

HOUSE BILL No. 5034

September 27, 2017, Introduced by Rep. Miller and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 30 (MCL 206.30), as amended by 2015 PA 161.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 30. (1) "Taxable income" means, for a person other than a
2 corporation, estate, or trust, adjusted gross income as defined in
3 the internal revenue code subject to the following adjustments
4 under this section:

5 (a) Add gross interest income and dividends derived from
6 obligations or securities of states other than Michigan, in the
7 same amount that has been excluded from adjusted gross income less
8 related expenses not deducted in computing adjusted gross income

1 because of section 265(a)(1) of the internal revenue code.

2 (b) Add taxes on or measured by income to the extent the taxes
3 have been deducted in arriving at adjusted gross income.

4 (c) Add losses on the sale or exchange of obligations of the
5 United States government, the income of which this state is
6 prohibited from subjecting to a net income tax, to the extent that
7 the loss has been deducted in arriving at adjusted gross income.

8 (d) Deduct, to the extent included in adjusted gross income,
9 income derived from obligations, or the sale or exchange of
10 obligations, of the United States government that this state is
11 prohibited by law from subjecting to a net income tax, reduced by
12 any interest on indebtedness incurred in carrying the obligations
13 and by any expenses incurred in the production of that income to
14 the extent that the expenses, including amortizable bond premiums,
15 were deducted in arriving at adjusted gross income.

16 (e) Deduct, to the extent included in adjusted gross income,
17 the following:

18 (i) Compensation, including retirement **OR PENSION** benefits,
19 received for services in the ~~armed forces~~ **ARMED FORCES** of the
20 United States.

21 (ii) Retirement or pension benefits under the railroad
22 retirement act of 1974, 45 USC 231 to 231v.

23 (iii) Beginning January 1, 2012, retirement or pension
24 benefits received for services in the Michigan National Guard.

25 (f) Deduct the following to the extent included in adjusted
26 gross income subject to the limitations and restrictions set forth
27 in subsection (9):

1 (i) Retirement or pension benefits received from a federal
2 public retirement system or from a public retirement system of or
3 created by this state or a political subdivision of this state.

4 (ii) Retirement or pension benefits received from a public
5 retirement system of or created by another state or any of its
6 political subdivisions if the income tax laws of the other state
7 permit a similar deduction or exemption or a reciprocal deduction
8 or exemption of a retirement or pension benefit received from a
9 public retirement system of or created by this state or any of the
10 political subdivisions of this state.

11 (iii) Social ~~security~~**SECURITY** benefits as defined in section
12 86 of the internal revenue code.

13 (iv) Beginning on and after January 1, 2007, retirement or
14 pension benefits not deductible under subparagraph (i) or
15 subdivision (e) from any other retirement or pension system or
16 benefits from a retirement annuity policy in which payments are
17 made for life to a senior citizen, to a maximum of \$42,240.00 for a
18 single return and \$84,480.00 for a joint return. The maximum
19 amounts allowed under this subparagraph shall be reduced by the
20 amount of the deduction for retirement or pension benefits claimed
21 under subparagraph (i) or subdivision (e) and by the amount of a
22 deduction claimed under subdivision (p). For the 2008 tax year and
23 each tax year after 2008, the maximum amounts allowed under this
24 subparagraph shall be adjusted by the percentage increase in the
25 United States ~~consumer price index~~**CONSUMER PRICE INDEX** for the
26 immediately preceding calendar year. The department shall annualize
27 the amounts provided in this subparagraph as necessary. As used in

1 this subparagraph, "senior citizen" means that term as defined in
2 section 514.

3 (v) The amount determined to be the section 22 amount eligible
4 for the elderly and the permanently and totally disabled credit
5 provided in section 22 of the internal revenue code.

6 (g) Adjustments resulting from the application of section 271.

7 (h) Adjustments with respect to estate and trust income as
8 provided in section 36.

9 (i) Adjustments resulting from the allocation and
10 apportionment provisions of chapter 3.

11 (j) Deduct the following payments made by the taxpayer in the
12 tax year:

13 (i) For the 2010 tax year and each tax year after 2010, the
14 amount of a charitable contribution made to the advance tuition
15 payment fund created under section 9 of the Michigan education
16 trust act, 1986 PA 316, MCL 390.1429.

