

HOUSE BILL NO. 6064

May 03, 2022, Introduced by Reps. Koleszar, Kuppa, Stone and Haadsma and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled "Income tax act of 1967," by amending sections 30 and 435 (MCL 206.30 and 206.435), section 30 as amended by 2020 PA 65 and section 435 as amended by 2018 PA 258.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 30. (1) "Taxable income" means, for a person other than a
2 corporation, estate, or trust, adjusted gross income as defined in
3 the internal revenue code subject to the following adjustments

1 under this section:

2 (a) Add gross interest income and dividends derived from
3 obligations or securities of states other than Michigan, in the
4 same amount that has been excluded from adjusted gross income less
5 related expenses not deducted in computing adjusted gross income
6 because of section 265(a)(1) of the internal revenue code.

7 (b) Add taxes on or measured by income to the extent the taxes
8 have been deducted in arriving at adjusted gross income.

9 (c) Add losses on the sale or exchange of obligations of the
10 United States government, the income of which this state is
11 prohibited from subjecting to a net income tax, to the extent that
12 the loss has been deducted in arriving at adjusted gross income.

13 (d) Deduct, to the extent included in adjusted gross income,
14 income derived from obligations, or the sale or exchange of
15 obligations, of the United States government that this state is
16 prohibited by law from subjecting to a net income tax, reduced by
17 any interest on indebtedness incurred in carrying the obligations
18 and by any expenses incurred in the production of that income to
19 the extent that the expenses, including amortizable bond premiums,
20 were deducted in arriving at adjusted gross income.

21 (e) Deduct, to the extent included in adjusted gross income,
22 the following:

23 (i) Compensation, including retirement or pension benefits,
24 received for services in the Armed Forces of the United States.

25 (ii) Retirement or pension benefits under the railroad
26 retirement act of 1974, 45 USC 231 to 231v.

27 (iii) Beginning January 1, 2012, retirement or pension benefits
28 received for services in the Michigan National Guard.

29 (f) Deduct the following to the extent included in adjusted

1 gross income subject to the limitations and restrictions set forth
2 in subsection (9):

3 (i) Retirement or pension benefits received from a federal
4 public retirement system or from a public retirement system of or
5 created by this state or a political subdivision of this state.

6 (ii) Retirement or pension benefits received from a public
7 retirement system of or created by another state or any of its
8 political subdivisions if the income tax laws of the other state
9 permit a similar deduction or exemption or a reciprocal deduction
10 or exemption of a retirement or pension benefit received from a
11 public retirement system of or created by this state or any of the
12 political subdivisions of this state.

13 (iii) Social Security benefits as defined in section 86 of the
14 internal revenue code.

15 (iv) Beginning on and after January 1, 2007, retirement or
16 pension benefits not deductible under subparagraph (i) or
17 subdivision (e) from any other retirement or pension system or
18 benefits from a retirement annuity policy in which payments are
19 made for life to a senior citizen, to a maximum of \$42,240.00 for a
20 single return and \$84,480.00 for a joint return. The maximum
21 amounts allowed under this subparagraph shall be reduced by the
22 amount of the deduction for retirement or pension benefits claimed
23 under subparagraph (i) or subdivision (e) and by the amount of a
24 deduction claimed under subdivision (p). For the 2008 tax year and
25 each tax year after 2008, the maximum amounts allowed under this
26 subparagraph shall be adjusted by the percentage increase in the
27 United States Consumer Price Index for the immediately preceding
28 calendar year. The department shall annualize the amounts provided
29 in this subparagraph as necessary. ~~As used in this subparagraph,~~

1 ~~"senior citizen" means that term as defined in section 514.~~

2 (v) The amount determined to be the section 22 amount eligible
3 for the elderly and the permanently and totally disabled credit
4 provided in section 22 of the internal revenue code.

5 (g) Adjustments resulting from the application of section 271.

6 (h) Adjustments with respect to estate and trust income as
7 provided in section 36.

8 (i) Adjustments resulting from the allocation and
9 apportionment provisions of chapter 3.

10 (j) Deduct the following payments made by the taxpayer in the
11 tax year:

12 (i) For the 2010 tax year and each tax year after 2010, the
13 amount of a charitable contribution made to the advance tuition
14 payment fund created under section 9 of the Michigan education
15 trust act, 1986 PA 316, MCL 390.1429.

16 (ii) The amount of payment made under an advance tuition
17 payment contract as provided in the Michigan education trust act,
18 1986 PA 316, MCL 390.1421 to 390.1442.

