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EARNED INCOME CREDIT

House Bill 4447
Sponsor: Rep. Belda Garza
Committee: Tax Policy

Complete to 4-26-00

A SUMMARY OF HOUSE BILL 4447 AS INTRODUCED 4-13-99

The bill would amend the Income Tax Act to allow a taxpayer, beginning with the 1999 tax year, to claim a credit against the state income tax equal to 25 percent of the Earned Income Credit the taxpayer is allowed to claim for federal tax purposes for the same tax year. The credit would be refundable; that is, if the credit exceeded the tax otherwise due, the state treasurer would have to refund the excess.

[The earned income credit (EIC) is a refundable credit available under federal tax law. According to the instruction booklet that accompanies the federal income tax return form, the maximum credit for 1999 taxes was \$3,816 for a person with two children, \$2,312 for a person with one child, and \$347 for a person with no children. The credit was available for 1999 to filers who earned less than \$30,580 and had more than one child, who earned less than \$26,928 and had one child, or who earned less than \$10,200 and were without children. The instruction booklet contains a table that indicates the size of the credit based on income and family size.]

MCL 206.267

Analyst: C. Couch

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