17 (ii) The amount of payment made under an advance tuition
18 payment contract as provided in the Michigan education trust act,
19 1986 PA 316, MCL 390.1421 to 390.1442.

20 (iii) The amount of payment made under a contract with a
21 private sector investment manager that meets all of the following
22 criteria:

23 (A) The contract is certified and approved by the board of
24 directors of the Michigan education trust to provide equivalent
25 benefits and rights to purchasers and beneficiaries as an advance
26 tuition payment contract as described in subparagraph (ii).

27 (B) The contract applies only for a state institution of

1 higher education as defined in the Michigan education trust act,
2 1986 PA 316, MCL 390.1421 to 390.1442, or a community or junior
3 college in Michigan.

4 (C) The contract provides for enrollment by the contract's
5 qualified beneficiary in not less than 4 years after the date on
6 which the contract is entered into.

7 (D) The contract is entered into after either of the
8 following:

9 (I) The purchaser has had his or her offer to enter into an
10 advance tuition payment contract rejected by the board of directors
11 of the Michigan education trust, if the board determines that the
12 trust cannot accept an unlimited number of enrollees upon an
13 actuarially sound basis.

14 (II) The board of directors of the Michigan education trust
15 determines that the trust can accept an unlimited number of
16 enrollees upon an actuarially sound basis.

17 (k) If an advance tuition payment contract under the Michigan
18 education trust act, 1986 PA 316, MCL 390.1421 to 390.1442, or
19 another contract for which the payment was deductible under
20 subdivision (j) is terminated and the qualified beneficiary under
21 that contract does not attend a university, college, junior or
22 community college, or other institution of higher education, add
23 the amount of a refund received by the taxpayer as a result of that
24 termination or the amount of the deduction taken under subdivision
25 (j) for payment made under that contract, whichever is less.

26 (l) Deduct from the taxable income of a purchaser the amount
27 included as income to the purchaser under the internal revenue code

1 after the advance tuition payment contract entered into under the
2 Michigan education trust act, 1986 PA 316, MCL 390.1421 to
3 390.1442, is terminated because the qualified beneficiary attends
4 an institution of postsecondary education other than either a state
5 institution of higher education or an institution of postsecondary
6 education located outside this state with which a state institution
7 of higher education has reciprocity.

8 (m) Add, to the extent deducted in determining adjusted gross
9 income, the net operating loss deduction under section 172 of the
10 internal revenue code.

11 (n) Deduct a net operating loss deduction for the taxable year
12 as determined under section 172 of the internal revenue code
13 subject to the modifications under section 172(b)(2) of the
14 internal revenue code and subject to the allocation and
15 apportionment provisions of chapter 3 of this part for the taxable
16 year in which the loss was incurred.

17 (o) Deduct, to the extent included in adjusted gross income,
18 benefits from a discriminatory self-insurance medical expense
19 reimbursement plan.

20 (p) Beginning on and after January 1, 2007, subject to any
21 limitation provided in this subdivision, a taxpayer who is a senior
22 citizen may deduct to the extent included in adjusted gross income,
23 interest, dividends, and capital gains received in the tax year not
24 to exceed \$9,420.00 for a single return and \$18,840.00 for a joint
25 return. The maximum amounts allowed under this subdivision shall be
26 reduced by the amount of a deduction claimed for retirement **OR**
27 **PENSION** benefits under subdivision (e) or a deduction claimed under

1 subdivision (f) (i), (ii), (iv), or (v). For the 2008 tax year and
2 each tax year after 2008, the maximum amounts allowed under this
3 subdivision shall be adjusted by the percentage increase in the
4 United States ~~consumer price index~~**CONSUMER PRICE INDEX** for the
5 immediately preceding calendar year. The department shall annualize
6 the amounts provided in this subdivision as necessary. Beginning
7 January 1, 2012, the deduction under this ~~subsection~~**SUBDIVISION** is
8 not available to a senior citizen born after 1945. As used in this
9 subdivision, "senior citizen" means that term as defined in section
10 514.

11 (q) Deduct, to the extent included in adjusted gross income,
12 all of the following:

13 (i) The amount of a refund received in the tax year based on
14 taxes paid under this part.

