

HOUSE BILL No. 4948

June 24, 1997, Introduced by Reps. DeVuyst, Green, Jelinek, Hale, Voorhees, Raczkowski, McBryde, Richner, Middaugh and Goschka and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled "Income tax act of 1967," by amending sections 506 and 522 (MCL 206.506 and 206.522), as amended by 1996 PA 484.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 506. (1) "Eligible serviceperson", "eligible veteran",
2 and "eligible widow or widower" mean a serviceperson, veteran, or
3 widow or widower, whose income as defined in this chapter is not
4 more than \$7,500.00 per year unless the serviceperson, veteran,
5 or widow or widower receives compensation paid by the veterans
6 administration or the armed forces of the United States for serv-
7 ice incurred disabilities and who meets the requirements of the
8 following schedule:

9

					Taxable Value Allowance
1	War	Person	Service in War	Disability %	
2					
3					
4					
5	Indian	Veteran or	3 months, or 1	No	\$3,500.00
6	Civil	veteran's	day with dis-	requirement	
7	Spanish-	widow or	charge for serv-		
8	American	widower	ice-connected		
9	Mexican		disability		
10					
11	World War I	Widow or	3 months, or 1	No	\$2,500.00
12	World War II	widower of	day with dis-	requirement	
13	Korean	nondisabled	charge for serv-		
14		or nonpen-	ice-connected		
15		sioned	disability		
16		veteran			
17					
18	All wars or	Pensioned	Any	No	\$3,500.00
19	presidential	veteran or		requirement	
20	executive	veteran's			
21	order or	widow or			
22	presidential	widower			
23	proclamation				
24					
25	All wars or	Veteran with	Any	10-50	\$3,500.00
26	presidential	service-con-			
27	executive	ected dis-			
28	order or	ability or			
29	presidential	veteran's			
30	proclamation	widow or			
31		widower			
32					
33	All wars or	Veteran with	Any	60-70-80	\$4,000.00
34	presidential	service-con-			
35	executive	ected dis-			
36	order or	ability or			
37	presidential	veteran's			
38	proclamation	widow or			
39		widower			
40					
41	All wars or	Veteran with	Any	90-100	\$4,500.00
42	presidential	service-con-			
43	executive	ected dis-			
44	order or	ability or			
45	presidential	veteran's			
46	proclamation	widow or			
47		widower			
48					
49	All wars or	Widow or	Any	No	\$4,500.00
50	presidential	widower of		requirement	
51	executive	veteran dying			

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1 order or in service
 2 presidential
 3 proclamation

4
 5 Current Serviceperson Any No \$3,500.00
 6 service or requirement
 7 serviceperson's
 8 widow or
 9 widower

10
 11 (2) FOR THE 1997 TAX YEAR AND EACH TAX YEAR AFTER THE 1997
 12 TAX YEAR, THE TAXABLE VALUE ALLOWANCE UNDER SUBSECTION (1) SHALL
 13 BE ADJUSTED BY MULTIPLYING THE TAXABLE VALUE ALLOWANCE FOR THE
 14 PREVIOUS TAX YEAR BY A FRACTION, THE NUMERATOR OF WHICH IS THE
 15 UNITED STATES CONSUMER PRICE INDEX FOR THE STATE FISCAL YEAR
 16 ENDING IN THE TAX YEAR PRIOR TO THE TAX YEAR FOR WHICH THE
 17 ADJUSTMENT IS BEING MADE AND THE DENOMINATOR OF WHICH IS THE
 18 UNITED STATES CONSUMER PRICE INDEX FOR THE 1995-96 STATE FISCAL
 19 YEAR. THE RESULTANT PRODUCT SHALL BE ROUNDED TO THE NEAREST
 20 \$100.00 INCREMENT WHICH SHALL BE THE TAXABLE VALUE ALLOWANCE FOR
 21 THE TAX YEAR. AS USED IN THIS SECTION, "UNITED STATES CONSUMER
 22 PRICE INDEX" MEANS THE UNITED STATES CONSUMER PRICE INDEX FOR ALL
 23 URBAN CONSUMERS AS DEFINED AND REPORTED BY THE UNITED STATES
 24 DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS.

25 Sec. 522. (1) The amount of a claim made pursuant to this
 26 chapter shall be determined as follows:

27 (a) A claimant is entitled to a credit against the state
 28 income tax liability equal to 60% of the amount by which the
 29 property taxes on the homestead, or the credit for rental of the
 30 homestead for the tax year, exceeds 3.5% of the claimant's house-
 31 hold income for that tax year.

