

# HOUSE BILL NO. 4110

January 29, 2019, Introduced by Reps. Garza, Gay-Dagnogo, Brenda Carter, Robinson, Ellison, Tyrone Carter, Neeley, Chirkun, Elder, Lasinski, Liberati, Cambensy, Sowerby, Shannon, Eisen, Wittenberg, Hope, Cynthia Johnson, Kennedy, Kuppa, Yancey and Whitsett and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
by amending section 522 (MCL 206.522), as amended by 2015 PA 179.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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

3           (a) A claimant who is not a senior citizen is entitled to a  
4 credit against the state income tax liability under this part equal  
5 to 60% of the amount by which the property taxes on the homestead,

1 or the credit for rental of the homestead for the tax year, exceeds  
2 3.5% of the claimant's total household resources for tax years  
3 before the 2018 tax year or 3.2% of the claimant's total household  
4 resources for the 2018 tax year and each tax year after 2018.

5 (b) A claimant who is a senior citizen is entitled to a credit  
6 against the state income tax liability under this part equal to the  
7 following:

8 (i) For a claimant with total household resources of \$21,000.00  
9 or less, an amount as determined in accordance with subdivision  
10 (c).

11 (ii) For a claimant with total household resources of more than  
12 \$21,000.00 and less than or equal to \$22,000.00, an amount equal to  
13 96% of the difference between the property taxes on the homestead  
14 or the credit for rental of the homestead for the tax year and 3.5%  
15 of total household resources for tax years before the 2018 tax year  
16 or 3.2% of total household resources for the 2018 tax year and each  
17 tax year after 2018.

18 (iii) For a claimant with total household resources of more than  
19 \$22,000.00 and less than or equal to \$23,000.00, an amount equal to  
20 92% of the difference between the property taxes on the homestead  
21 or the credit for rental of the homestead for the tax year and 3.5%  
22 of total household resources for tax years before the 2018 tax year  
23 or 3.2% of total household resources for the 2018 tax year and each  
24 tax year after 2018.

25 (iv) For a claimant with total household resources of more than  
26 \$23,000.00 and less than or equal to \$24,000.00, an amount equal to  
27 88% of the difference between the property taxes on the homestead  
28 or the credit for rental of the homestead for the tax year and 3.5%  
29 of total household resources for tax years before the 2018 tax year

1 or 3.2% of total household resources for the 2018 tax year and each  
2 tax year after 2018.

3 (v) For a claimant with total household resources of more than  
4 \$24,000.00 and less than or equal to \$25,000.00, an amount equal to  
5 84% of the difference between the property taxes on the homestead  
6 or the credit for rental of the homestead for the tax year and 3.5%  
7 of total household resources for tax years before the 2018 tax year  
8 or 3.2% of total household resources for the 2018 tax year and each  
9 tax year after 2018.

10 (vi) For a claimant with total household resources of more than  
11 \$25,000.00 and less than or equal to \$26,000.00, an amount equal to  
12 80% of the difference between the property taxes on the homestead  
13 or the credit for rental of the homestead for the tax year and 3.5%  
14 of total household resources for tax years before the 2018 tax year  
15 or 3.2% of total household resources for the 2018 tax year and each  
16 tax year after 2018.

17 (vii) For a claimant with total household resources of more  
18 than \$26,000.00 and less than or equal to \$27,000.00, an amount  
19 equal to 76% of the difference between the property taxes on the  
20 homestead or the credit for rental of the homestead for the tax  
21 year and 3.5% of total household resources for tax years before the  
22 2018 tax year or 3.2% of total household resources for the 2018 tax  
23 year and each tax year after 2018.

24 (viii) For a claimant with total household resources of more  
25 than \$27,000.00 and less than or equal to \$28,000.00, an amount  
26 equal to 72% of the difference between the property taxes on the  
27 homestead or the credit for rental of the homestead for the tax  
28 year and 3.5% of total household resources for tax years before the  
29 2018 tax year or 3.2% of total household resources for the 2018 tax

1 year and each tax year after 2018.

2 (ix) For a claimant with total household resources of more than  
3 \$28,000.00 and less than or equal to \$29,000.00, an amount equal to  
4 68% of the difference between the property taxes on the homestead  
5 or the credit for rental of the homestead for the tax year and 3.5%  
6 of total household resources for tax years before the 2018 tax year  
7 or 3.2% of total household resources for the 2018 tax year and each  
8 tax year after 2018.

9 (x) For a claimant with total household resources of more than  
10 \$29,000.00 and less than or equal to \$30,000.00, an amount equal to  
11 64% of the difference between the property taxes on the homestead  
12 or the credit for rental of the homestead for the tax year and 3.5%  
13 of total household resources for tax years before the 2018 tax year  
14 or 3.2% of total household resources for the 2018 tax year and each  
15 tax year after 2018.

