

Legislative Analysis



HOME HEATING CREDITS

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5798 (Substitute H-3)
Sponsor: Rep. Joseph Rivet
Committee: Energy and Technology

Complete to 5-19-04

A SUMMARY OF HOUSE BILL 5798 AS REPORTED FROM COMMITTEE

A refundable home heating credit is available under the Income Tax Act to low-income households. (The credit is dependent upon federal appropriations made for this purpose.) Generally speaking, the amount of the credit is based on size of household and household income (although there is an alternative calculation that uses household income and actual heating costs). The credit is in the form of an energy draft negotiable through an enrolled heating fuel provider. Currently, the act provides that when the amount of the credit exceeds the cost of outstanding heating bills, the claimant can request the energy provider to refund the excess.

Under House Bill 5798, for certain claimants, the amount of a credit that exceeded outstanding heating bills would have to be applied by the energy provider to subsequent bills until used up or until nine months had passed. If there was any remaining energy draft amount after the nine-month period (or if the claimant was no longer a customer of the provider before the end of the nine-month period), then the heating fuel provider would remit it to the claimant within 14 days. This would apply only if the claimant received home heating assistance from the Family Independence Agency, a governmental agency, or a nonprofit organization 12 months prior to remitting an energy draft to the claimant's enrolled heating fuel provider.

The current refund provisions would continue to apply to a claimant who did not fit the category described above. Those provisions allow a claimant to request a refund or to have the remaining amount of the credit applied to subsequent heating costs until the refund is used up or for one year.

The bill also would amend the act to allow low income home energy assistance program (LIHEAP) block grant funds to be used for weatherization purposes, up to \$9 million. Specifically, the bill would allow up to that amount to be deducted from "the amount available for the home heating credit". Also, for the 2004-05 fiscal year only, the amount used for weatherization could not exceed \$9 million and could not be reduced by the amount used for weatherization from the emergency contingency funds received in the immediately preceding year.

MCL 206.527a

FISCAL IMPACT:

As written, the bill should have no significant fiscal impact.

POSITIONS:

The following were among those indicating support for the bill to the House Committee on Energy and Technology on 5-19-04: the Family Independence Agency; DTE Energy; Consumers Energy; AARP; and Semco Energy.

A representative of the Heat and Warmth Fund (THAW) testified in support of the bill on 4-28-04.

Legislative Analyst: Chris Couch
Fiscal Analyst: Jim Stansell

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.