

**SUBSTITUTE FOR  
HOUSE BILL NO. 5844**

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
by amending section 508 (MCL 206.508), as amended by 1990 PA  
283.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 508. (1) "Gross rent" means the total rent contracted  
2 to be paid by the renter or lessee of a homestead pursuant to  
3 dealing at arms' length with the landlord of the homestead. When  
4 the landlord and tenant have not dealt with each other at arms'  
5 length and the department believes that the gross rent charged is  
6 excessive, the department may adjust the gross rent to a  
7 reasonable amount for the purposes of this chapter.

8       (2) "Homestead" means a dwelling or unit in a multiple-unit  
9 dwelling that is subject to ad valorem taxes, or a service charge  
10 in lieu of taxes as provided by section 15a of ~~Act No. 346 of~~

1 ~~the Public Acts of 1966, as amended, being section 125.1415a of~~  
2 ~~the Michigan Compiled Laws 1966 PA 346, MCL 125.1415a,~~ owned and  
3 occupied as a home by the owner of the dwelling or unit, or  
4 occupied as the dwelling of the renter or lessee, including all  
5 unoccupied real property not classified for ad valorem tax  
6 purposes as commercial, industrial, residential, or timber-cut  
7 over, owned by the owner of the homestead. Beginning in the 1990  
8 tax year, a homestead does not include unoccupied real property  
9 that is leased or rented by the owner to another person and that  
10 is not adjacent and contiguous to the home of the owner.

11 Additionally, the following apply:

12 (a) If a homestead is an integral part of a larger unit of  
13 assessment such as commercial, industrial, residential,  
14 timber-cut over, or a multipurpose or multidwelling building, the  
15 tax on the homestead shall be the same proportion of the total  
16 property tax as the proportion of the value of the homestead is  
17 to the total value of the assessed property.

18 (b) If the gross receipts of the agricultural or  
19 horticultural operations do not exceed the household income, or  
20 if there are no gross receipts, the following apply:

21 (i) If the claimant has lived on the land 10 years or more,  
22 all of the adjacent and contiguous agricultural or horticultural  
23 lands shall be considered a homestead and the credit is allowed  
24 for all the land.

25 (ii) If the claimant has lived on the land less than 10  
26 years, not more than 5 acres of adjacent and contiguous  
27 agricultural or horticultural land shall be considered a part of

1 the homestead and the credit is allowed for that part of the  
2 land.

3 (c) A mobile home or trailer coach in a trailer coach park is  
4 a homestead and the site rent for space is considered the rent of  
5 a homestead. **Both of the following are considered property**  
6 **taxes:**

7 (i) The specific tax levied by section 41 of ~~Act No. 243 of~~  
8 ~~the Public Acts of 1959, being section 125.1041 of the Michigan~~  
9 ~~Compiled Laws, is considered a property tax~~ 1959 PA 243, MCL  
10 125.1041.

11 (ii) The Michigan manufactured housing specific tax levied  
12 under the Michigan manufactured housing specific tax act.

13 (3) "Household" means a claimant and spouse.

14 (4) "Household income" means all income received by all  
15 persons of a household in a tax year while members of a  
16 household.

17 Enacting section 1. This amendatory act does not take  
18 effect unless House Bill No. 4880 of the 92nd Legislature is  
19 enacted into law.