

SENATE BILL No. 279

May 12, 1987, Introduced by Senators SHINKLE, FAXON, POSTHUMUS
and SCHWARZ and referred to the Committee on Finance.

A bill to amend section 520 of Act No. 281 of the Public
Acts of 1967, entitled
"Income tax act of 1967,"
as amended by Act No. 187 of the Public Acts of 1985, being sec-
tion 206.520 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 520 of Act No. 281 of the Public Acts of
2 1967, as amended by Act No. 187 of the Public Acts of 1985, being
3 section 206.520 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 520. (1) Subject to the limitations and the defini-
6 tions set out in this chapter, a claimant may claim against his
7 or her state income tax otherwise due for the tax year a credit
8 for the property taxes on the homestead deductible for federal
9 income taxes pursuant to section 164 of the internal revenue

1 code, or ~~which~~ THAT would have been deductible if the claimant
2 had not elected the zero bracket amount or if the claimant had
3 been subject to the federal income tax. The property taxes used
4 for the credit computation shall not be greater than the amount
5 levied for 1 tax year.

6 (2) A person who is renting or leasing a homestead may claim
7 a similar credit, computed pursuant to section 522, ~~which~~ THAT
8 shall be based upon 17% of the gross rent paid. A person renting
9 or leasing a homestead subject to a service charge in lieu of ad
10 valorem taxes as provided by section 15a of the state housing
11 development authority act of 1966, Act No. 346 of the Public Acts
12 of 1966, as amended, being section 125.1415a of the Michigan
13 Compiled Laws, may claim a similar credit, computed pursuant to
14 section 522, ~~which~~ THAT shall be based upon 10% of the gross
15 rent paid.

16 (3) If the allowable amount of the claim exceeds the state
17 income tax otherwise due for the tax year or if there is no state
18 income tax due for the tax year, the amount of the claim not used
19 as an offset against the state income tax shall, after examina-
20 tion and review, be approved for payment, without interest, to
21 the claimant. A payment approved pursuant to this subsection to
22 a claimant eligible for a credit under subsection (1) shall be
23 made in a check or warrant exclusive of refunds due for withhold-
24 ings or other credits allowed by this act and, in determining the
25 amount of this check or warrant, withholdings and other credits
26 shall be used first to offset any tax liabilities.

1 (4) ~~When~~ IF the homestead is an integral part of a
2 multipurpose or multidwelling building ~~which~~ THAT is federally
3 aided housing or state aided housing, a claimant who is a senior
4 citizen entitled to a payment under subsection (2) may assign the
5 right to that payment to a mortgagor who reduces the rent charged
6 and collected on the claimant's homestead in an amount equal to
7 the tax credit payment provided in this chapter. The assignment
8 of the claim shall be valid only if the Michigan state housing
9 development authority, by affidavit, verifies that the claimant's
10 rent has been so reduced.

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

13 (6) A person who discriminates in the charging or collection
14 of rent on a homestead by increasing the rent charged or col-
15 lected because the renter or lessee is claiming and receiving a
16 credit or payment under this chapter is guilty of a misdemeanor.
17 Discrimination against a renter claiming and receiving the credit
18 by reduction of rent on the homestead of a person not claiming or
19 receiving the credit is a misdemeanor. If discriminatory rents
20 are charged or collected, each charge and collection of both the
21 higher and lower payment shall be considered a separate offense.
22 Each acceptance of a payment of rent shall be considered a sepa-
23 rate offense.

24 (7) A person who received aid to dependent children payments
25 pursuant to section 56 of the social welfare act, Act No. 280 of
26 the Public Acts of 1939, as amended, being section 400.56 of the
27 Michigan Compiled Laws, or general relief payments pursuant to

1 sections 55 and 55a of the social welfare act, Act No. 280 of the
 2 Public Acts of 1939, as amended, being sections 400.55
 3 and 400.55a of the Michigan Compiled Laws, in the tax year for
 4 which the person is filing a return shall have a credit ~~which~~
 5 THAT is authorized pursuant to this section and computed pursuant
 6 to section 522 reduced by an amount equal to the product of the
 7 claimant's credit, as computed pursuant to section 522, multi-
 8 plied by the quotient of the sum of the claimant's aid to depen-
 9 dent children payments and general relief payments for the tax
 10 year divided by the claimant's household income. The reduction
 11 of credit shall not exceed the sum of the aid to dependent chil-
 12 dren payments and general relief payments for the tax year. For
 13 the purposes of this subsection, aid to dependent children pay-
 14 ments shall not include child support payments ~~which~~ THAT
 15 offset or reduce payments made to the claimant. This subsection
 16 ~~shall apply only to the 1980, 1981, 1982, 1983, 1984, 1985, and~~
 17 ~~1986 tax years~~ APPLIES TO EACH TAX YEAR AFTER 1979.

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

23 (9) If the credit permitted by subsection (2), which is cal-
 24 culated pursuant to section 522 and adjusted pursuant to subsec-
 25 tions (7) and (8), does not provide to a senior citizen who is
 26 renting or leasing a homestead that amount attributable to rent
 27 ~~which~~ THAT constitutes more than the following percentage of

1 the household income of the senior citizen, the senior citizen
2 may claim a credit based upon the amount of household income
3 attributable to rent as provided by this section, subject to the
4 limitations of this section:

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

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

7 (c) 40% for a credit claimed for the 1984 tax year or ~~any~~

8 A tax year ~~thereafter~~ AFTER THE 1984 TAX YEAR.

9 (10) ~~Effective for~~ FOR tax years commencing after December
10 31, 1981, a senior citizen whose gross rent paid for the tax year
11 is more than the percentage of household income specified in sub-
12 section (9) for the respective tax year may claim a credit for
13 ~~that~~ THE amount of rent paid ~~which~~ THAT constitutes more than
14 the percentage of the household income of the senior citizen
15 specified in subsection (9) for the respective tax year and
16 ~~which~~ THAT was not provided to the senior citizen by the credit
17 computed pursuant to section 522 and adjusted pursuant to subsec-
18 tions (7) and (8).

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

25 (12) A senior citizen may claim the credit under subsections
26 (9) to (16) on the same form as the property tax credit permitted

1 by subsection (2). The department shall adjust the forms
2 accordingly.

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

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

14 (15) The Michigan state housing development authority shall
15 report on the effect of the credit provided by subsections (9) to
16 (16) on the price of rented and leased homesteads. If the
17 authority determines that the price of rented and leased home-
18 steads has increased as a result of the credit provided by sub-
19 sections (9) to (16), the authority shall make recommendations to
20 the legislature to remedy this situation. The report shall be
21 made to the chairpersons of the house and senate committees
22 ~~which~~ THAT have primary responsibility for taxation legislation
23 2 years after the credit provided by subsections (9) to (16) is
24 in effect.

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

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