

SUBSTITUTE FOR
SENATE BILL NO. 1402

(As amended, November 13, 2008)

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.532) by adding section 277.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 277. (1) FOR THE 2008 TAX YEAR AND EACH TAX YEAR AFTER
2 2008, A TAXPAYER MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY THIS
3 ACT EQUAL TO <<4.35 PER CENTUM OF>> THE AMOUNT OF INCOME DERIVED FROM THE
 CANCELLATION OF
4 DEBT RELATED TO THE SALE OR FORECLOSURE OF THE TAXPAYER'S PRINCIPAL
5 RESIDENCE THAT WAS REPORTED TO THE TAXPAYER IN A FEDERAL INCOME TAX
6 FORM 1099-C AND INCLUDED IN THE TAXPAYER'S ADJUSTED GROSS INCOME
7 FOR THE TAX YEAR OR \$10,000.00, WHICHEVER IS LESS.
8 (2) IF THE CREDIT ALLOWED BY THIS SECTION EXCEEDS THE TAX
9 LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT PORTION OF THE
10 CREDIT THAT EXCEEDS THE TAX LIABILITY SHALL NOT BE REFUNDED.

1 (3) AS USED IN THIS SECTION, "PRINCIPAL RESIDENCE" MEANS THAT
2 TERM AS DEFINED UNDER SECTION 7DD OF THE GENERAL PROPERTY TAX ACT,
3 1893 PA 206, MCL 211.7DD, AND FOR WHICH AN EXEMPTION IS GRANTED
4 UNDER SECTION 7CC OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL
5 211.7CC.