **widow or widower of a disabled veteran who has filed an affidavit**
12 **pursuant to section 7b of the general property tax act, 1893 PA**
13 **206, MCL 211.7b**, may claim against the tax due under this part for
14 the tax year a credit for the property taxes on the taxpayer's
15 homestead deductible for federal income tax purposes pursuant to
16 section 164 of the internal revenue code, or that would have been
17 deductible if the claimant had not elected the zero bracket amount
18 or if the claimant had been subject to the federal income tax. The
19 property taxes used for the credit computation shall not be greater
20 than the amount levied for 1 tax year. An owner is not eligible for
21 a credit under this section if the taxable value of his or her
22 homestead excluding the portion of a parcel of real property that
23 is unoccupied and classified as agricultural for ad valorem tax
24 purposes in the year for which the credit is claimed is greater
25 than \$135,000.00 through the 2021 tax year. Beginning with the 2021
26 tax year and each tax year after 2021, the taxable value cap under
27 this subsection for the immediately preceding tax year shall be
28 adjusted by the percentage increase in the United States ~~consumer~~
29 ~~price index~~ **Consumer Price Index** for the immediately preceding

1 calendar year and rounded to the nearest \$100.00 increment. The
2 department shall annualize the amount in this subsection as
3 necessary. As used in this subsection, "taxable value" means that
4 value determined under section 27a of the general property tax act,
5 1893 PA 206, MCL 211.27a.

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

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

23 (4) If the homestead is an integral part of a multipurpose or
24 multidwelling building that is federally aided housing or state
25 aided housing, a claimant who is a senior citizen entitled to a
26 payment under subsection (2) may assign the right to that payment
27 to a mortgagor if the mortgagor reduces the rent charged and
28 collected on the claimant's homestead in an amount equal to the tax
29 credit payment provided in this chapter. The assignment of the

1 claim is valid only if the Michigan state housing development
2 authority, by affidavit, verifies that the claimant's rent has been
3 so reduced.

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

6 (6) A person who discriminates in the charging or collection
7 of rent on a homestead by increasing the rent charged or collected
8 because the renter or lessee claims and receives a credit or
9 payment under this chapter is guilty of a misdemeanor.

10 Discrimination against a renter who claims and receives the credit
11 under this section and section 522 by a reduction of the rent on
12 the homestead of a person who does not claim and receive the credit
13 is a misdemeanor. If discriminatory rents are charged or collected,
14 each charge or collection of the higher or lower payment is a
15 separate offense. Each acceptance of a payment of rent is a
16 separate offense.

17 (7) A person who received aid to families with dependent
18 children, state family assistance, or state disability assistance
19 pursuant to the social welfare act, 1939 PA 280, MCL 400.1 to
20 400.119b, in the tax year for which the person is filing a return
21 shall have a credit that is authorized and computed under this
22 section and section 522 reduced by an amount equal to the product
23 of the claimant's credit multiplied by the quotient of the sum of
24 the claimant's aid to families with dependent children, state
25 family assistance, and state disability assistance for the tax year
26 divided by the claimant's total household resources. The reduction
27 of credit shall not exceed the sum of the aid to families with
28 dependent children, state family assistance, and state disability
29 assistance for the tax year. For the purposes of this subsection,

1 aid to families with dependent children does not include child
2 support payments that offset or reduce payments made to the
3 claimant.

4 (8) For tax years before the 2018 tax year, a credit under
5 subsection (1) or (2) shall be reduced by 10% for each claimant
6 whose total household resources exceed the minimum total household
7 resources amount of \$41,000.00 and by an additional 10% for each
8 increment of \$1,000.00 of total household resources in excess of
9 \$41,000.00. Except as otherwise provided under this subsection, for
10 the 2018 tax year and each tax year after 2018, the minimum total
11 household resources amount is \$51,000.00. For the 2018 tax year and
12 each tax year after 2018, a credit under subsection (1) or (2)
13 shall be reduced by 10% for each claimant whose total household
14 resources exceed the minimum total household resources amount
15 established under this subsection and by an additional 10% for each
16 increment of \$1,000.00 of total household resources in excess of
17 the minimum total household resources amount for that tax year. For
18 the 2021 tax year and each tax year after 2021, the minimum total
19 household resources threshold amount established under this
20 subsection for the immediately preceding tax year shall be adjusted
21 by the percentage increase in the United States ~~consumer price~~
22 ~~index~~ **Consumer Price Index** for the immediately preceding calendar
23 year and rounded to the nearest \$100.00 increment.