19 (iii) The amount of payment made under a contract with a private
20 sector investment manager that meets all of the following criteria:

21 (A) The contract is certified and approved by the board of
22 directors of the Michigan education trust to provide equivalent
23 benefits and rights to purchasers and beneficiaries as an advance
24 tuition payment contract as described in subparagraph (ii).

25 (B) The contract applies only for a state institution of
26 higher education as defined in the Michigan education trust act,
27 1986 PA 316, MCL 390.1421 to 390.1442, or a community or junior
28 college in Michigan.

29 (C) The contract provides for enrollment by the contract's

1 qualified beneficiary in not less than 4 years after the date on
2 which the contract is entered into.

3 (D) The contract is entered into after either of the
4 following:

5 (I) The purchaser has had his or her offer to enter into an
6 advance tuition payment contract rejected by the board of directors
7 of the Michigan education trust, if the board determines that the
8 trust cannot accept an unlimited number of enrollees upon an
9 actuarially sound basis.

10 (II) The board of directors of the Michigan education trust
11 determines that the trust can accept an unlimited number of
12 enrollees upon an actuarially sound basis.

13 (k) If an advance tuition payment contract under the Michigan
14 education trust act, 1986 PA 316, MCL 390.1421 to 390.1442, or
15 another contract for which the payment was deductible under
16 subdivision (j) is terminated and the qualified beneficiary under
17 that contract does not attend a university, college, junior or
18 community college, or other institution of higher education, add
19 the amount of a refund received by the taxpayer as a result of that
20 termination or the amount of the deduction taken under subdivision
21 (j) for payment made under that contract, whichever is less.

22 (l) Deduct from the taxable income of a purchaser the amount
23 included as income to the purchaser under the internal revenue code
24 after the advance tuition payment contract entered into under the
25 Michigan education trust act, 1986 PA 316, MCL 390.1421 to
26 390.1442, is terminated because the qualified beneficiary attends
27 an institution of postsecondary education other than either a state
28 institution of higher education or an institution of postsecondary
29 education located outside this state with which a state institution

1 of higher education has reciprocity.

2 (m) Add, to the extent deducted in determining adjusted gross
3 income, the net operating loss deduction under section 172 of the
4 internal revenue code.

5 (n) Deduct a net operating loss deduction for the taxable year
6 as determined under section 172 of the internal revenue code
7 subject to the modifications under section 172(b)(2) of the
8 internal revenue code and subject to the allocation and
9 apportionment provisions of chapter 3 for the taxable year in which
10 the loss was incurred.

11 (o) Deduct, to the extent included in adjusted gross income,
12 benefits from a discriminatory self-insurance medical expense
13 reimbursement plan.

14 (p) Beginning on and after January 1, 2007, subject to any
15 limitation provided in this subdivision, a taxpayer who is a senior
16 citizen may deduct to the extent included in adjusted gross income,
17 interest, dividends, and capital gains received in the tax year not
18 to exceed \$9,420.00 for a single return and \$18,840.00 for a joint
19 return. The maximum amounts allowed under this subdivision shall be
20 reduced by the amount of a deduction claimed for retirement or
21 pension benefits under subdivision (e) or a deduction claimed under
22 subdivision (f) (i), (ii), (iv), or (v). For the 2008 tax year and each
23 tax year after 2008, the maximum amounts allowed under this
24 subdivision shall be adjusted by the percentage increase in the
25 United States Consumer Price Index for the immediately preceding
26 calendar year. The department shall annualize the amounts provided
27 in this subdivision as necessary. Beginning January 1, 2012, the
28 deduction under this subdivision is not available to a senior
29 citizen born after 1945. ~~As used in this subdivision, "senior~~

1 ~~citizen" means that term as defined in section 514.~~

2 (q) Deduct, to the extent included in adjusted gross income,
3 all of the following:

4 (i) The amount of a refund received in the tax year based on
5 taxes paid under this part.

6 (ii) The amount of a refund received in the tax year based on
7 taxes paid under the city income tax act, 1964 PA 284, MCL 141.501
8 to 141.787.

9 (iii) The amount of a credit received in the tax year based on a
10 claim filed under sections 520 and 522 to the extent that the taxes
11 used to calculate the credit were not used to reduce adjusted gross
12 income for a prior year.