15 (ii) The amount of a refund received in the tax year based on
16 taxes paid under the city income tax act, 1964 PA 284, MCL 141.501
17 to 141.787.

18 (iii) The amount of a credit received in the tax year based on
19 a claim filed under sections 520 and 522 to the extent that the
20 taxes used to calculate the credit were not used to reduce adjusted
21 gross income for a prior year.

22 (r) Add the amount paid by the state on behalf of the taxpayer
23 in the tax year to repay the outstanding principal on a loan taken
24 on which the taxpayer defaulted that was to fund an advance tuition
25 payment contract entered into under the Michigan education trust
26 act, 1986 PA 316, MCL 390.1421 to 390.1442, if the cost of the
27 advance tuition payment contract was deducted under subdivision (j)

1 and was financed with a Michigan education trust secured loan.

2 (s) Deduct, to the extent included in adjusted gross income,
3 any amount, and any interest earned on that amount, received in the
4 tax year by a taxpayer who is a Holocaust victim as a result of a
5 settlement of claims against any entity or individual for any
6 recovered asset pursuant to the German act regulating unresolved
7 property claims, also known as Gesetz zur Regelung offener
8 Vermögensfragen, as a result of the settlement of the action
9 entitled In re: Holocaust victim assets litigation, **In re:**
10 **Holocaust victim assets litigation**, CV-96-4849, CV-96-5161, and CV-
11 97-0461 (E.D. NY), or as a result of any similar action if the
12 income and interest are not commingled in any way with and are kept
13 separate from all other funds and assets of the taxpayer. As used
14 in this subdivision:

15 (i) "Holocaust victim" means a person, or the heir or
16 beneficiary of that person, who was persecuted by Nazi Germany or
17 any Axis regime during any period from 1933 to 1945.

18 (ii) "Recovered asset" means any asset of any type and any
19 interest earned on that asset including, but not limited to, bank
20 deposits, insurance proceeds, or artwork owned by a Holocaust
21 victim during the period from 1920 to 1945, withheld from that
22 Holocaust victim from and after 1945, and not recovered, returned,
23 or otherwise compensated to the Holocaust victim until after 1993.

24 (t) Deduct, to the extent not deducted in determining adjusted
25 gross income, both of the following:

26 (i) Contributions made by the taxpayer in the tax year less
27 qualified withdrawals made in the tax year from education savings

1 accounts, calculated on a per education savings account basis,
2 pursuant to the Michigan education savings program act, 2000 PA
3 161, MCL 390.1471 to 390.1486, not to exceed a total deduction of
4 \$5,000.00 for a single return or \$10,000.00 for a joint return per
5 tax year. The amount calculated under this subparagraph for each
6 education savings account shall not be less than zero.

7 (ii) The amount under section 30f.

8 (u) Add, to the extent not included in adjusted gross income,
9 the amount of money withdrawn by the taxpayer in the tax year from
10 education savings accounts, not to exceed the total amount deducted
11 under subdivision (t) in the tax year and all previous tax years,
12 if the withdrawal was not a qualified withdrawal as provided in the
13 Michigan education savings program act, 2000 PA 161, MCL 390.1471
14 to 390.1486. This subdivision does not apply to withdrawals that
15 are less than the sum of all contributions made to an education
16 savings account in all previous tax years for which no deduction
17 was claimed under subdivision (t), less any contributions for which
18 no deduction was claimed under subdivision (t) that were withdrawn
19 in all previous tax years.

20 (v) A taxpayer who is a resident tribal member may deduct, to
21 the extent included in adjusted gross income, all nonbusiness
22 income earned or received in the tax year and during the period in
23 which an agreement entered into between the taxpayer's tribe and
24 this state pursuant to section 30c of 1941 PA 122, MCL 205.30c, is
25 in full force and effect. As used in this subdivision:

26 (i) "Business income" means business income as defined in
27 section 4 and apportioned under chapter 3.

1 (ii) "Nonbusiness income" means nonbusiness income as defined
2 in section 14 and, to the extent not included in business income,
3 all of the following:

4 (A) All income derived from wages whether the wages are earned
5 within the agreement area or outside of the agreement area.

