

**INCOME TAX ACT OF 1967 (EXCERPT)**  
**Act 281 of 1967**

**206.508 Definitions.**

Sec. 508. (1) "Gross rent" means the total rent contracted to be paid by the renter or lessee of a homestead pursuant to dealing at arms' length with the landlord of the homestead. When the landlord and tenant have not dealt with each other at arms' length and the department believes that the gross rent charged is excessive, the department may adjust the gross rent to a reasonable amount for the purposes of this chapter.

(2) "Homestead" means a dwelling or unit in a multiple-unit dwelling that is subject to ad valorem taxes, or a service charge in lieu of taxes as provided by section 15a of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1415a, owned and occupied as a home by the owner of the dwelling or unit, or occupied as the dwelling of the renter or lessee, including all unoccupied real property not classified for ad valorem tax purposes as commercial, industrial, residential, or timber-cut over, owned by the owner of the homestead. Beginning in the 1990 tax year, a homestead does not include unoccupied real property that is leased or rented by the owner to another person and that is not adjacent and contiguous to the home of the owner. Additionally, the following apply:

(a) If a homestead is an integral part of a larger unit of assessment such as commercial, industrial, residential, timber-cut over, or a multipurpose or multidwelling building, the tax on the homestead shall be the same proportion of the total property tax as the proportion of the value of the homestead is to the total value of the assessed property.

(b) If the gross receipts of the agricultural or horticultural operations do not exceed the household income, or if there are no gross receipts, the following apply:

(i) If the claimant has lived on the land 10 years or more, all of the adjacent and contiguous agricultural or horticultural lands shall be considered a homestead and the credit is allowed for all the land.

(ii) If the claimant has lived on the land less than 10 years, not more than 5 acres of adjacent and contiguous agricultural or horticultural land shall be considered a part of the homestead and the credit is allowed for that part of the land.

(c) A mobile home or trailer coach in a trailer coach park is a homestead and the site rent for space is considered the rent of a homestead. The specific tax levied by section 41 of 1959 PA 243, MCL 125.1041, is considered a property tax.

(3) "Household" means a claimant and spouse.

(4) "Total household resources" means all income received by all persons of a household in a tax year while members of a household, excluding for tax years beginning after December 31, 2018 any compensation received pursuant to the wrongful imprisonment compensation act, 2016 PA 343, MCL 691.1751 to 691.1757, and increased by the following deductions from federal gross income:

(a) Any net business loss after netting all business income and loss.

(b) Any net rental or royalty loss.

(c) Any carryback or carryforward of a net operating loss as defined in section 172(b)(2) of the internal revenue code.

**History:** Add. 1973, Act 20, Imd. Eff. May 16, 1973;—Am. 1975, Act 233, Imd. Eff. Aug. 27, 1975;—Am. 1990, Act 283, Imd. Eff. Dec. 14, 1990;—Am. 2011, Act 38, Eff. Jan. 1, 2012;—Am. 2011, Act 177, Eff. Jan. 1, 2012;—Am. 2018, Act 588, Imd. Eff. Dec. 28, 2018.