13 (r) Add the amount paid by the state on behalf of the taxpayer
14 in the tax year to repay the outstanding principal on a loan taken
15 on which the taxpayer defaulted that was to fund an advance tuition
16 payment contract entered into under the Michigan education trust
17 act, 1986 PA 316, MCL 390.1421 to 390.1442, if the cost of the
18 advance tuition payment contract was deducted under subdivision (j)
19 and was financed with a Michigan education trust secured loan.

20 (s) Deduct, to the extent included in adjusted gross income,
21 any amount, and any interest earned on that amount, received in the
22 tax year by a taxpayer who is a Holocaust victim as a result of a
23 settlement of claims against any entity or individual for any
24 recovered asset pursuant to the German act regulating unresolved
25 property claims, also known as Gesetz zur Regelung offener
26 Vermögensfragen, as a result of the settlement of the action
27 entitled *In re: Holocaust victim assets litigation*, CV-96-4849, CV-
28 96-5161, and CV-97-0461 (E.D. NY), or as a result of any similar
29 action if the income and interest are not commingled in any way

1 with and are kept separate from all other funds and assets of the
2 taxpayer. As used in this subdivision:

3 (i) "Holocaust victim" means a person, or the heir or
4 beneficiary of that person, who was persecuted by Nazi Germany or
5 any Axis regime during any period from 1933 to 1945.

6 (ii) "Recovered asset" means any asset of any type and any
7 interest earned on that asset including, but not limited to, bank
8 deposits, insurance proceeds, or artwork owned by a Holocaust
9 victim during the period from 1920 to 1945, withheld from that
10 Holocaust victim from and after 1945, and not recovered, returned,
11 or otherwise compensated to the Holocaust victim until after 1993.

12 (t) Deduct all of the following:

13 (i) To the extent not deducted in determining adjusted gross
14 income, contributions made by the taxpayer in the tax year less
15 qualified withdrawals made in the tax year from education savings
16 accounts, calculated on a per education savings account basis,
17 pursuant to the Michigan education savings program act, 2000 PA
18 161, MCL 390.1471 to 390.1486, not to exceed a total deduction of
19 \$5,000.00 for a single return or \$10,000.00 for a joint return per
20 tax year. The amount calculated under this subparagraph for each
21 education savings account shall not be less than zero.

22 (ii) To the extent included in adjusted gross income, interest
23 earned in the tax year on the contributions to the taxpayer's
24 education savings accounts if the contributions were deductible
25 under subparagraph (i).

26 (iii) To the extent included in adjusted gross income,
27 distributions that are qualified withdrawals from an education
28 savings account to the designated beneficiary of that education
29 savings account.

1 (u) Add, to the extent not included in adjusted gross income,
2 the amount of money withdrawn by the taxpayer in the tax year from
3 education savings accounts, not to exceed the total amount deducted
4 under subdivision (t) in the tax year and all previous tax years,
5 if the withdrawal was not a qualified withdrawal as provided in the
6 Michigan education savings program act, 2000 PA 161, MCL 390.1471
7 to 390.1486. This subdivision does not apply to withdrawals that
8 are less than the sum of all contributions made to an education
9 savings account in all previous tax years for which no deduction
10 was claimed under subdivision (t), less any contributions for which
11 no deduction was claimed under subdivision (t) that were withdrawn
12 in all previous tax years.

13 (v) A taxpayer who is a resident tribal member may deduct, to
14 the extent included in adjusted gross income, all nonbusiness
15 income earned or received in the tax year and during the period in
16 which an agreement entered into between the taxpayer's tribe and
17 this state pursuant to section 30c of 1941 PA 122, MCL 205.30c, is
18 in full force and effect. As used in this subdivision:

19 (i) "Business income" means business income as defined in
20 section 4 and apportioned under chapter 3.

21 (ii) "Nonbusiness income" means nonbusiness income as defined
22 in section 14 and, to the extent not included in business income,
23 all of the following:

24 (A) All income derived from wages whether the wages are earned
25 within the agreement area or outside of the agreement area.

26 (B) All interest and passive dividends.

27 (C) All rents and royalties derived from real property located
28 within the agreement area.

29 (D) All rents and royalties derived from tangible personal

1 property, to the extent the personal property is utilized within
2 the agreement area.

3 (E) Capital gains from the sale or exchange of real property
4 located within the agreement area.

5 (F) Capital gains from the sale or exchange of tangible
6 personal property located within the agreement area at the time of
7 sale.

8 (G) Capital gains from the sale or exchange of intangible
9 personal property.

