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Senate Bill 435 (as discharged)  
Sponsor: Senator Sam Singh  
Committee: Energy and Environment (discharged)

Date Completed: 8-13-25

### **CONTENT**

The bill would amend the Income Tax Act to require the home heating credit to be adjusted annually by the United States Consumer Price Index instead of the current all urban Detroit Consumer Price Index.

Section 527a of the Act allows residents to claim a tax credit for heating fuel costs for the resident's homestead if the resident meets certain requirements based on occupancy and income. Currently, the credit must be adjusted annually using the all urban Detroit Consumer Price Index. Under the bill, the credit would have to be adjusted annually using the United States Consumer Price Index. "United States Consumer Price Index" would mean the United States Consumer Price Index for all urban consumers as defined and reported by the United States Department of Labor, Bureau of Labor Statistics.

MCL 206.527a

Legislative Analyst: Nathan Leaman

### **FISCAL IMPACT**

The bill would have no fiscal impact on State or local revenue. Federally-funded State expenditures would remain the same under the bill, although the distribution would potentially be different. The bill would allow the calculation of the alternate credit to be adjusted annually by changes in the U.S. Consumer Price Index (under current law the calculations are adjusted by the component index of the Detroit Consumer Price Index for fuels and other utilities, which is no longer computed by the Bureau of Labor Statistics). If the total amount of credits computed under the Act exceeds the funds available for distribution (the credit is paid from Federal funds), the individual credit amounts are prorated. Between 2003 and 2024, credits were prorated in every year except 2021. Because the total amount of credits is limited by available funding, changing the calculation would not affect the total amount paid as credits but would affect individual taxpayers' calculated credits and thus the prorated share of the total they would receive.

Fiscal Analyst: David Zin

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