24 (9) If the credit authorized and calculated under this section
25 and section 522 and adjusted under subsection (7) or (8) does not
26 provide to a senior citizen who rents or leases a homestead that
27 amount attributable to rent that constitutes more than 40% of the
28 total household resources of the senior citizen, the senior citizen
29 may claim a credit based upon the amount of total household

resources attributable to rent as provided by this section.

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

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

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

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

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

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

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

Sec. 521. (1) Subject to the definitions in this chapter, for tax years beginning on and after January 1, 2023, a claimant who is a disabled veteran or a widow or widower of a disabled veteran who has filed an affidavit pursuant to section 7b of the general property tax act, 1893 PA 206, MCL 211.7b, shall, in a form and manner as prescribed by the department, claim a credit against the tax due under this part for the tax year in an amount equal to 100% of the property taxes levied on the taxpayer's homestead deductible for federal income tax purposes pursuant to section 164 of the internal revenue code, or that would have been deductible if the claimant had not elected zero bracket amount or if the claimant had been subject to the federal income tax, for that same tax year.

1 (2) The local tax collecting unit that receives an affidavit
2 pursuant to section 7b of the general property tax act, 1893 PA
3 206, MCL 211.7b, shall provide the department with a copy of the
4 affidavit and the information necessary to determine the amount of
5 the property taxes levied and deferred on the claimant's homestead
6 for the tax year for which the credit is claimed under this section
7 before February 1 of each year. The amount of the credit claimed
8 under subsection (1), after examination and review, shall not be
9 used to offset tax liability under this part but shall be approved
10 for payment and the department shall remit the amount of the credit
11 payment directly to the local tax collecting unit in the form of a
12 fully negotiable check. Payment shall be made within 14 days of
13 receiving the disabled veteran property tax credit form filed by
14 the claimant pursuant to this section and the necessary information
15 from the local tax collecting unit.

16 (3) A claimant that files a credit under this section is not
17 eligible for a credit under section 520. For a return of less than
18 12 months, the claim shall be reduced proportionately. A claim
19 shall not be allowed under this section if the department finds
20 after examination and review any of the following:

21 (a) The claimant is not a disabled veteran or a widow or
22 widower of a disabled veteran.

23 (b) The claimant did not file an affidavit pursuant to section
24 7b of the general property tax act, 1893 PA 206, MCL 211.7b.

25 (c) The claimant filed a claim under section 520 for that same
26 tax year.

27 (4) Notwithstanding section 30a of 1941 PA 122, MCL 205.30a,
28 the credit allowed under this section is exempt from interception,
29 execution, levy, attachment, garnishment, or other legal process to

1 collect a debt. No portion of the credit allowed or any rights
 2 existing under this section shall be applied as an offset to any
 3 liability of the claimant under section 30a of 1941 PA 122, MCL
 4 205.30a, or any arrearage or other debt of the claimant.

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

7 (a) A claimant who is not a senior citizen is entitled to a
 8 credit against the state income tax liability under this part equal
 9 to 60% of the amount by which the property taxes on the homestead,
 10 or the credit for rental of the homestead for the tax year, exceeds
 11 3.5% of the claimant's total household resources for tax years
 12 before the 2018 tax year or 3.2% of the claimant's total household
 13 resources for the 2018 tax year and each tax year after 2018.

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

17 (i) For a claimant with total household resources of \$21,000.00
 18 or less, an amount as determined in accordance with subdivision

19 (c).