10 (H) All pension income and benefits including, but not limited
11 to, distributions from a 401(k) plan, individual retirement
12 accounts under section 408 of the internal revenue code, or a
13 defined contribution plan, or payments from a defined benefit plan.

14 (I) All per capita payments by the tribe to resident tribal
15 members, without regard to the source of payment.

16 (J) All gaming winnings.

17 (iii) "Resident tribal member" means an individual who meets all
18 of the following criteria:

19 (A) Is an enrolled member of a federally recognized tribe.

20 (B) The individual's tribe has an agreement with this state
21 pursuant to section 30c of 1941 PA 122, MCL 205.30c, that is in
22 full force and effect.

23 (C) The individual's principal place of residence is located
24 within the agreement area as designated in the agreement under sub-
25 subparagraph (B).

26 (w) For tax years beginning after December 31, 2011, eliminate
27 all of the following:

28 (i) Income from producing oil and gas to the extent included in
29 adjusted gross income.

1 (ii) Expenses of producing oil and gas to the extent deducted
2 in arriving at adjusted gross income.

3 (x) For tax years that begin after December 31, 2015, deduct
4 all of the following:

5 (i) To the extent not deducted in determining adjusted gross
6 income, contributions made by the taxpayer in the tax year less
7 qualified withdrawals made in the tax year from an ABLE savings
8 account, pursuant to the Michigan achieving a better life
9 experience (ABLE) program act, 2015 PA 160, MCL 206.981 to 206.997,
10 not to exceed a total deduction of \$5,000.00 for a single return or
11 \$10,000.00 for a joint return per tax year. The amount calculated
12 under this subparagraph for an ABLE savings account shall not be
13 less than zero.

14 (ii) To the extent included in adjusted gross income, interest
15 earned in the tax year on the contributions to the taxpayer's ABLE
16 savings account if the contributions were deductible under
17 subparagraph (i).

18 (iii) To the extent included in adjusted gross income,
19 distributions that are qualified withdrawals from an ABLE savings
20 account to the designated beneficiary of that ABLE savings account.

21 (y) For tax years that begin after December 31, 2015, add, to
22 the extent not included in adjusted gross income, the amount of
23 money withdrawn by the taxpayer in the tax year from an ABLE
24 savings account, not to exceed the total amount deducted under
25 subdivision (x) in the tax year and all previous tax years, if the
26 withdrawal was not a qualified withdrawal as provided in the
27 Michigan achieving a better life experience (ABLE) program act,
28 2015 PA 160, MCL 206.981 to 206.997. This subdivision does not
29 apply to withdrawals that are less than the sum of all

1 contributions made to an ABLE savings account in all previous tax
 2 years for which no deduction was claimed under subdivision (x),
 3 less any contributions for which no deduction was claimed under
 4 subdivision (x) that were withdrawn in all previous tax years.

5 (z) For tax years that begin after December 31, 2018, deduct,
 6 to the extent included in adjusted gross income, compensation
 7 received in the tax year pursuant to the wrongful imprisonment
 8 compensation act, 2016 PA 343, MCL 691.1751 to 691.1757.

9 **(aa) For tax years beginning on and after January 1, 2022,**
 10 **deduct, to the extent not deducted in determining adjusted gross**
 11 **income, contributions made by the taxpayer during the tax year to**
 12 **the Michigan feed our future fund created in section 7 of the**
 13 **Michigan feed our future grant program act.**

14 (2) Except as otherwise provided in subsection (7) and section
 15 30a, a personal exemption of \$3,700.00 multiplied by the number of
 16 personal and dependency exemptions shall be subtracted in the
 17 calculation that determines taxable income. The number of personal
 18 and dependency exemptions allowed shall be determined as follows:

19 (a) Each taxpayer may claim 1 personal exemption. However, if
 20 a joint return is not made by the taxpayer and his or her spouse,
 21 the taxpayer may claim a personal exemption for the spouse if the
 22 spouse, for the calendar year in which the taxable year of the
 23 taxpayer begins, does not have any gross income and is not the
 24 dependent of another taxpayer.

25 (b) A taxpayer may claim a dependency exemption for each
 26 individual who is a dependent of the taxpayer for the tax year.

27 (c) For tax years beginning on and after January 1, 2019, a
 28 taxpayer may claim an additional exemption under this subsection in
 29 the tax year for which the taxpayer has a certificate of stillbirth

1 from the department of health and human services as provided under
2 section 2834 of the public health code, 1978 PA 368, MCL 333.2834.

