

HOUSE BILL NO. 4894

July 18, 2023, Introduced by Reps. Shannon, Fitzgerald, Roth, Rogers, Churches, Liberati, McFall, Price, Conlin, Wilson, MacDonell, BeGole, Cavitt, Aragona, Wozniak and Bruck and referred to the Committee on Local Government and Municipal Finance.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending sections 520, 522, and 524 (MCL 206.520, 206.522, and 206.524), sections 520 and 522 as amended by 2015 PA 179 and section 524 as amended by 1987 PA 254, and by adding section 521.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 520. (1) Subject to the limitations and the definitions
2 in this chapter, a claimant, **other than a claimant under section**

1 **521**, may claim against the tax due under this part for the tax year
2 a credit for the property taxes on the taxpayer's homestead
3 deductible for federal income tax purposes pursuant to section 164
4 of the internal revenue code, or that would have been deductible if
5 the claimant had not elected the zero bracket amount or if the
6 claimant had been subject to the federal income tax. The property
7 taxes used for the credit computation shall not be greater than the
8 amount levied for 1 tax year. An owner is not eligible for a credit
9 under this section if the taxable value of ~~his or her~~ **the owner's**
10 homestead excluding the portion of a parcel of real property that
11 is unoccupied and classified as agricultural for ad valorem tax
12 purposes in the year for which the credit is claimed is greater
13 than \$135,000.00 through the 2021 tax year. Beginning with the 2021
14 tax year and each tax year after 2021, the taxable value cap under
15 this subsection for the immediately preceding tax year shall be
16 adjusted by the percentage increase in the United States ~~consumer~~
17 ~~price index~~ **Consumer Price Index** for the immediately preceding
18 calendar year and rounded to the nearest \$100.00 increment. The
19 department shall annualize the amount in this subsection as
20 necessary. As used in this subsection, "taxable value" means that
21 value determined under section 27a of the general property tax act,
22 1893 PA 206, MCL 211.27a.

23 (2) A person who rents or leases a homestead may claim a
24 similar credit computed under this section and section 522 based
25 upon 20% of the gross rent paid for tax years before the 2018 tax
26 year or 23% of the gross rent paid for tax years after the 2017 tax
27 year. A person who rents or leases a homestead subject to a service
28 charge in lieu of ad valorem taxes as provided by section 15a of
29 the state housing development authority act of 1966, 1966 PA 346,

1 MCL 125.1415a, may claim a similar credit computed under this
2 section and section 522 based upon 10% of the gross rent paid.

3 (3) If the credit claimed under this section and section 522
4 exceeds the tax liability for the tax year or if there is no tax
5 liability for the tax year, the amount of the claim not used as an
6 offset against the tax liability shall, after examination and
7 review, be approved for payment, without interest, to the claimant.
8 In determining the amount of the payment under this subsection,
9 withholdings and other credits shall be used first to offset any
10 tax liabilities.

11 (4) If the homestead is an integral part of a multipurpose or
12 multidwelling building that is federally aided housing or state
13 aided housing, a claimant who is a senior citizen entitled to a
14 payment under subsection (2) may assign the right to that payment
15 to a mortgagor if the mortgagor reduces the rent charged and
16 collected on the claimant's homestead in an amount equal to the tax
17 credit payment provided in this chapter. The assignment of the
18 claim is valid only if the Michigan state housing development
19 authority, by affidavit, verifies that the claimant's rent has been
20 so reduced.

21 (5) Only the renter or lessee shall claim a credit on property
22 that is rented or leased as a homestead.

23 (6) A person who discriminates in the charging or collection
24 of rent on a homestead by increasing the rent charged or collected
25 because the renter or lessee claims and receives a credit or
26 payment under this chapter is guilty of a misdemeanor.
27 Discrimination against a renter who claims and receives the credit
28 under this section and section 522 by a reduction of the rent on
29 the homestead of a person who does not claim and receive the credit

1 is a misdemeanor. If discriminatory rents are charged or collected,
2 each charge or collection of the higher or lower payment is a
3 separate offense. Each acceptance of a payment of rent is a
4 separate offense.