6 (B) All interest and passive dividends.

7 (C) All rents and royalties derived from real property located
8 within the agreement area.

9 (D) All rents and royalties derived from tangible personal
10 property, to the extent the personal property is utilized within
11 the agreement area.

12 (E) Capital gains from the sale or exchange of real property
13 located within the agreement area.

14 (F) Capital gains from the sale or exchange of tangible
15 personal property located within the agreement area at the time of
16 sale.

17 (G) Capital gains from the sale or exchange of intangible
18 personal property.

19 (H) All pension income and benefits including, but not limited
20 to, distributions from a 401(k) plan, individual retirement
21 accounts under section 408 of the internal revenue code, or a
22 defined contribution plan, or payments from a defined benefit plan.

23 (I) All per capita payments by the tribe to resident tribal
24 members, without regard to the source of payment.

25 (J) All gaming winnings.

26 (iii) "Resident tribal member" means an individual who meets
27 all of the following criteria:

1 (A) Is an enrolled member of a federally recognized tribe.

2 (B) The individual's tribe has an agreement with this state
3 pursuant to section 30c of 1941 PA 122, MCL 205.30c, that is in
4 full force and effect.

5 (C) The individual's principal place of residence is located
6 within the agreement area as designated in the agreement under sub-
7 subparagraph (B).

8 (w) For tax years beginning after December 31, 2011, eliminate
9 all of the following:

10 (i) Income from producing oil and gas to the extent included
11 in adjusted gross income.

12 (ii) Expenses of producing oil and gas to the extent deducted
13 in arriving at adjusted gross income.

14 (x) For tax years that begin after December 31, 2015, deduct,
15 to the extent not deducted in determining adjusted gross income,
16 ~~both~~ **ALL** of the following:

17 (i) Contributions made by the taxpayer in the tax year less
18 qualified withdrawals made in the tax year from an ABLE savings
19 account, pursuant to the Michigan ABLE ~~savings~~ program act, **2015 PA**
20 **160, MCL 206.981 TO 206.997**, not to exceed a total deduction of
21 \$5,000.00 for a single return or \$10,000.00 for a joint return per
22 tax year. The amount calculated under this subparagraph for an ABLE
23 savings account shall not be less than zero.

24 (ii) ~~For tax years that begin after December 31, 2015, deduct,~~
25 ~~to the extent not deducted in determining adjusted gross income,~~
26 ~~interest~~ **INTEREST** earned in the tax year on the contributions to
27 the taxpayer's ABLE savings account if the contributions were

1 deductible under subparagraph (i).

2 ~~(iii) For tax years that begin after December 31, 2015,~~
3 ~~deduct, to the extent included in adjusted gross income,~~
4 ~~distributions~~ **DISTRIBUTIONS** that are qualified withdrawals from an
5 ABLE savings account to the designated beneficiary of that ABLE
6 savings account.

7 (y) Add, to the extent not included in adjusted gross income,
8 the amount of money withdrawn by the taxpayer in the tax year from
9 an ABLE savings account, not to exceed the total amount deducted
10 under subdivision (x) in the tax year and all previous tax years,
11 if the withdrawal was not a qualified withdrawal as provided in the
12 Michigan ABLE ~~savings~~ program act, **2015 PA 160, MCL 206.981 TO**
13 **206.997**. This subdivision does not apply to withdrawals that are
14 less than the sum of all contributions made to an ABLE savings
15 account in all previous tax years for which no deduction was
16 claimed under subdivision (x), less any contributions for which no
17 deduction was claimed under subdivision (x) that were withdrawn in
18 all previous tax years.

19 (2) Except as otherwise provided in subsection (7), a personal
20 exemption of \$3,700.00 multiplied by the number of personal or
21 dependency exemptions allowable on the taxpayer's federal income
22 tax return pursuant to the internal revenue code shall be
23 subtracted in the calculation that determines taxable income.