20 (ii) For a claimant with total household resources of more than
 21 \$21,000.00 and less than or equal to \$22,000.00, an amount equal to
 22 96% 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 (iii) For a claimant with total household resources of more than
 28 \$22,000.00 and less than or equal to \$23,000.00, an amount equal to
 29 92% 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 (iv) For a claimant with total household resources of more than
6 \$23,000.00 and less than or equal to \$24,000.00, an amount equal to
7 88% 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 (v) For a claimant with total household resources of more than
13 \$24,000.00 and less than or equal to \$25,000.00, an amount equal to
14 84% 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 (vi) For a claimant with total household resources of more than
20 \$25,000.00 and less than or equal to \$26,000.00, an amount equal to
21 80% of the difference between the property taxes on the homestead
22 or the credit for rental of the homestead for the tax year and 3.5%
23 of total household resources for tax years before the 2018 tax year
24 or 3.2% of total household resources for the 2018 tax year and each
25 tax year after 2018.

26 (vii) For a claimant with total household resources of more
27 than \$26,000.00 and less than or equal to \$27,000.00, an amount
28 equal to 76% 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 (viii) For a claimant with total household resources of more
5 than \$27,000.00 and less than or equal to \$28,000.00, an amount
6 equal to 72% of the difference between the property taxes on the
7 homestead or the credit for rental of the homestead for the tax
8 year and 3.5% of total household resources for tax years before the
9 2018 tax year or 3.2% of total household resources for the 2018 tax
10 year and each tax year after 2018.

11 (ix) For a claimant with total household resources of more than
12 \$28,000.00 and less than or equal to \$29,000.00, an amount equal to
13 68% 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 (x) For a claimant with total household resources of more than
19 \$29,000.00 and less than or equal to \$30,000.00, an amount equal to
20 64% of the difference between the property taxes on the homestead
21 or the credit for rental of the homestead for the tax year and 3.5%
22 of total household resources for tax years before the 2018 tax year
23 or 3.2% of total household resources for the 2018 tax year and each
24 tax year after 2018.

25 (xi) For a claimant with total household resources of more than
26 \$30,000.00, an amount equal to 60% of the difference between the
27 property taxes on the homestead or the credit for rental of the
28 homestead for the tax year and 3.5% of total household resources
29 for tax years before the 2018 tax year or 3.2% of total household

resources for the 2018 tax year and each tax year after 2018.

(c) A claimant who is a senior citizen with total household resources of \$21,000.00 or less or a paraplegic, hemiplegic, or quadriplegic and for tax years that begin after December 31, 1999, a claimant who is totally and permanently disabled, deaf, or, for tax years that begin after December 31, 2012, blind is entitled to 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

1 100% determined as follows:

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

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

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

14 (i) If the taxable value of the homestead is \$3,500.00 or less,
15 100% of the property taxes.

16 (ii) If the taxable value of the homestead is more than
17 \$3,500.00, the percentage that \$3,500.00 bears to the taxable value
18 of the homestead.

19 (2) A person who is qualified to make a claim under more than
20 1 classification shall elect the classification under which the
21 claim is made.

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

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

28 (5) A senior citizen who has total household resources for the
29 tax year of \$6,000.00 or less and who for 1973 received a senior

1 citizen homestead exemption under former section 7c of the general
2 property tax act, 1893 PA 206, may compute the credit against the
3 state income tax liability for a percentage of the property taxes
4 on the homestead for the tax year determined as follows:

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

7 (b) If the taxable value of the homestead is more than
8 \$2,500.00, the percentage that \$2,500.00 bears to the taxable value
9 of the homestead.

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

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

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

16 (9) The total credit allowable under this part and part 361 of
17 the natural resources and environmental protection act, 1994 PA
18 451, MCL 324.36101 to ~~324.36117~~, **324.36116**, shall not exceed the
19 total property tax due and payable by the claimant in that year.
20 The amount by which the credit exceeds the property tax due and
21 payable shall be deducted from the credit claimed under part 361 of
22 the natural resources and environmental protection act, 1994 PA
23 451, MCL 324.36101 to ~~324.36117~~. **324.36116**.

24 Enacting section 1. This amendatory act takes effect January
25 1, 2023.

26 Enacting section 2. This amendatory act does not take effect
27 unless Senate Bill No. 784 of the 101st Legislature is enacted into
28 law.