5 (7) A person who received aid to families with dependent
6 children, state family assistance, or state disability assistance
7 pursuant to the social welfare act, 1939 PA 280, MCL 400.1 to
8 400.119b, in the tax year for which the person is filing a return
9 shall have a credit that is authorized and computed under this
10 section and section 522 reduced by an amount equal to the product
11 of the claimant's credit multiplied by the quotient of the sum of
12 the claimant's aid to families with dependent children, state
13 family assistance, and state disability assistance for the tax year
14 divided by the claimant's total household resources. The reduction
15 of credit shall not exceed the sum of the aid to families with
16 dependent children, state family assistance, and state disability
17 assistance for the tax year. For the purposes of this subsection,
18 aid to families with dependent children does not include child
19 support payments that offset or reduce payments made to the
20 claimant.

21 (8) For tax years before the 2018 tax year, a credit under
22 subsection (1) or (2) shall be reduced by 10% for each claimant
23 whose total household resources exceed the minimum total household
24 resources amount of \$41,000.00 and by an additional 10% for each
25 increment of \$1,000.00 of total household resources in excess of
26 \$41,000.00. Except as otherwise provided under this subsection, for
27 the 2018 tax year and each tax year after 2018, the minimum total
28 household resources amount is \$51,000.00. For the 2018 tax year and
29 each tax year after 2018, a credit under subsection (1) or (2)

1 shall be reduced by 10% for each claimant whose total household
2 resources exceed the minimum total household resources amount
3 established under this subsection and by an additional 10% for each
4 increment of \$1,000.00 of total household resources in excess of
5 the minimum total household resources amount for that tax year. For
6 the 2021 tax year and each tax year after 2021, the minimum total
7 household resources threshold amount established under this
8 subsection for the immediately preceding tax year shall be adjusted
9 by the percentage increase in the United States ~~consumer price~~
10 ~~index~~ **Consumer Price Index** for the immediately preceding calendar
11 year and rounded to the nearest \$100.00 increment.

12 (9) If the credit authorized and calculated under this section
13 and section 522 and adjusted under subsection (7) or (8) does not
14 provide to a senior citizen who rents or leases a homestead that
15 amount attributable to rent that constitutes more than 40% of the
16 total household resources of the senior citizen, the senior citizen
17 may claim a credit based upon the amount of total household
18 resources attributable to rent as provided by this section.

19 (10) A senior citizen whose gross rent paid for the tax year
20 is more than the percentage of total household resources specified
21 in subsection (9) for the respective tax year may claim a credit
22 for the amount of rent paid that constitutes more than the
23 percentage of the total household resources of the senior citizen
24 specified in subsection (9) and that was not provided to the senior
25 citizen by the credit computed pursuant to this section and section
26 522 and adjusted pursuant to subsection (7) or (8).

27 (11) The department may promulgate rules to implement
28 subsections (9) to (15) and may prescribe a table to allow a
29 claimant to determine the credit provided under this section and

1 section 522 in the instruction booklet that accompanies the
2 respective income tax or property tax credit forms used by
3 claimants.

4 (12) A senior citizen may claim the credit under subsections
5 (9) to (15) on the same form as the property tax credit permitted
6 by subsection (2). The department shall adjust the forms
7 accordingly.

8 (13) A senior citizen who moves to a different rented or
9 leased homestead shall determine, for 2 tax years after the move,
10 both ~~his or her~~ **the senior citizen's** qualification to claim a
11 credit under subsections (9) to (15) and the amount of a credit
12 under subsections (9) to (15) on the basis of the annualized final
13 monthly rental payment at ~~his or her~~ **the senior citizen's** previous
14 homestead, if this annualized rental is less than the senior
15 citizen's actual annual rental payments.

