

HOUSE BILL No. 4855

June 29, 1987, Introduced by Rep. Strand and referred to the Committee
on Taxation.

A bill to amend sections 475 and 520 of Act No. 281 of the
Public Acts of 1967, entitled
"Income tax act of 1967,"
section 475 as amended by Act No. 211 of the Public Acts of 1982
and section 520 as amended by Act No. 187 of the Public Acts of
1985, being sections 206.475 and 206.520 of the Michigan Compiled
Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Sections 475 and 520 of Act No. 281 of the
2 Public Acts of 1967, section 475 as amended by Act No. 211 of the
3 Public Acts of 1982 and section 520 as amended by Act No. 187 of
4 the Public Acts of 1985, being sections 206.475 and 206.520 of
5 the Michigan Compiled Laws, are amended to read as follows:

6 Sec. 475. (1) The tax imposed by this act is in addition to
7 all other taxes for which the taxpayer may be liable and the

1 proceeds derived from the tax shall be credited to the general
2 fund to be allocated and distributed as ~~hereinafter~~ provided IN
3 THIS ACT.

4 (2) THE STATE TREASURER SHALL CREDIT TO THE LOCAL GOVERNMENT
5 PROPERTY TAX REIMBURSEMENT FUND ESTABLISHED BY SECTION 3 OF ARTI-
6 CLE IX OF THE STATE CONSTITUTION OF 1963 ALL OF THE FOLLOWING:

7 (A) AN AMOUNT EQUAL TO 0.2% OF THE TOTAL REVENUE COLLECTED
8 UNDER THIS ACT.

9 (B) AN AMOUNT EQUAL TO THE REDUCTION IN THE AMOUNT OF DEDUC-
10 TIONS CLAIMED UNDER SECTIONS 520 AND 522 WHICH REDUCTION RESULTS
11 FROM THE IMPLEMENTATION OF THE SENIOR CITIZEN EXEMPTION, THE 3%
12 ASSESSMENT INCREASE LIMITATION, AND THE REDUCTION IN PROPORTION
13 OF TRUE CASH VALUE AT WHICH PROPERTY IS ASSESSED AS PRESCRIBED BY
14 SECTION 3 OF ARTICLE IX OF THE STATE CONSTITUTION OF 1963 AND
15 FROM THE ENACTMENT OF THE HOUSEHOLD INCOME LIMITATION IN SECTION
16 520 (1) AND (2).

17 (3) ~~(2)~~ Each year that the refund designation program
18 established in section 440 is in effect, an amount equal to the
19 cumulative designations made under section 440 less the annual
20 amount appropriated to the department of treasury for the purpose
21 of administering the children's trust fund and implementing sec-
22 tion 440 ~~7~~ shall be appropriated from the general fund to the
23 children's trust fund in the department of treasury for use
24 solely in support of the purposes provided in ~~the act that cre-~~
25 ~~ated the children's trust fund~~ ACT NO. 249 OF THE PUBLIC ACTS OF
26 1982, BEING SECTIONS 21.171 TO 21.172 OF THE MICHIGAN COMPILED
27 LAWS.

1 (4) ~~(3)~~ All remittances of taxes imposed by this act shall
2 be made to the department by bank draft, check, cashier's check,
3 money order, certificate of deposit, or money. No remittance
4 other than cash is a final discharge of liability for the tax
5 ~~herein~~ levied BY THIS ACT unless and until it has been paid in
6 cash.

7 Sec. 520. (1) Subject to the limitations and the defini-
8 tions set out in this chapter, a claimant WITH A HOUSEHOLD INCOME
9 OF NOT MORE THAN \$20,000.00 may claim against his or her state
10 income tax otherwise due for the tax year a credit for the prop-
11 erty taxes on the homestead deductible for federal income taxes
12 pursuant to section 164 of the internal revenue code, or ~~which~~
13 THAT would have been deductible if the claimant had not elected
14 the zero bracket amount or if the claimant had been subject to
15 the federal income tax. The property taxes used for the credit
16 computation shall not be greater than the amount levied for 1 tax
17 year.

