Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 84
Sponsor: Senator Henry E. Stallings, II
Committee: Finance

Date Completed: 1-23-95

SUMMARY OF SENATE BILL 84 as introduced 1-17-95:

The bill would amend the Income Tax Act to allow eligible taxpayers to claim a credit against the income tax equal to 10% of the amount paid for the purchase or annual upkeep of security-related alarm systems, grates, doors, bars, windows, fences, cameras, tags, or guards for a primary residence. A person could claim the credit if his or her primary residence were located in a city, village, or township that had a crime rate in the top 10% of all local units in Michigan, as established by the State Police Uniform Crime Report for the year immediately preceding the year in which the credit was claimed.

Eligible taxpayers could claim the credit for 1995 and each year after 1995; a taxpayer could not claim more than $2,500 for the credit in any one year. If the credit exceeded the tax liability of a taxpayer for a tax year, the excess could not be refunded.

Proposed MCL 206.266 Legislative Analyst: G. Towne

FISCAL IMPACT

The bill would lower income tax collections to the State by the amount of the credits claimed. Based on total crime rate data obtained from the 1993 Uniform Crime Report, approximately 60 cities, villages, and townships have crime rates in the top 10% of all local units of government. Taxpayers who have their primary residence in these 60 local units would be eligible for the credit. The Bureau of Justice Statistics has indicated that in 1993, 18% of the United States population installed new alarms. Assuming that 18% of the eligible taxpayers purchased security-related alarm systems, then 178,656 people could claim the credit. Using an average price of $900 for an alarm system, the total tax credit would be $16.1 million.

The bill would have no fiscal impact on local governments.

Fiscal Analyst: R. Ross

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