16 (xi) For a claimant with total household resources of more than  
17 \$30,000.00, an amount equal to 60% of the difference between the  
18 property taxes on the homestead or the credit for rental of the  
19 homestead for the tax year and 3.5% of total household resources  
20 for tax years before the 2018 tax year or 3.2% of total household  
21 resources for the 2018 tax year and each tax year after 2018.

22 (c) A claimant who is a senior citizen with total household  
23 resources of \$21,000.00 or less or a paraplegic, hemiplegic, or  
24 quadriplegic and for tax years that begin after December 31, 1999,  
25 a claimant who is totally and permanently disabled, deaf, or, for  
26 tax years that begin after December 31, 2012, blind is entitled to  
27 a credit against the state income tax liability for the amount by  
28 which the property taxes on the homestead, the credit for rental of  
29 the homestead, or a service charge in lieu of ad valorem taxes as

1 provided by section 15a of the state housing development authority  
 2 act of 1966, 1966 PA 346, MCL 125.1415a, for the tax year exceeds  
 3 the percentage of the claimant's total household resources for that  
 4 tax year computed as follows:

5	Total household resources	Percentage
6	Not over \$3,000.00	.0%
7	Over \$3,000.00 but not over \$4,000.00	1.0%
8	Over \$4,000.00 but not over \$5,000.00	2.0%
9	Over \$5,000.00 but not over \$6,000.00	3.0%
10	Over \$6,000.00 for tax years before	
11	the 2018 tax year	3.5%
12	Over \$6,000.00 for tax years after	
13	the 2017 tax year	3.2%

14 (d) ~~A~~**Except as otherwise provided under subdivision (f), a**  
 15 claimant who is an eligible serviceperson, eligible veteran, or  
 16 eligible widow or widower is entitled to a credit against the state  
 17 income tax liability for a percentage of the property taxes on the  
 18 homestead for the tax year not in excess of 100% determined as  
 19 follows:

20 (i) Divide the taxable value allowance specified in section 506  
 21 by the taxable value of the homestead or, if the eligible  
 22 serviceperson, eligible veteran, or eligible widow or widower  
 23 leases or rents a homestead, divide 20% of the total annual rent  
 24 paid for tax years before the 2018 tax year or 23% of the total  
 25 annual rent paid for tax years after the 2017 tax year on the  
 26 property by the property tax rate on the property.

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

29 (e) A claimant who is blind is entitled to a credit against

1 the state income tax liability for a percentage of the property  
2 taxes on the homestead for the tax year determined as follows:

3 (i) If the taxable value of the homestead is \$3,500.00 or less,  
4 100% of the property taxes.

5 (ii) If the taxable value of the homestead is more than  
6 \$3,500.00, the percentage that \$3,500.00 bears to the taxable value  
7 of the homestead.

8 **(f) For the 2019 tax year and each tax year after 2019, a**  
9 **claimant who is an eligible serviceperson, eligible veteran, or**  
10 **eligible widow or widower who leases or rents a homestead and who**  
11 **receives compensation paid by the veterans administration or the**  
12 **armed forces of the United States at the 100% disability rate for**  
13 **service-incurred disabilities is entitled to a credit against the**  
14 **state income tax liability under this part equal to 20% of the**  
15 **total annual rent paid, not to exceed 100% of the property taxes on**  
16 **that homestead for the tax year, regardless of the type of**  
17 **homestead that is being leased or rented.**

18 (2) A person who is qualified to make a claim under more than  
19 1 classification shall elect the classification under which the  
20 claim is made.

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

24 (4) As used in this section, "totally and permanently  
25 disabled" means disability as defined in section 216 of title II of  
26 the social security act, 42 USC 416.

27 (5) A senior citizen who has total household resources for the  
28 tax year of \$6,000.00 or less and who for 1973 received a senior  
29 citizen homestead exemption under former section 7c of the general

1 property tax act, 1893 PA 206, may compute the credit against the  
2 state income tax liability for a percentage of the property taxes  
3 on the homestead for the tax year determined as follows:

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

6 (b) If the taxable value of the homestead is more than  
7 \$2,500.00, the percentage that \$2,500.00 bears to the taxable value  
8 of the homestead.

9 (c) For a return of less than 12 months, the claim shall be  
10 reduced proportionately.

11 (d) The department may prescribe tables that may be used to  
12 determine the amount of the claim.

13 (e) The total credit allowed in this section for each year  
14 shall not exceed the amount determined under section 520.

15 (f) The total credit allowable under this part and part 361 of  
16 the natural resources and environmental protection act, 1994 PA  
17 451, MCL 324.36101 to 324.36117, shall not exceed the total  
18 property tax due and payable by the claimant in that year. The  
19 amount by which the credit exceeds the property tax due and payable  
20 shall be deducted from the credit claimed under part 361 of the  
21 natural resources and environmental protection act, 1994 PA 451,  
22 MCL 324.36101 to 324.36117.