18 (2) A person WITH A HOUSEHOLD INCOME OF NOT MORE THAN
19 \$20,000.00 who is renting or leasing a homestead may claim a sim-
20 ilar credit, computed pursuant to section 522, ~~which~~ THAT shall
21 be based upon 17% of the gross rent paid. A person renting or
22 leasing a homestead subject to a service charge in lieu of ad
23 valorem taxes as provided by section 15a of the state housing
24 development authority act of 1966, Act No. 346 of the Public Acts
25 of 1966, as amended, being section 125.1415a of the Michigan
26 Compiled Laws, may claim a similar credit, computed pursuant to

1 section 522, ~~which~~ THAT shall be based upon 10% of the gross
2 rent paid.

3 (3) If the allowable amount of the claim exceeds the state
4 income tax otherwise due for the tax year or if there is no state
5 income tax due for the tax year, the amount of the claim not used
6 as an offset against the state income tax shall, after examina-
7 tion and review, be approved for payment, without interest, to
8 the claimant. A payment approved pursuant to this subsection to
9 a claimant eligible for a credit under subsection (1) shall be
10 made in a check or warrant exclusive of refunds due for withhold-
11 ings or other credits allowed by this act and, in determining the
12 amount of this check or warrant, withholdings and other credits
13 shall be used first to offset any tax liabilities.

14 (4) ~~When~~ IF the homestead is an integral part of a multi-
15 purpose or multidwelling building ~~which~~ THAT is federally aided
16 housing or state aided housing, a claimant who is a senior citi-
17 zen entitled to a payment under subsection (2) may assign the
18 right to that payment to a mortgagor who reduces the rent charged
19 and collected on the claimant's homestead in an amount equal to
20 the tax credit payment provided in this chapter. The assignment
21 of the claim shall be valid only if the Michigan state housing
22 development authority, by affidavit, verifies that the claimant's
23 rent has been so reduced.

24 (5) Only the renter or lessee shall claim a credit on prop-
25 erty ~~which~~ THAT is rented or leased as a homestead.

26 (6) A person who discriminates in the charging or collection
27 of rent on a homestead by increasing the rent charged or

1 collected because the renter or lessee is claiming and receiving
2 a credit or payment under this chapter is guilty of a
3 misdemeanor. Discrimination against a renter claiming and
4 receiving the credit by reduction of rent on the homestead of a
5 person not claiming or receiving the credit is a misdemeanor. If
6 discriminatory rents are charged or collected, each charge and
7 collection of both the higher and lower payment shall be consid-
8 ered a separate offense. Each acceptance of a payment of rent
9 shall be considered a separate offense.

10 (7) A person who received aid to dependent children payments
11 pursuant to section 56 of the social welfare act, Act No. 280 of
12 the Public Acts of 1939, as amended, being section 400.56 of the
13 Michigan Compiled Laws, or general relief payments pursuant to
14 sections 55 and 55a of the social welfare act, Act No. 280 of the
15 Public Acts of 1939, as amended, being sections 400.55
16 and 400.55a of the Michigan Compiled Laws, in the tax year for
17 which the person is filing a return shall have a credit ~~which~~
18 THAT is authorized pursuant to this section and computed pursuant
19 to section 522 reduced by an amount equal to the product of the
20 claimant's credit, as computed pursuant to section 522, multi-
21 plied by the quotient of the sum of the claimant's aid to depen-
22 dent children payments and general relief payments for the tax
23 year divided by the claimant's household income. The reduction
24 of credit shall not exceed the sum of the aid to dependent chil-
25 dren payments and general relief payments for the tax year. For
26 the purposes of this subsection, aid to dependent children
27 payments shall not include child support payments ~~which~~ THAT

1 offset or reduce payments made to the claimant. This subsection
2 ~~shall apply~~ APPLIES only to the 1980, 1981, 1982, 1983, 1984,
3 1985, and 1986 tax years.

4 (8) For tax years commencing after December 31, 1984, a
5 credit under subsection (1) or (2) shall be reduced by 10% for
6 each claimant whose household income exceeds \$73,650.00 ~~—~~ and
7 by an additional 10% for each increment of \$1,000.00 of household
8 income in excess of \$73,650.00.