3 (3) Except as otherwise provided in subsection (7), a single
4 additional exemption determined as follows shall be subtracted in
5 the calculation that determines taxable income in each of the
6 following circumstances:

7 (a) \$1,800.00 for each taxpayer and every dependent of the
8 taxpayer who is a deaf person as defined in section 2 of the deaf
9 persons' interpreters act, 1982 PA 204, MCL 393.502; a paraplegic,
10 a quadriplegic, or a hemiplegic; a person who is blind as defined
11 in section 504; or a person who is totally and permanently disabled
12 as defined in section 522. When a dependent of a taxpayer files an
13 annual return under this part, the taxpayer or dependent of the
14 taxpayer, but not both, may claim the additional exemption allowed
15 under this subdivision.

16 (b) For tax years beginning after 2007, \$250.00 for each
17 taxpayer and every dependent of the taxpayer who is a qualified
18 disabled veteran. When a dependent of a taxpayer files an annual
19 return under this part, the taxpayer or dependent of the taxpayer,
20 but not both, may claim the additional exemption allowed under this
21 subdivision. As used in this subdivision:

22 (i) "Qualified disabled veteran" means a veteran with a
23 service-connected disability.

24 (ii) "Service-connected disability" means a disability incurred
25 or aggravated in the line of duty in the active military, naval, or
26 air service as described in 38 USC 101(16).

27 (iii) "Veteran" means a person who served in the active
28 military, naval, marine, coast guard, or air service and who was
29 discharged or released from his or her service with an honorable or

1 general discharge.

2 (4) An individual with respect to whom a deduction under
3 subsection (2) is allowable to another taxpayer during the tax year
4 is not entitled to an exemption for purposes of subsection (2), but
5 may subtract \$1,500.00 in the calculation that determines taxable
6 income for a tax year.

7 (5) A nonresident or a part-year resident is allowed that
8 proportion of an exemption or deduction allowed under subsection
9 (2), (3), or (4) that the taxpayer's portion of adjusted gross
10 income from Michigan sources bears to the taxpayer's total adjusted
11 gross income.

12 (6) In calculating taxable income, a taxpayer shall not
13 subtract from adjusted gross income the amount of prizes won by the
14 taxpayer under the McCauley-Traxler-Law-Bowman-McNeely lottery act,
15 1972 PA 239, MCL 432.1 to 432.47.

16 (7) For each tax year beginning on and after January 1, 2013,
17 the personal exemption allowed under subsection (2) shall be
18 adjusted by multiplying the exemption for the tax year beginning in
19 2012 by a fraction, the numerator of which is the United States
20 Consumer Price Index for the state fiscal year ending in the tax
21 year prior to the tax year for which the adjustment is being made
22 and the denominator of which is the United States Consumer Price
23 Index for the 2010-2011 state fiscal year. For the 2022 tax year
24 and each tax year after 2022, the adjusted amount determined under
25 this subsection shall be increased by an additional \$600.00. The
26 resultant product shall be rounded to the nearest \$100.00
27 increment. For each tax year, the exemptions allowed under
28 subsection (3) shall be adjusted by multiplying the exemption
29 amount under subsection (3) for the tax year by a fraction, the

1 numerator of which is the United States Consumer Price Index for
2 the state fiscal year ending the tax year prior to the tax year for
3 which the adjustment is being made and the denominator of which is
4 the United States Consumer Price Index for the 1998-1999 state
5 fiscal year. The resultant product shall be rounded to the nearest
6 \$100.00 increment.

7 (8) As used in this section, "retirement or pension benefits"
8 means distributions from all of the following:

9 (a) Except as provided in subdivision (d), qualified pension
10 trusts and annuity plans that qualify under section 401(a) of the
11 internal revenue code, including all of the following:

12 (i) Plans for self-employed persons, commonly known as Keogh or
13 HR10 plans.

14 (ii) Individual retirement accounts that qualify under section
15 408 of the internal revenue code if the distributions are not made
16 until the participant has reached 59-1/2 years of age, except in
17 the case of death, disability, or distributions described by
18 section 72(t)(2)(A)(iv) of the internal revenue code.

19 (iii) Employee annuities or tax-sheltered annuities purchased
20 under section 403(b) of the internal revenue code by organizations
21 exempt under section 501(c)(3) of the internal revenue code, or by
22 public school systems.

23 (iv) Distributions from a 401(k) plan attributable to employee
24 contributions mandated by the plan or attributable to employer
25 contributions.

26 (b) The following retirement and pension plans not qualified
27 under the internal revenue code:

28 (i) Plans of the United States, state governments other than
29 this state, and political subdivisions, agencies, or

1 instrumentalities of this state.