16 (14) For a return of less than 12 months, the claim for a
17 credit under subsections (9) to (15) shall be reduced
18 proportionately.

19 (15) For tax years before the 2018 tax year, the total credit
20 allowed by this section and section 522 shall not exceed \$1,200.00
21 per year. Except as otherwise provided under this subsection, for
22 the 2018 tax year and each tax year after 2018, the total credit
23 allowed by this section and section 522 shall not exceed \$1,500.00
24 per year. Beginning with the 2021 tax year and each tax year after
25 2021, the maximum amount of the credit allowed under this section
26 and section 522 for the immediately preceding tax year shall be
27 adjusted by the percentage increase in the United States ~~consumer~~
28 ~~price index~~ **Consumer Price Index** for the immediately preceding
29 calendar year. The department shall round the amount to the nearest

1 \$100.00 increment.

2 (16) As used in this section, "~~United States consumer price~~
3 ~~index~~" **Consumer Price Index**" means the United States ~~consumer price~~
4 ~~index~~ **Consumer Price Index** for all urban consumers as defined and
5 reported by the United States Department of Labor, Bureau of Labor
6 Statistics.

7 **Sec. 521. (1) For tax years beginning on and after January 1,**
8 **2024, a claimant who is a disabled veteran or a widow or widower of**
9 **a disabled veteran is entitled to a credit against the tax levied**
10 **and imposed under this part for the tax year in an amount equal to**
11 **100% of the property taxes levied on the taxpayer's homestead**
12 **deductible for federal income tax purposes pursuant to section 164**
13 **of the internal revenue code, or that would have been deductible if**
14 **the claimant had not elected zero bracket amount or if the claimant**
15 **had been subject to the federal income tax, for that same tax year.**
16 **For purposes of calculating the amount of the credit under this**
17 **section, both of the following apply:**

18 (a) The property taxes levied on the taxpayer's homestead
19 deductible for federal income tax purposes must be calculated as if
20 section 164(b)(6)(B) was not in effect.

21 (b) The property taxes used for the credit computation shall
22 not be greater than the amount levied for 1 tax year.

23 (2) In order to claim the credit under this section, the
24 claimant shall either claim the credit for property taxes paid by
25 the claimant during the tax year on the claimant's annual return
26 for that same tax year in a form and manner as prescribed by the
27 department or shall file an affidavit with the local tax collecting
28 unit pursuant to section 7b of the general property tax act, 1893
29 PA 206, MCL 211.7b, that authorizes the local tax collecting unit

1 to claim the credit under this section on behalf of the claimant
2 and authorizes the department to remit direct payment to that local
3 tax collecting unit for that credit claimed on the claimant's
4 behalf. A local tax collecting unit seeking to file a credit on
5 behalf of a claimant under this section shall submit a copy of the
6 affidavit filed pursuant to section 7b of the general property tax
7 act, 1893 PA 206, MCL 211.7b, with the department and shall also
8 provide the information necessary to determine the amount of the
9 property taxes levied and deferred on the claimant's homestead for
10 the tax year for which the credit is being claimed under this
11 section before February 1 of each year. The department shall not
12 require, but may encourage, local tax collecting units to make the
13 submissions required under this subsection electronically.

14 (3) If the amount of the credit claimed under this section on
15 the claimant's annual return exceeds the tax liability of the
16 claimant for the tax year or if there is no tax liability for the
17 tax year, the amount of the claim not used as an offset against the
18 tax liability shall, after examination and review, be approved for
19 payment, without interest, to the claimant. In determining the
20 amount of the payment to the claimant under this subsection,
21 withholdings and other credits shall be used first to offset any
22 tax liabilities. However, the amount of the credit claimed under
23 this section by a local tax collecting unit, after examination and
24 review, shall not be used to offset tax liability of the claimant
25 under this part but shall be approved for payment and the
26 department shall remit the amount of the credit payment directly to
27 the local tax collecting unit in the form of a fully negotiable
28 check. Payment due to a local tax collecting unit shall be made
29 within 14 days of receiving the affidavit, the disabled veteran