9 (9) If the credit permitted by subsection (2), which is cal-
10 culated pursuant to section 522 and adjusted pursuant to subsec-
11 tions (7) and (8), does not provide to a senior citizen who is
12 renting or leasing a homestead that amount attributable to rent
13 ~~which~~ THAT constitutes more than the following percentage of
14 the household income of the senior citizen, the senior citizen
15 may claim a credit based upon the amount of household income
16 attributable to rent as provided by this section, subject to the
17 limitations of this section:

18 (a) 50% for a credit claimed for the 1982 tax year.

19 (b) 45% for a credit claimed for the 1983 tax year.

20 (c) 40% for a credit claimed for the 1984 tax year or ~~any~~
21 A tax year ~~thereafter~~ AFTER THE 1984 TAX YEAR.

22 (10) ~~Effective for~~ FOR tax years commencing after December
23 31, 1981, a senior citizen whose gross rent paid for the tax year
24 is more than the percentage of household income specified in sub-
25 section (9) for the respective tax year may claim a credit for
26 ~~that~~ THE amount of rent paid ~~which~~ THAT constitutes more than
27 the percentage of the household income of the senior citizen

1 specified in subsection (9) for the respective tax year and
2 ~~which~~ THAT was not provided to the senior citizen by the credit
3 computed pursuant to section 522 and adjusted pursuant to subsec-
4 tions (7) and (8).

5 (11) The department may promulgate rules to implement sub-
6 sections (9) to (16) and may prescribe a table to allow a claim-
7 ant to determine the credit provided under subsections (9) to
8 (16) and section 522 in ~~its~~ THE instruction booklet ~~which~~
9 THAT accompanies the respective income tax or property tax credit
10 forms used by claimants.

11 (12) A senior citizen may claim the credit under subsections
12 (9) to (16) on the same form as the property tax credit permitted
13 by subsection (2). The department shall adjust the forms
14 accordingly.

15 (13) A senior citizen who, after December 31, 1981, moves to
16 a different rented or leased homestead shall determine, for 2 tax
17 years after the move, both his or her qualification to claim a
18 credit under subsections (9) to (16) and the amount of a credit
19 under subsections (9) to (16) on the basis of the annualized
20 final monthly rental payment at his or her previous homestead, if
21 this annualized rental is less than the senior citizen's actual
22 annual rental payments.

23 (14) For a return of less than 12 months the claim for a
24 credit under subsections (9) to (16) shall be reduced
25 proportionately.

26 (15) The Michigan state housing development authority shall
27 report on the effect of the credit provided by subsections (9) to

1 (16) on the price of rented and leased homesteads. If the
2 authority determines that the price of rented and leased home-
3 steads has increased as a result of the credit provided by sub-
4 sections (9) to (16), the authority shall make recommendations to
5 the legislature to remedy this situation. The report shall be
6 made to the chairpersons of the house and senate committees
7 ~~which~~ THAT have primary responsibility for taxation legislation
8 2 years after the credit provided by subsections (9) to (16) is
9 in effect.

10 (16) The total credit allowed by subsections (9) to (15) and
11 section 522 shall not exceed \$1,200.00 per year.

12 (17) Subsection (8) ~~shall~~ DOES not apply ~~for any~~ TO A
13 tax year to which subsection (7) does not apply.

14 (18) EACH YEAR, THE HOUSEHOLD INCOME LIMITATION IN
15 SUBSECTION (1) OR (2) SHALL BE ADJUSTED BY THE PERCENTAGE AMOUNT
16 OF INCREASE OR DECREASE IN THE CONSUMER PRICE INDEX FOR THE
17 UNITED STATES AS DEFINED AND OFFICIALLY REPORTED BY THE UNITED
18 STATES DEPARTMENT OF LABOR IN THE PRIOR YEAR.

19 Section 2. This amendatory act shall take effect January 1,
20 1989.

21 Section 3. This amendatory act shall not take effect unless
22 Senate Joint Resolution _____ or House Joint Resolution _____^F
23 (request no. 02609'87) becomes a part of the constitution as pro-
24 vided in section 1 of article XII of the state constitution of
25 1963.