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1 (b) A claimant who is a senior citizen or a paraplegic,
 2 hemiplegic, or quadriplegic is entitled to a credit against the
 3 state income tax liability for the amount by which the property
 4 taxes on the homestead, the credit for rental of the homestead,
 5 or a service charge in lieu of ad valorem taxes as provided by
 6 section 15a of the state housing development authority act of
 7 1966, ~~Act No. 346 of the Public Acts of 1966, being section~~
 8 ~~125.1415a of the Michigan Compiled Laws~~ 1966 PA 346, MCL
 9 125.1415A, for the tax year exceeds the percentage of the
 10 claimant's household income for that tax year computed as
 11 follows:

12

13 Household income	Percentage
14 Not over \$3,000.00	.0%
15 Over \$3,000.00 but not over \$4,000.00	1.0%
16 Over \$4,000.00 but not over \$5,000.00	2.0%
17 Over \$5,000.00 but not over \$6,000.00	3.0%
18 Over \$6,000.00	3.5%

19 (c) A claimant who is totally and permanently disabled is
 20 entitled to a credit against the state income tax liability equal
 21 to 60% of the amount by which the property taxes on the home-
 22 stead, or the credit for rental of the homestead or for a service
 23 charge in lieu of ad valorem taxes as provided in section 15a of
 24 ~~Act No. 346 of the Public Acts of 1966~~ THE STATE HOUSING DEVEL-
 25 OPMENT AUTHORITY ACT OF 1966, 1966 PA 346, MCL 125.1415A, for the
 26 tax year, exceeds the percentage of the claimant's household

1 income for that tax year based on the schedule in subdivision
2 (b).

3 (d) A claimant who is an eligible serviceperson, eligible
4 veteran, or eligible widow or widower is entitled to a credit
5 against the state income tax liability for a percentage of the
6 property taxes on the homestead for the tax year not in excess of
7 100% determined as follows:

8 (i) Divide the taxable value allowance specified in section
9 506 by the taxable value of the homestead or, if the eligible
10 serviceperson, eligible veteran, or eligible widow or widower
11 leases or rents a homestead, divide 17% of the total annual rent
12 paid for tax years before the 1994 tax year, or 20% of the total
13 annual rent paid for tax years after the 1993 tax year on the
14 property by the property tax rate on the property.

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

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

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

22 (ii) If the taxable value of the homestead is more than
23 \$3,500.00, the percentage that \$3,500.00 bears to the taxable
24 value of the homestead.

25 (2) A person who is qualified to make a claim under more
26 than 1 classification shall elect the classification under which
27 the claim is made.

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

4 (4) As used in this section, "totally and permanently
5 disabled" means disability as defined in section 216 of title II
6 of the social security act, 42 U.S.C. 416.

7 (5) A senior citizen who has a total household income for
8 the tax year of \$6,000.00 or less and who for 1973 received a
9 senior citizen homestead exemption under former section 7c of the
10 general property tax act, ~~Act No. 206 of the Public Acts of~~
11 ~~1893~~ 1893 PA 206, may compute the credit against the state
12 income tax liability for a percentage of the property taxes on
13 the homestead for the tax year determined as follows:

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

16 (b) If the taxable value of the homestead is more than
17 \$2,500.00, the percentage that \$2,500.00 bears to the taxable
18 value of the homestead.

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

21 (7) The commissioner may prescribe tables that may be used
22 to determine the amount of the claim.

23 (8) The total credit allowed in this section for each year
24 after December 31, 1975 shall not exceed \$1,200.00 per year.

25 (9) The total credit allowable under this act and part 361
26 (farmland and open space preservation) of the natural resources
27 and environmental protection act, ~~Act No. 451 of the Public Acts~~

1 of 1994, being sections 324.36101 to 324.36117 of the Michigan
2 Compiled Laws 1994 PA 451, MCL 324.36101 TO 324.36117, shall not
3 exceed the total property tax due and payable by the claimant in
4 that year. The amount by which the credit exceeds the property
5 tax due and payable shall be deducted from the credit claimed
6 under part 361 of ~~Act No. 451 of the Public Acts of 1994~~ THE
7 NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT, 1994 PA 451,
8 MCL 324.36101 TO 324.36117.

9 (10) FOR THE 1997 TAX YEAR AND EACH TAX YEAR AFTER THE 1997
10 TAX YEAR, THE TAXABLE VALUE ALLOWANCE UNDER SUBSECTION (1)(E)
11 SHALL BE ADJUSTED BY MULTIPLYING THE TAXABLE VALUE ALLOWANCE FOR
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