1 property tax credit form filed on behalf of the claimant pursuant
2 to this section, and the necessary information from the local tax
3 collecting unit. If, after examination and review, the department
4 denies a claim for a credit filed by a local tax collecting unit,
5 the department shall send a written notice of that denial to the
6 local tax collecting unit and the claimant on whose behalf the
7 local tax collecting unit had filed the credit under this section.
8 The written notice must include the reason for the denial, the
9 amount denied, and the amount due and payable to the local tax
10 collecting unit within 90 days of the date of the denial notice.

11 (4) A claimant who claims a credit under this section or
12 authorizes a local tax collecting unit to claim a credit under this
13 section on the claimant's behalf is not eligible for a credit under
14 section 520. For a return of less than 12 months, the amount of the
15 credit allowed shall be reduced proportionately. A claim shall not
16 be allowed under this section if the department finds after
17 examination and review either of the following:

18 (a) The claimant is not a disabled veteran or a widow or
19 widower of a disabled veteran.

20 (b) The claimant filed a claim under section 520 for that same
21 tax year.

22 (5) Notwithstanding section 30a of 1941 PA 122, MCL 205.30a,
23 the credit allowed under this section is exempt from interception,
24 execution, levy, attachment, garnishment, or other legal process to
25 collect a debt. No portion of the credit allowed or any rights
26 existing under this section shall be applied as an offset to any
27 liability of the claimant under section 30a of 1941 PA 122, MCL
28 205.30a, or any arrearage or other debt of the claimant.

29 (6) As used in this section, "disabled veteran", "veteran",

1 and "widow or widower of a disabled veteran" mean those terms as
 2 defined in section 7b of the general property tax act, 1893 PA 206,
 3 MCL 211.7b.

4 Sec. 522. (1) The amount of a claim made pursuant to ~~this~~
 5 ~~chapter~~ **section 520** shall be determined as follows:

6 (a) A claimant who is not a senior citizen is entitled to a
 7 credit against the state income tax liability under this part equal
 8 to 60% of the amount by which the property taxes on the homestead,
 9 or the credit for rental of the homestead for the tax year, exceeds
 10 3.5% of the claimant's total household resources for tax years
 11 before the 2018 tax year or 3.2% of the claimant's total household
 12 resources for the 2018 tax year and each tax year after 2018.

13 (b) A claimant who is a senior citizen is entitled to a credit
 14 against the state income tax liability under this part equal to the
 15 following:

16 (i) For a claimant with total household resources of \$21,000.00
 17 or less, an amount as determined in accordance with subdivision
 18 (c).

19 (ii) For a claimant with total household resources of more than
 20 \$21,000.00 and less than or equal to \$22,000.00, an amount equal to
 21 96% of the difference between the property taxes on the homestead
 22 or the credit for rental of the homestead for the tax year and 3.5%
 23 of total household resources for tax years before the 2018 tax year
 24 or 3.2% of total household resources for the 2018 tax year and each
 25 tax year after 2018.

26 (iii) For a claimant with total household resources of more than
 27 \$22,000.00 and less than or equal to \$23,000.00, an amount equal to
 28 92% of the difference between the property taxes on the homestead
 29 or the credit for rental of the homestead for the tax year and 3.5%

1 of total household resources for tax years before the 2018 tax year
2 or 3.2% of total household resources for the 2018 tax year and each
3 tax year after 2018.

4 (iv) For a claimant with total household resources of more than
5 \$23,000.00 and less than or equal to \$24,000.00, an amount equal to
6 88% of the difference between the property taxes on the homestead
7 or the credit for rental of the homestead for the tax year and 3.5%
8 of total household resources for tax years before the 2018 tax year
9 or 3.2% of total household resources for the 2018 tax year and each
10 tax year after 2018.