24 (3) Except as otherwise provided in subsection (7), a single
25 additional exemption determined as follows shall be subtracted in
26 the calculation that determines taxable income in each of the
27 following circumstances:

1 (a) \$1,800.00 for each taxpayer and every dependent of the
2 taxpayer who is a deaf person as defined in section 2 of the deaf
3 persons' interpreters act, 1982 PA 204, MCL 393.502; a paraplegic,
4 a quadriplegic, or a hemiplegic; a person who is blind as defined
5 in section 504; or a person who is totally and permanently disabled
6 as defined in section 522. When a dependent of a taxpayer files an
7 annual return under this part, the taxpayer or dependent of the
8 taxpayer, but not both, may claim the additional exemption allowed
9 under this subdivision. As used in this subdivision, "dependent"
10 means that term as defined in section 30e.

11 (b) For tax years beginning after 2007, \$250.00 for each
12 taxpayer and every dependent of the taxpayer who is a qualified
13 disabled veteran. When a dependent of a taxpayer files an annual
14 return under this part, the taxpayer or dependent of the taxpayer,
15 but not both, may claim the additional exemption allowed under this
16 subdivision. As used in this subdivision:

17 (i) "Qualified disabled veteran" means a veteran with a
18 service-connected disability.

19 (ii) "Service-connected disability" means a disability
20 incurred or aggravated in the line of duty in the active military,
21 naval, or air service as described in 38 USC 101(16).

22 (iii) "Veteran" means a person who served in the active
23 military, naval, marine, coast guard, or air service and who was
24 discharged or released from his or her service with an honorable or
25 general discharge.

26 (4) An individual with respect to whom a deduction under
27 section 151 of the internal revenue code is allowable to another

1 federal taxpayer during the tax year is not considered to have an
2 allowable federal exemption for purposes of subsection (2), but may
3 subtract \$1,500.00 in the calculation that determines taxable
4 income for a tax year.

5 (5) A nonresident or a part-year resident is allowed that
6 proportion of an exemption or deduction allowed under subsection
7 (2), (3), or (4) that the taxpayer's portion of adjusted gross
8 income from Michigan sources bears to the taxpayer's total adjusted
9 gross income.

10 (6) In calculating taxable income, a taxpayer shall not
11 subtract from adjusted gross income the amount of prizes won by the
12 taxpayer under the McCauley-Traxler-Law-Bowman-McNeely lottery act,
13 1972 PA 239, MCL 432.1 to 432.47.

14 (7) For each tax year beginning on and after January 1, 2013,
15 the personal exemption allowed under subsection (2) shall be
16 adjusted by multiplying the exemption for the tax year beginning in
17 2012 by a fraction, the numerator of which is the United States
18 ~~consumer price index~~**CONSUMER PRICE INDEX** for the state fiscal year
19 ending in the tax year prior to the tax year for which the
20 adjustment is being made and the denominator of which is the United
21 States ~~consumer price index~~**CONSUMER PRICE INDEX** for the 2010-2011
22 state fiscal year. The resultant product shall be rounded to the
23 nearest \$100.00 increment. As used in this section, "United States
24 ~~consumer price index~~**CONSUMER PRICE INDEX**" means the United States
25 ~~consumer price index~~**CONSUMER PRICE INDEX** for all urban consumers
26 as defined and reported by the United States Department of Labor,
27 Bureau of Labor Statistics. For each tax year, the exemptions

1 allowed under subsection (3) shall be adjusted by multiplying the
2 exemption amount under subsection (3) for the tax year by a
3 fraction, the numerator of which is the United States ~~consumer~~
4 ~~price index~~ **CONSUMER PRICE INDEX** for the state fiscal year ending
5 the tax year prior to the tax year for which the adjustment is
6 being made and the denominator of which is the United States
7 ~~consumer price index~~ **CONSUMER PRICE INDEX** for the 1998-1999 state
8 fiscal year. The resultant product shall be rounded to the nearest
9 \$100.00 increment.

10 (8) As used in ~~subsection (1)(f)~~, **THIS SECTION**, "retirement or
11 pension benefits" means distributions from all of the following:

12 (a) Except as provided in subdivision (d), qualified pension
13 trusts and annuity plans that qualify under section 401(a) of the
14 internal revenue code, including all of the following:

15 (i) Plans for self-employed persons, commonly known as Keogh
16 or HR10 plans.

17 (ii) Individual retirement accounts that qualify under section
18 408 of the internal revenue code if the distributions are not made
19 until the participant has reached 59-1/2 years of age, except in
20 the case of death, disability, or distributions described by
21 section 72(t)(2)(A)(iv) of the internal revenue code.