2 (ii) Plans maintained by a church or a convention or
3 association of churches.

4 (iii) All other unqualified pension plans that prescribe
5 eligibility for retirement and predetermine contributions and
6 benefits if the distributions are made from a pension trust.

7 (c) Retirement or pension benefits received by a surviving
8 spouse if those benefits qualified for a deduction prior to the
9 decedent's death. Benefits received by a surviving child are not
10 deductible.

11 (d) Retirement and pension benefits do not include:

12 (i) Amounts received from a plan that allows the employee to
13 set the amount of compensation to be deferred and does not
14 prescribe retirement age or years of service. These plans include,
15 but are not limited to, all of the following:

16 (A) Deferred compensation plans under section 457 of the
17 internal revenue code.

18 (B) Distributions from plans under section 401(k) of the
19 internal revenue code other than plans described in subdivision
20 (a) (iv) .

21 (C) Distributions from plans under section 403(b) of the
22 internal revenue code other than plans described in subdivision
23 (a) (iii) .

24 (ii) Premature distributions paid on separation, withdrawal, or
25 discontinuance of a plan prior to the earliest date the recipient
26 could have retired under the provisions of the plan.

27 (iii) Payments received as an incentive to retire early unless
28 the distributions are from a pension trust.

29 (9) In determining taxable income under this section, the

1 following limitations and restrictions apply:

2 (a) For a person born before 1946, this subsection provides no
3 additional restrictions or limitations under subsection (1) (f).

4 (b) Except as otherwise provided in subdivision (c), for a
5 person born in 1946 through 1952, the sum of the deductions under
6 subsection (1) (f) (i), (ii), and (iv) is limited to \$20,000.00 for a
7 single return and \$40,000.00 for a joint return. After that person
8 reaches the age of 67, the deductions under subsection (1) (f) (i),
9 (ii), and (iv) do not apply and that person is eligible for a
10 deduction of \$20,000.00 for a single return and \$40,000.00 for a
11 joint return, which deduction is available against all types of
12 income and is not restricted to income from retirement or pension
13 benefits. A person who takes the deduction under subsection (1) (e)
14 is not eligible for the unrestricted deduction of \$20,000.00 for a
15 single return and \$40,000.00 for a joint return under this
16 subdivision.

17 (c) Beginning January 1, 2013 for a person born in 1946
18 through 1952 and beginning January 1, 2018 for a person born after
19 1945 who has retired as of January 1, 2013, if that person receives
20 retirement or pension benefits from employment with a governmental
21 agency that was not covered by the federal social security act,
22 chapter 531, 49 Stat 620, the sum of the deductions under
23 subsection (1) (f) (i), (ii), and (iv) is limited to \$35,000.00 for a
24 single return and, except as otherwise provided under this
25 subdivision, \$55,000.00 for a joint return. If both spouses filing
26 a joint return receive retirement or pension benefits from
27 employment with a governmental agency that was not covered by the
28 federal social security act, chapter 531, 49 Stat 620, the sum of
29 the deductions under subsection (1) (f) (i), (ii), and (iv) is limited

1 to \$70,000.00 for a joint return. After that person reaches the age
2 of 67, the deductions under subsection (1) (f) (i), (ii), and (iv) do
3 not apply and that person is eligible for a deduction of \$35,000.00
4 for a single return and \$55,000.00 for a joint return, or
5 \$70,000.00 for a joint return if applicable, which deduction is
6 available against all types of income and is not restricted to
7 income from retirement or pension benefits. A person who takes the
8 deduction under subsection (1) (e) is not eligible for the
9 unrestricted deduction of \$35,000.00 for a single return and
10 \$55,000.00 for a joint return, or \$70,000.00 for a joint return if
11 applicable, under this subdivision.

12 (d) Except as otherwise provided under subdivision (c) for a
13 person who was retired as of January 1, 2013, for a person born
14 after 1952 who has reached the age of 62 through 66 years of age
15 and who receives retirement or pension benefits from employment
16 with a governmental agency that was not covered by the federal
17 social security act, chapter 531, 49 Stat 620, the sum of the
18 deductions under subsection (1) (f) (i), (ii), and (iv) is limited to
19 \$15,000.00 for a single return and, except as otherwise provided
20 under this subdivision, \$15,000.00 for a joint return. If both
21 spouses filing a joint return receive retirement or pension
22 benefits from employment with a governmental agency that was not
23 covered by the federal social security act, chapter 531, 49 Stat
24 620, the sum of the deductions under subsection (1) (f) (i), (ii), and
25 (iv) is limited to \$30,000.00 for a joint return.

