



HOUSE BILL No. 5107

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October 12, 1993, Introduced by Reps. Mathieu, Munsell, Dobb, Gilmer and Johnson and referred to the Committee on Taxation.

A bill to amend section 520 of Act No. 281 of the Public Acts of 1967, entitled as amended  
"Income tax act of 1967,"  
as amended by Act No. 293 of the Public Acts of 1992, being section 206.520 of the Michigan Compiled Laws; and to add section 274.

## 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. 293 of the Public Acts of 1992, being  
3 section 206.520 of the Michigan Compiled Laws, is amended and  
4 section 274 is added to read as follows:

5 SEC. 274. (1) A CLAIMANT WHO IS A SENIOR CITIZEN, ELIGIBLE  
6 VETERAN, UNREMARIED SURVIVING SPOUSE OF AN ELIGIBLE VETERAN WHO  
7 RECEIVES A WIDOW'S OR WIDOWER'S PENSION FROM THE UNITED STATES  
8 VETERANS' ADMINISTRATION, HEMIPLEGIC, PARAPLEGIC, OR QUADRIPLAGIC

1 MAY CLAIM A CREDIT AS PROVIDED UNDER THIS SECTION. IF THE  
2 CLAIMANT HAS HOUSEHOLD INCOME EQUAL TO OR LESS THAN 150% OF THE  
3 FEDERAL POVERTY INCOME STANDARDS, THE CREDIT IS \$450.00. FOR  
4 EACH CLAIMANT WHOSE HOUSEHOLD INCOME EXCEEDS 150% OF THE FEDERAL  
5 POVERTY INCOME STANDARDS, THE CREDIT SHALL BE REDUCED BY \$50.00,  
6 AND BY AN ADDITIONAL \$100.00 FOR EACH INCREMENT OF \$1,000.00 OF  
7 HOUSEHOLD INCOME IN EXCESS OF 150% OF THE FEDERAL POVERTY INCOME  
8 STANDARDS.

9 (2) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE TAX  
10 LIABILITY OF THE CLAIMANT, THAT PORTION OF THE CREDIT THAT  
11 EXCEEDS THE TAX LIABILITY SHALL BE REFUNDED.

12 (3) AS USED IN THIS SECTION:

13 (A) "CLAIMANT", "ELIGIBLE VETERAN", "HOUSEHOLD INCOME",  
14 "PARAPLEGIC", "QUADRIPLEGIC", AND "SENIOR CITIZEN" MEAN THOSE  
15 TERMS AS DEFINED IN CHAPTER 9.

16 (B) "FEDERAL POVERTY INCOME STANDARDS" MEANS THE FEDERAL  
17 POVERTY INCOME STANDARDS FOR THE CLAIMANT'S FAMILY SIZE AS  
18 DEFINED AND DETERMINED ANNUALLY BY THE UNITED STATES DEPARTMENT  
19 OF MANAGEMENT AND BUDGET AND APPROVED BY THE STATE TREASURER.

20 Sec. 520. (1) Subject to the limitations and the defini-  
21 tions set out in this chapter, a claimant may claim against ~~his~~  
22 ~~or her state income~~ THE tax ~~otherwise~~ due PURSUANT TO THIS ACT  
23 for the tax year a credit for the property taxes on the  
24 TAXPAYER'S homestead deductible for federal income ~~taxes~~ TAX  
25 PURPOSES pursuant to section 164 of the internal revenue code, or  
26 that would have been deductible if the claimant had not elected  
27 the zero bracket amount or if the claimant had been subject to

1 the federal income tax. The property taxes used for the credit  
2 computation shall not be greater than the amount levied for 1 tax  
3 year.