11 (v) For a claimant with total household resources of more than
12 \$24,000.00 and less than or equal to \$25,000.00, an amount equal to
13 84% of the difference between the property taxes on the homestead
14 or the credit for rental of the homestead for the tax year and 3.5%
15 of total household resources for tax years before the 2018 tax year
16 or 3.2% of total household resources for the 2018 tax year and each
17 tax year after 2018.

18 (vi) For a claimant with total household resources of more than
19 \$25,000.00 and less than or equal to \$26,000.00, an amount equal to
20 80% of the difference between the property taxes on the homestead
21 or the credit for rental of the homestead for the tax year and 3.5%
22 of total household resources for tax years before the 2018 tax year
23 or 3.2% of total household resources for the 2018 tax year and each
24 tax year after 2018.

25 (vii) For a claimant with total household resources of more
26 than \$26,000.00 and less than or equal to \$27,000.00, an amount
27 equal to 76% of the difference between the property taxes on the
28 homestead or the credit for rental of the homestead for the tax
29 year and 3.5% of total household resources for tax years before the

1 2018 tax year or 3.2% of total household resources for the 2018 tax
2 year and each tax year after 2018.

3 (viii) For a claimant with total household resources of more
4 than \$27,000.00 and less than or equal to \$28,000.00, an amount
5 equal to 72% of the difference between the property taxes on the
6 homestead or the credit for rental of the homestead for the tax
7 year and 3.5% of total household resources for tax years before the
8 2018 tax year or 3.2% of total household resources for the 2018 tax
9 year and each tax year after 2018.

10 (ix) For a claimant with total household resources of more than
11 \$28,000.00 and less than or equal to \$29,000.00, an amount equal to
12 68% of the difference between the property taxes on the homestead
13 or the credit for rental of the homestead for the tax year and 3.5%
14 of total household resources for tax years before the 2018 tax year
15 or 3.2% of total household resources for the 2018 tax year and each
16 tax year after 2018.

17 (x) For a claimant with total household resources of more than
18 \$29,000.00 and less than or equal to \$30,000.00, an amount equal to
19 64% of the difference between the property taxes on the homestead
20 or the credit for rental of the homestead for the tax year and 3.5%
21 of total household resources for tax years before the 2018 tax year
22 or 3.2% of total household resources for the 2018 tax year and each
23 tax year after 2018.

24 (xi) For a claimant with total household resources of more than
25 \$30,000.00, an amount equal to 60% of the difference between the
26 property taxes on the homestead or the credit for rental of the
27 homestead for the tax year and 3.5% of total household resources
28 for tax years before the 2018 tax year or 3.2% of total household
29 resources for the 2018 tax year and each tax year after 2018.

1 (c) A claimant who is a senior citizen with total household
 2 resources of \$21,000.00 or less or a paraplegic, hemiplegic, or
 3 quadriplegic and for tax years that begin after December 31, 1999,
 4 a claimant who is totally and permanently disabled, deaf, or, for
 5 tax years that begin after December 31, 2012, blind is entitled to
 6 a credit against the state income tax liability for the amount by
 7 which the property taxes on the homestead, the credit for rental of
 8 the homestead, or a service charge in lieu of ad valorem taxes as
 9 provided by section 15a of the state housing development authority
 10 act of 1966, 1966 PA 346, MCL 125.1415a, for the tax year exceeds
 11 the percentage of the claimant's total household resources for that
 12 tax year computed as follows:

Total household resources	Percentage
Not over \$3,000.00	.0%
Over \$3,000.00 but not over \$4,000.00	1.0%
Over \$4,000.00 but not over \$5,000.00	2.0%
Over \$5,000.00 but not over \$6,000.00	3.0%
Over \$6,000.00 for tax years before the 2018 tax year	3.5%
Over \$6,000.00 for tax years after the 2017 tax year	3.2%