26 (e) Except as otherwise provided under subdivision (c) or (d),
27 for a person born after 1952, the deduction under subsection
28 (1) (f) (i), (ii), or (iv) does not apply. When that person reaches the
29 age of 67, that person is eligible for a deduction of \$20,000.00

1 for a single return and \$40,000.00 for a joint return, which
2 deduction is available against all types of income and is not
3 restricted to income from retirement or pension benefits. If a
4 person takes the deduction of \$20,000.00 for a single return and
5 \$40,000.00 for a joint return, that person shall not take the
6 deduction under subsection (1)(f)(iii) and shall not take the
7 personal exemption under subsection (2). That person may elect not
8 to take the deduction of \$20,000.00 for a single return and
9 \$40,000.00 for a joint return and elect to take the deduction under
10 subsection (1)(f)(iii) and the personal exemption under subsection
11 (2) if that election would reduce that person's tax liability. A
12 person who takes the deduction under subsection (1)(e) is not
13 eligible for the unrestricted deduction of \$20,000.00 for a single
14 return and \$40,000.00 for a joint return under this subdivision.

15 (f) For a joint return, the limitations and restrictions in
16 this subsection shall be applied based on the date of birth of the
17 older spouse filing the joint return. If a deduction under
18 subsection (1)(f) was claimed on a joint return for a tax year in
19 which a spouse died and the surviving spouse has not remarried
20 since the death of that spouse, the surviving spouse is entitled to
21 claim the deduction under subsection (1)(f) in subsequent tax years
22 subject to the same restrictions and limitations, for a single
23 return, that would have applied based on the date of birth of the
24 older of the 2 spouses. For tax years beginning after December 31,
25 2019, a surviving spouse born after 1945 who has reached the age of
26 67 and has not remarried since the death of that spouse may elect
27 to take the deduction that is available against all types of income
28 subject to the same limitations and restrictions as provided under
29 this subsection based on the surviving spouse's date of birth

1 instead of taking the deduction allowed under subsection (1)(f),
 2 for a single return, based on the date of birth of the older
 3 spouse.

4 (10) As used in this section:

5 (a) "Oil and gas" means oil and gas subject to severance tax
 6 under 1929 PA 48, MCL 205.301 to 205.317.

7 **(b) "Senior citizen" means that term as defined in section**
 8 **514.**

9 **(c)** ~~(b)~~—"United States Consumer Price Index" means the United
 10 States Consumer Price Index for all urban consumers as defined and
 11 reported by the United States Department of Labor, Bureau of Labor
 12 Statistics.

13 Sec. 435. (1) Except as otherwise provided under this section,
 14 an individual may designate in a manner and form as prescribed by
 15 the department pursuant to subsection (2) on his or her annual
 16 return that contributions of \$5.00, \$10.00, or more of his or her
 17 refund be credited to any of the following:

18 (a) The children's trust fund created in 1982 PA 249, MCL
 19 21.171 to 21.172.

20 (b) The military family relief fund created in section 3 of
 21 the military family relief fund act, 2004 PA 363, MCL 35.1213.

22 (c) The animal welfare fund created in section 3 of the animal
 23 welfare fund act, 2007 PA 132, MCL 287.993.

24 (d) The united way fund created in section 3 of the united way
 25 fund act, 2008 PA 527, MCL 333.26533.

26 ~~(e) For the 2016 tax year and each tax year after the 2016 tax~~
 27 ~~year, the Michigan junior achievement fund created in section 5 of~~
 28 ~~the Michigan junior achievement fund act, 2016 PA 181, MCL~~
 29 ~~206.1015.~~

1 **(e)** ~~(f)~~—For the 2016 tax year and each tax year after the 2016
2 tax year, the American Red Cross Michigan fund created in section 5
3 of the American Red Cross Michigan fund act, 2016 PA 183, MCL
4 206.1035.

5 **(f)** ~~(g)~~—For the 2018 tax year and each tax year after the 2018
6 tax year, the fostering futures scholarship trust fund created in
7 section 3 of the fostering futures scholarship trust fund act, 2008
8 PA 525, MCL 722.1023.

