



**Senate Fiscal Agency**  
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BILL ANALYSIS



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Senate Bill 721 (Substitute S-1 as reported)  
Sponsor: Senator Walter H. North  
Committee: Finance

### **CONTENT**

The bill would amend the Income Tax Act to extend the existence of the home heating tax credit through the 1995 tax year; and provide for the reduction of individuals' home heating credits for 1995 if Federal home heating assistance funds were reduced or eliminated.

Under the Act, through the 1994 tax year, low-income residents who own or rent the home where they live could claim a home heating credit against the income tax. The bill would extend the credit through the 1995 tax year, but would impose the following conditions for the tax year:

- If the amount of Federal low income home heating energy assistance block grant funds allotted to Michigan for the credit for Federal FY 1995-96 were less than \$75,400,000, each individual credit claimed would have to be reduced by multiplying the credit amount by a fraction, the numerator of which was Michigan's Federal block grant allotment minus \$400,000, and the denominator of which was \$75 million.
- If there were no Federal low income home heating energy assistance block grant funds allotted to Michigan for Federal FY 1995-96, each individual credit would have to be reduced proportionately as necessary to limit the total credits for the tax year to the amount of funds for Federal low income home heating energy assistance carried forward from FY 1994-95 to FY 1995-96. The Department of Management and Budget would have to determine the ratio by which a reduction would be made.

MCL 206.527a

Legislative Analyst: G. Towne

### **FISCAL IMPACT**

This bill would extend the ongoing home heating credit program by one year. Appropriations have been made to cover the maximum cost to the State of \$3.4 million. The costs depend on the Federal funds received for the program.

Date Completed: 11-1-95

Fiscal Analyst: R. Ross