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

15 (3) If ~~the allowable amount of~~ the credit claimed ~~under~~  
16 PURSUANT TO this section AND SECTION 522 exceeds the ~~state~~  
17 ~~income~~ tax ~~otherwise due~~ LIABILITY for the tax year or if  
18 there is no ~~state income~~ tax ~~due~~ LIABILITY for the tax year,  
19 the amount of the claim not used as an offset against the ~~state~~  
20 ~~income~~ tax LIABILITY shall, after examination and review, be  
21 approved for payment, without interest, to the claimant. A pay-  
22 ment approved pursuant to this subsection to a claimant eligible  
23 for a credit under subsection (1) shall be made in a check or  
24 warrant exclusive of refunds due for withholdings or other cred-  
25 its allowed by this act. In determining the amount of this check  
26 or warrant, withholdings and other credits shall be used first to  
27 offset any tax liabilities.

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

11 (5) Only the renter or lessee shall claim a credit on prop-  
 12 erty 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~~  
 16 CLAIMS AND RECEIVES a credit or payment under this chapter is  
 17 guilty of a misdemeanor. Discrimination against a renter  
 18 ~~claiming and receiving~~ WHO CLAIMS AND RECEIVES the credit UNDER  
 19 THIS SECTION AND SECTION 522 by A reduction of THE rent on the  
 20 homestead of a person WHO DOES not ~~claiming or receiving~~ CLAIM  
 21 AND RECEIVE the credit is a misdemeanor. If discriminatory rents  
 22 are charged or collected, each charge ~~and~~ OR collection of  
 23 ~~both~~ the higher ~~and~~ OR lower payment is a separate offense.  
 24 Each acceptance of a payment of rent is a separate offense.

25 (7) A person who received aid to families with dependent  
 26 children, state family assistance, or state disability assistance  
 27 pursuant to the social welfare act, Act No. 280 of the Public

1 Acts of 1939, as amended, being sections 400.1 to 400.119b of  
2 the Michigan Compiled Laws, in the tax year for which the person  
3 is filing a return shall have a credit that is authorized AND  
4 COMPUTED pursuant to this section and ~~computed pursuant to~~  
5 section 522 reduced by an amount equal to the product of the  
6 claimant's credit ~~, as computed pursuant to section 522,~~ multi-  
7 plied by the quotient of the sum of the claimant's aid to fami-  
8 lies with dependent children, state family assistance, and state  
9 disability assistance for the tax year divided by the claimant's  
10 household income. The reduction of credit shall not exceed the  
11 sum of the aid to families with dependent children, state family  
12 assistance, and state disability assistance for the tax year.  
13 For the purposes of this subsection, aid to families with depen-  
14 dent children does not include child support payments that offset  
15 or reduce payments made to the claimant. This subsection applies  
16 only to the 1980 through the 1994 tax years.

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

22 (9) If the credit ~~permitted by subsection (2), that is~~  
23 AUTHORIZED AND calculated pursuant to THIS SECTION AND section  
24 522 and adjusted pursuant to subsection (7) or (8) ~~,~~ does not  
25 provide to a senior citizen who ~~is renting or leasing~~ RENTS OR  
26 LEASES a homestead that amount attributable to rent that  
27 constitutes more than the following percentage of the household

1 income of the senior citizen, the senior citizen may claim a  
2 credit based upon the amount of household income attributable to  
3 rent as provided by this section, subject to the FOLLOWING  
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 a tax  
8 year after the 1984 tax year.

9 (10) ~~For tax years commencing after December 31, 1981, a~~ A  
10 senior citizen whose gross rent paid for the tax year is more  
11 than the percentage of household income specified in subsection  
12 (9) for the respective tax year may claim a credit for the amount  
13 of rent paid that constitutes more than the percentage of the  
14 household income of the senior citizen specified in subsection  
15 (9) for the respective tax year and that was not provided to the  
16 senior citizen by the credit computed pursuant to THIS SECTION  
17 AND section 522 and adjusted pursuant to subsection (7) or (8).

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

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

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

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

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

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

26 (17) Subsection (8) does not apply for any tax year to which  
27 subsection (7) does not apply.

1       (18) THE CREDIT ALLOWED BY THIS SECTION AND SECTION 522 DOES  
2 NOT APPLY FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 1993.