9 **(g)** ~~(h)~~—For the 2018 tax year and each tax year after the 2018
10 tax year, the Lions of Michigan Foundation fund created in section
11 5 of the Lions of Michigan Foundation fund act, **2018 PA 255, MCL**
12 **206.1045.**

13 **(h)** ~~(i)~~—For the 2018 tax year and each tax year after the 2018
14 tax year, the Michigan World War II Legacy Memorial fund created in
15 section 5 of the Michigan World War II Legacy Memorial fund act,
16 **2018 PA 257, MCL 206.1085.**

17 **(i)** ~~(j)~~—For the 2018 tax year and each tax year after the 2018
18 tax year, the Kiwanis fund created in section 5 of the Kiwanis fund
19 act, **2018 PA 259, MCL 206.1065.**

20 **(j) For the 2022 tax year and each tax year after the 2022 tax**
21 **year, the feed our future fund created in section 7 of the Michigan**
22 **feed our future grant program act.**

23 (2) Subject to the limitations provided under this subsection,
24 the department shall establish and utilize a separate contributions
25 schedule that incorporates each contribution designation authorized
26 under this section that remains in effect and available for each
27 tax year and shall revise the state individual income tax return
28 form to include a separate line for the total contribution
29 designations made under the separate contributions schedule. The

1 contribution designations authorized under sections 437, 438, and
2 440 shall be incorporated into the contributions schedule for the
3 2010 tax year and shall remain on the schedule until the
4 contribution designation expires by law or is otherwise no longer
5 available as determined by the department pursuant to subsection
6 (3). A contribution designation that is enacted after November 1,
7 2007 shall be incorporated as soon as practical on the
8 contributions schedule, and each new contribution designation shall
9 be listed on the schedule in alphabetical order. The separate
10 contributions schedule required under this section shall include
11 not more than 10 separate contribution designations in any single
12 tax year.

13 (3) The department shall cease to include a contribution
14 designation on the contributions schedule if that contribution
15 designation fails to raise \$50,000.00 in any tax year for 2
16 consecutive tax years.

17 (4) If an individual's refund is not sufficient to make a
18 contribution under this section, the individual may designate a
19 contribution amount and that contribution amount shall be added to
20 the individual's tax liability for the tax year.

21 (5) Notwithstanding any other allocations or disbursements
22 required by this act, each year that a contribution designation
23 under this section is in effect, an amount equal to the cumulative
24 designation made under this section, less the amount appropriated
25 to the department to implement this section, shall be appropriated
26 from the general fund and distributed to the department responsible
27 for administering the appropriate fund to which the taxpayer
28 designated his or her contribution and shall be used solely for the
29 purposes of that fund.

1 (6) Money appropriated pursuant to an appropriations act as
2 required by law in accordance with this section to the department
3 responsible for administering each respective fund shall be in
4 addition to any other allocation or appropriation and is intended
5 to enhance appropriations from the general fund and not to replace
6 or supplant those appropriations.

7 (7) Notwithstanding any other provision of law, all of the
8 following apply:

9 (a) Money appropriated from the contributions made pursuant to
10 this section shall be distributed as provided in each respective
11 fund within 1 year and none of the money appropriated pursuant to
12 this section shall be used for the purpose of administering the
13 fund.

14 (b) If the fund to which the taxpayer designated his or her
15 contributions is to be used for donations to multiple organizations
16 located in this state, the department responsible for administering
17 that fund shall designate 1 local representative or agency of that
18 organization to administer and distribute those funds to other
19 similar organizations in this state as provided in each respective
20 act that created the fund.

21 (8) When considering whether to grant legislative approval to
22 amend the state individual income tax return to include additional
23 contribution designations on the contributions schedule, the
24 legislature shall consider all of the following:

25 (a) Whether the organization serves multiple regions
26 throughout this state.

27 (b) Whether the organization has demonstrated that it is
28 capable of raising more than \$50,000.00 in this state during the
29 tax year through means other than the income tax contribution

1 designation.

2 (c) Whether the organization expends 30% or more of its money
3 to cover administrative and fund-raising costs.

4 (d) Whether the organization had previously been included on
5 the contributions schedule within the last immediately preceding 3
6 years and was removed because it failed to raise a sufficient
7 amount of money as prescribed under subsection (3).

8 (e) Whether the organization receives any other state funds or
9 other type of financial assistance from this state.

10 (f) Whether the organization is associated with a nonprofit
11 charitable organization.

12 Enacting section 1. This amendatory act does not take effect
13 unless Senate Bill No. ____ or House Bill No. 6063 (request no.
14 00413'21) of the 101st Legislature is enacted into law.