

HOUSE BILL NO. 5640

April 18, 2024, Introduced by Reps. Fitzgerald, Churches, Tsernoglou, Mentzer, MacDonell, Rogers and Farhat and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.847) by adding section 272a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 272a. (1) For tax years that begin on and after January
2 1, 2024, a qualified taxpayer may claim a credit against the tax
3 imposed by this part equal to \$5,500.00 for each qualified
4 dependent of the qualified taxpayer for which an exemption was
5 claimed under section 30(2)(b) for that same tax year. The amount
6 of the credit allowed to be claimed under this section for the tax
7 year must be reduced by the amount of any advance refund payments

1 issued to the taxpayer under subsection (2) for that same tax year.

2 (2) The department shall establish a program for making
3 monthly payments to qualified taxpayers that, in the aggregate
4 during any tax year, equal the annual advance refund payment amount
5 estimated by the department based on the qualified taxpayer's
6 annual return filed for the immediately preceding tax year with
7 respect to that qualified taxpayer for the current tax year. Except
8 as otherwise provided under this subsection, the monthly payments
9 made to any qualified taxpayer for any tax year must be in equal
10 amounts. The department may adjust the amount of any monthly
11 payment to reflect an excess or deficit in prior payments as
12 determined necessary by the department. Before January 31 of each
13 year, the department shall provide each qualified taxpayer that the
14 department determines is eligible for the credit under this section
15 with a written notice of the advance refund payments to be made
16 during the tax year and the aggregate amount of those payments. The
17 advance refund payments issued under this subsection may be
18 disbursed electronically to an account at a financial institution
19 of the qualified taxpayer's choice to which the qualified taxpayer
20 authorized the direct deposit of a refund of taxes on the annual
21 return filed under this part for the immediately preceding tax
22 year. If the qualified taxpayer did not include authorization for a
23 direct deposit, the department shall issue a negotiable check and
24 send it by first-class mail to the address shown on the annual
25 return filed under this part for the immediately preceding tax
26 year.

27 (3) If the credit allowed under this section exceeds the tax
28 liability of the qualified taxpayer for the tax year, that portion
29 of the credit that exceeds the tax liability must be refunded.

1 (4) As used in this section:

2 (a) "Qualified dependent" means a dependent who is 3 years of
3 age or less on the last day of the tax year for which the credit is
4 claimed.

5 (b) "Qualified taxpayer" means a taxpayer who is allowed to
6 claim a credit under section 272 for a tax year on a return filed
7 under this part for the same tax year.