

SENATE BILL NO. 345

May 29, 2025, Introduced by Senators ANTHONY, HOITENGA, MCBROOM, VICTORY, GEISS, BELLINO, SHINK, POLEHANKI, IRWIN, CHANG and HERTEL and referred to Committee on Finance, Insurance, and Consumer Protection.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending sections 504 and 520 (MCL 206.504 and 206.520), section
504 as amended by 1993 PA 328 and section 520 as amended by 2015 PA
179.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 504. (1) "Blind" means ~~a person~~**an individual** with a
2 permanent impairment of both eyes of the following status: central
3 visual acuity of 20/200 or less in the better eye, with corrective
4 glasses, or central visual acuity of more than 20/200 if there is a

1 field defect in which the peripheral field has contracted to such
 2 an extent that the widest diameter of visual field subtends an
 3 angular distance of not greater than 20 degrees in the better eye.

4 (2) "Claimant" means an individual ~~natural person~~ who filed a
 5 claim under this chapter and who was domiciled in this state during
 6 at least 6 months of the calendar year immediately preceding the
 7 year in which the claim is filed under this chapter and includes ~~a~~
 8 ~~husband and wife~~ **spouses** if they are required to file a joint state
 9 income tax return. The 6-month residency requirement does not apply
 10 to a claimant who files for the home heating credit under section
 11 527a.

12 Sec. 520. (1) Subject to the limitations and the definitions
 13 in this chapter, a claimant may claim against the tax due under
 14 this part for the tax year a credit for the property taxes on the
 15 taxpayer's homestead deductible for federal income tax purposes
 16 ~~pursuant to~~ **under** section 164 of the internal revenue code, or that
 17 would have been deductible if the claimant had not elected the zero
 18 bracket amount or if the claimant had been subject to the federal
 19 income tax. The property taxes used for the credit computation
 20 ~~shall~~ **must** not be greater than the amount levied for 1 tax year. An
 21 owner is not eligible for a credit under this section if the
 22 taxable value of ~~his or her~~ **the owner's** homestead excluding the
 23 portion of a parcel of real property that is unoccupied and
 24 classified as agricultural for ad valorem tax purposes in the year
 25 for which the credit is claimed is greater than ~~\$135,000.00~~
 26 **\$160,700.00** through the ~~2021~~ **2024** tax year. Beginning with the ~~2021~~
 27 **2025** tax year and each tax year after ~~2021,~~ **2025**, the taxable value
 28 cap under this subsection for the immediately preceding tax year
 29 ~~shall~~ **must** be adjusted by the percentage increase in the United

1 States ~~consumer price index~~ **Consumer Price Index** for the
 2 immediately preceding calendar year and rounded to the nearest
 3 \$100.00 increment. The department shall annualize the amount in
 4 this subsection as necessary. As used in this subsection, "taxable
 5 value" means that value determined under section 27a of the general
 6 property tax act, 1893 PA 206, MCL 211.27a.

7 (2) A ~~person~~ **claimant** who rents or leases a homestead may
 8 claim a similar credit computed under this section and section 522
 9 based upon ~~20%~~ **23%** of the gross rent paid for tax years before the
 10 ~~2018-2025~~ tax year or ~~23%~~ **25%** of the gross rent paid for tax years
 11 after the ~~2017-2024~~ tax year. A ~~person~~ **claimant** who rents or leases
 12 a homestead subject to a service charge in lieu of ad valorem taxes
 13 as provided by section 15a of the state housing development
 14 authority act of 1966, 1966 PA 346, MCL 125.1415a, may claim a
 15 similar credit computed under this section and section 522 based
 16 upon 10% of the gross rent paid.

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

25 (4) If the homestead is an integral part of a multipurpose or
 26 multidwelling building that is federally aided housing or state
 27 aided housing, a claimant who is a senior citizen entitled to a
 28 payment under subsection (2) may assign the right to that payment
 29 to a mortgagor if the mortgagor reduces the rent charged and

1 collected on the claimant's homestead in an amount equal to the tax
2 credit payment provided in this chapter. The assignment of the
3 claim is valid only if the Michigan state housing development
4 authority, by affidavit, verifies that the claimant's rent has been
5 so reduced.

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

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

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

19 (7) A ~~person~~**claimant** who received aid to families with
20 dependent children, state family assistance, or state disability
21 assistance ~~pursuant to~~**under** the social welfare act, 1939 PA 280,
22 MCL 400.1 to 400.119b, in the tax year for which the ~~person~~
23 **claimant** is filing a return ~~shall have~~**has** a credit that is
24 authorized and computed under this section and section 522 reduced
25 by an amount equal to the product of the claimant's credit
26 multiplied by the quotient of the sum of the claimant's aid to
27 families with dependent children, state family assistance, and
28 state disability assistance for the tax year divided by the
29 claimant's total household resources. The reduction of credit ~~shall~~

must not exceed the sum of the aid to families with dependent children, state family assistance, and state disability assistance for the tax year. For the purposes of this subsection, aid to families with dependent children does not include child support payments that offset or reduce payments made to the claimant.

(8) ~~For tax years before the 2018 tax year, a credit under subsection (1) or (2) shall be reduced by 10% for each claimant whose total household resources exceed the minimum total household resources amount of \$41,000.00 and by an additional 10% for each increment of \$1,000.00 of total household resources in excess of \$41,000.00. Except as otherwise provided under this subsection, for the 2018–2025 tax year and each tax year after 2018, the minimum total household resources amount is \$51,000.00. 2025, the minimum total household resources is \$70,700.00 for a claimant filing a single return and \$141,400.00 for a claimant filing a joint return. For the 2018 tax year and each tax year after 2018, a~~ **For a claimant filing a single return, the credit under subsection (1) or (2) shall be is reduced by 10% for each claimant whose total household resources exceed the minimum total household resources amount established under this subsection and by an additional 10% for each increment of \$1,000.00 of total household resources in excess of the minimum total household resources amount for that tax year. For a claimant filing a joint return, the credit under subsection (1) or (2) is reduced by 10% for each claimant whose total household resources exceed the minimum total household resources amount established under this subsection and by an additional 10% for each increment of \$2,000.00 of total household resources in excess of the minimum total household resources amount for that tax year. For the 2021–2026 tax year and each tax year**

1 after ~~2021, 2026~~, the minimum total household resources threshold
 2 amount established under this subsection for the immediately
 3 preceding tax year ~~shall~~ **for a single return and joint return**
 4 **respectively must** be adjusted by the percentage increase in the
 5 United States ~~consumer price index~~ **Consumer Price Index** for the
 6 immediately preceding calendar year and rounded to the nearest
 7 \$100.00 increment.

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

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

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

29 (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~~ **senior citizen's** 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~~ **the senior citizen's** 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~~ **must** 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 2025 tax year,** the total credit allowed by this section and section 522 ~~shall~~ **must** not exceed ~~\$1,500.00~~ **\$2,000.00** per year. Beginning with the ~~2021~~ **2026** tax year and each tax year after ~~2021,~~ **2026,** the maximum amount of the credit allowed under this section and section 522 for the immediately preceding tax year ~~shall~~ **must** 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~~

1 ~~index~~**Consumer Price Index** for all urban consumers as defined and
2 reported by the United States Department of Labor, Bureau of Labor
3 Statistics.

4 Enacting section 1. This amendatory act applies to all tax
5 years that begin on and after January 1, 2025.

6 Enacting section 2. This amendatory act does not take effect
7 unless Senate Bill No. 344 of the 103rd Legislature is enacted into
8 law.