22 (iii) Employee annuities or tax-sheltered annuities purchased
23 under section 403(b) of the internal revenue code by organizations
24 exempt under section 501(c)(3) of the internal revenue code, or by
25 public school systems.

26 (iv) Distributions from a 401(k) plan attributable to employee
27 contributions mandated by the plan or attributable to employer

1 contributions.

2 (b) The following retirement and pension plans not qualified
3 under the internal revenue code:

4 (i) Plans of the United States, state governments other than
5 this state, and political subdivisions, agencies, or
6 instrumentalities of this state.

7 (ii) Plans maintained by a church or a convention or
8 association of churches.

9 (iii) All other unqualified pension plans that prescribe
10 eligibility for retirement and predetermine contributions and
11 benefits if the distributions are made from a pension trust.

12 (c) Retirement or pension benefits received by a surviving
13 spouse if those benefits qualified for a deduction prior to the
14 decedent's death. Benefits received by a surviving child are not
15 deductible.

16 (d) Retirement and pension benefits do not include:

17 (i) Amounts received from a plan that allows the employee to
18 set the amount of compensation to be deferred and does not
19 prescribe retirement age or years of service. These plans include,
20 but are not limited to, all of the following:

21 (A) Deferred compensation plans under section 457 of the
22 internal revenue code.

23 (B) Distributions from plans under section 401(k) of the
24 internal revenue code other than plans described in subdivision
25 (a) (iv) .

26 (C) Distributions from plans under section 403(b) of the
27 internal revenue code other than plans described in subdivision

1 (a) *(iii)* .

2 (ii) Premature distributions paid on separation, withdrawal,
3 or discontinuance of a plan prior to the earliest date the
4 recipient could have retired under the provisions of the plan.

5 (iii) Payments received as an incentive to retire early unless
6 the distributions are from a pension trust.

7 (9) In determining taxable income under this section, the
8 following limitations and restrictions apply:

9 (a) For a person born before 1946, this subsection provides no
10 additional restrictions or limitations under subsection (1)(f).

11 (b) Except as otherwise provided in subdivision (c), for a
12 person born in 1946 through 1952, the sum of the deductions under
13 subsection (1)(f) *(i)*, *(ii)*, and *(iv)* is limited to \$20,000.00 for a
14 single return and \$40,000.00 for a joint return. After that person
15 reaches the age of 67, the deductions under subsection (1)(f) *(i)*,
16 *(ii)*, and *(iv)* do not apply and that person is eligible for a
17 deduction of \$20,000.00 for a single return and \$40,000.00 for a
18 joint return, which deduction is available against all types of
19 income and is not restricted to income from retirement or pension
20 benefits. A person who takes the deduction under subsection (1)(e)
21 is not eligible for the unrestricted deduction of \$20,000.00 for a
22 single return and \$40,000.00 for a joint return under this
23 subdivision.

24 (c) Beginning January 1, 2013, for a person born in 1946
25 through 1952 who receives retirement or pension benefits from
26 employment with a governmental agency that was not covered by the
27 federal social security act, chapter 531, 49 Stat 620, the sum of

1 the deductions under subsection (1) (f) (i), (ii), and (iv) is
2 limited to \$35,000.00 for a single return and, except as otherwise
3 provided under this subdivision, \$55,000.00 for a joint return. If
4 both ~~the husband and wife~~ **SPOUSES** filing a joint return receive
5 retirement or pension benefits from employment with a governmental
6 agency that was not covered by the federal social security act,
7 chapter 531, 49 Stat 620, the sum of the deductions under
8 subsection (1) (f) (i), (ii), and (iv) is limited to \$70,000.00 for a
9 joint return. After that person reaches the age of 67, the
10 deductions under subsection (1) (f) (i), (ii), and (iv) do not apply
11 and that person is eligible for a deduction of \$35,000.00 for a
12 single return and \$55,000.00 for a joint return, or \$70,000.00 for
13 a joint return if applicable, which deduction is available against
14 all types of income and is not restricted to income from retirement
15 or pension benefits. A person who takes the deduction under
16 subsection (1) (e) is not eligible for the unrestricted deduction of
17 \$35,000.00 for a single return and \$55,000.00 for a joint return,
18 or \$70,000.00 for a joint return if applicable, under this
19 subdivision.