25 (d) A claimant who is an eligible serviceperson, eligible
 26 veteran, or eligible widow or widower is entitled to a credit
 27 against the state income tax liability for a percentage of the
 28 property taxes on the homestead for the tax year not in excess of
 29 100% determined as follows:

1 (i) Divide the taxable value allowance specified in section 506
 2 by the taxable value of the homestead or, if the eligible
 3 serviceperson, eligible veteran, or eligible widow or widower
 4 leases or rents a homestead, divide 20% of the total annual rent
 5 paid for tax years before the 2018 tax year or 23% of the total
 6 annual rent paid for tax years after the 2017 tax year on the
 7 property by the property tax rate on the property.

8 (ii) Multiply the property taxes on the homestead by the
 9 percentage computed in subparagraph (i).

10 (e) A claimant who is blind is entitled to a credit against
 11 the state income tax liability for a percentage of the property
 12 taxes on the homestead for the tax year determined as follows:

13 (i) If the taxable value of the homestead is \$3,500.00 or less,
 14 100% of the property taxes.

15 (ii) If the taxable value of the homestead is more than
 16 \$3,500.00, the percentage that \$3,500.00 bears to the taxable value
 17 of the homestead.

18 (2) A person who is qualified to make a claim under more than
 19 1 classification shall elect the classification under which the
 20 claim is made.

21 (3) Only 1 claimant per household for a tax year is entitled
 22 to the credit, unless both ~~the husband and wife~~ **spouses** filing a
 23 joint return are blind, then each shall be considered a claimant.

24 (4) As used in this section, "totally and permanently
 25 disabled" means disability as defined in section 216 of title II of
 26 the social security act, 42 USC 416.

27 (5) A senior citizen who has total household resources for the
 28 tax year of \$6,000.00 or less and who for 1973 received a senior
 29 citizen homestead exemption under former section 7c of the general

1 property tax act, 1893 PA 206, may compute the credit against the
 2 state income tax liability for a percentage of the property taxes
 3 on the homestead for the tax year determined as follows:

4 (a) If the taxable value of the homestead is \$2,500.00 or
 5 less, 100% of the property taxes.

6 (b) If the taxable value of the homestead is more than
 7 \$2,500.00, the percentage that \$2,500.00 bears to the taxable value
 8 of the homestead.

9 (6) For a return of less than 12 months, the claim shall be
 10 reduced proportionately.

11 (7) The department may prescribe tables that may be used to
 12 determine the amount of the claim.

13 (8) The total credit allowed in this section for each year
 14 shall not exceed the amount determined under section 520.

15 (9) The total credit allowable under this part and part 361 of
 16 the natural resources and environmental protection act, 1994 PA
 17 451, MCL 324.36101 to ~~324.36117~~, **324.36116**, shall not exceed the
 18 total property tax due and payable by the claimant in that year.
 19 The amount by which the credit exceeds the property tax due and
 20 payable shall be deducted from the credit claimed under part 361 of
 21 the natural resources and environmental protection act, 1994 PA
 22 451, MCL 324.36101 to ~~324.36117~~.**324.36116**.

23 Sec. 524. (1) If the amount of the property taxes used as a
 24 basis for the credit computation differs from the property tax
 25 liability incurred and paid by the taxpayer **or deferred by the**
 26 **local tax collecting unit** for the tax year, the credit for the
 27 ensuing year shall be adjusted by the amount of the difference.

28 (2) If homestead property subject to ad valorem taxes is sold
 29 or transferred during the tax year, the respective amounts of

1 credit shall be based on the ratio of days that the property was
2 the claimant's homestead to the total number of days in the tax
3 year.

4 Enacting section 1. This amendatory act takes effect January
5 1, 2024.

6 Enacting section 2. This amendatory act does not take effect
7 unless Senate Bill No. _____ or House Bill No. 4895 (request no.
8 02650'23 *) of the 102nd Legislature is enacted into law.