20 (d) For a person born after 1952 who has reached the age of 62
21 through 66 years of age and who receives retirement or pension
22 benefits from employment with a governmental agency that was not
23 covered by the federal social security act, chapter 532, 49 Stat
24 620, the sum of the deductions under subsection (1) (f) (i), (ii),
25 and (iv) is limited to \$15,000.00 for a single return and, except
26 as otherwise provided under this subdivision, \$15,000.00 for a
27 joint return. If both ~~the husband and wife~~ **SPOUSES** filing a joint

1 return receive retirement or pension benefits from employment with
2 a governmental agency that was not covered by the federal social
3 security act, chapter 532, 49 Stat 620, the sum of the deductions
4 under subsection (1)(f)(i), (ii), and (iv) is limited to \$30,000.00
5 for a joint return.

6 (e) Except as otherwise provided under subdivision (d), for a
7 person born after 1952, the deduction under subsection (1)(f)(i),
8 (ii), or (iv) does not apply. When that person reaches the age of
9 67, that person is eligible for a deduction of \$20,000.00 for a
10 single return and \$40,000.00 for a joint return, which deduction is
11 available against all types of income and is not restricted to
12 income from retirement or pension benefits. If a person takes the
13 deduction of \$20,000.00 for a single return and \$40,000.00 for a
14 joint return, that person shall not take the deduction under
15 subsection (1)(f)(iii) and shall not take the personal exemption
16 under subsection (2). That person may elect not to take the
17 deduction of \$20,000.00 for a single return and \$40,000.00 for a
18 joint return and elect to take the deduction under subsection
19 (1)(f)(iii) and the personal exemption under subsection (2) if that
20 election would reduce that person's tax liability. A person who
21 takes the deduction under subsection (1)(e) is not eligible for the
22 unrestricted deduction of \$20,000.00 for a single return and
23 \$40,000.00 for a joint return under this subdivision.

24 (f) For a joint return, the limitations and restrictions in
25 this subsection shall be applied based on the ~~age~~ **DATE OF BIRTH** of
26 the older spouse filing the joint return. **FOR TAX YEARS BEGINNING**
27 **AFTER DECEMBER 31, 2017, IF A DEDUCTION UNDER SUBSECTION (1)(F) WAS**

1 CLAIMED ON A JOINT RETURN FOR A TAX YEAR IN WHICH A SPOUSE DIED AND
2 THE SURVIVING SPOUSE HAS NOT REMARRIED SINCE THE DEATH OF THAT
3 SPOUSE, THE SURVIVING SPOUSE IS ENTITLED TO CLAIM THE DEDUCTION
4 UNDER SUBSECTION (1) (F) IN SUBSEQUENT TAX YEARS SUBJECT TO THE SAME
5 RESTRICTIONS AND LIMITATIONS, FOR A SINGLE RETURN, THAT WOULD HAVE
6 APPLIED BASED ON THE DATE OF BIRTH OF THE OLDER OF THE 2 SPOUSES.
7 HOWEVER, A SURVIVING SPOUSE BORN AFTER 1945 WHO HAS REACHED THE AGE
8 OF 67 AND HAS NOT REMARRIED SINCE THE DEATH OF THAT SPOUSE MAY
9 ELECT TO TAKE THE DEDUCTION THAT IS AVAILABLE AGAINST ALL TYPES OF
10 INCOME SUBJECT TO THE SAME LIMITATIONS AND RESTRICTIONS AS PROVIDED
11 UNDER THIS SUBSECTION BASED ON THE SURVIVING SPOUSE'S DATE OF BIRTH
12 INSTEAD OF TAKING THE DEDUCTION ALLOWED UNDER SUBSECTION (1) (F) ,
13 FOR A SINGLE RETURN, BASED ON THE DATE OF BIRTH OF THE OLDER
14 SPOUSE.

15 (10) As used in this section, "oil and gas" means oil and gas
16 ~~that is~~ subject to severance tax under 1929 PA 48, MCL 205.301 to
17 205.317.