



HOUSE BILL No. 5700

March 21, 1996, Introduced by Rep. Bullard and referred to the Committee on Tax Policy.

A bill to amend Act No. 206 of the Public Acts of 1893, entitled as amended "The general property tax act," as amended, being sections 211.1 to 211.157 of the Michigan Compiled Laws, by adding section 51a.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 206 of the Public Acts of 1893, as
2 amended, being sections 211.1 to 211.157 of the Michigan Compiled
3 Laws, is amended by adding section 51a to read as follows:

4 SEC. 51A. (1) A SENIOR CITIZEN WHO IS THE OWNER OF A HOME-
5 STEAD MAY CLAIM A CREDIT AGAINST THE PROPERTY TAX LEVIED ON THAT
6 HOMESTEAD UNDER THE STATE EDUCATION TAX ACT, ACT NO. 331 OF THE
7 PUBLIC ACTS OF 1993, BEING SECTIONS 211.901 TO 211.906 OF THE
8 MICHIGAN COMPILED LAWS, AND COLLECTED UNDER THIS ACT EQUAL TO
9 \$1,200.00 OR 60% OF THE AMOUNT BY WHICH THE SENIOR CITIZEN'S

1 PROPERTY TAXES EXCEED 3.5% OF THE SENIOR CITIZEN'S HOUSEHOLD
2 INCOME, WHICHEVER IS LESS.

3 (2) TO QUALIFY FOR THE CREDIT UNDER THIS SECTION, A SENIOR
4 CITIZEN SHALL FILE A HOMESTEAD PROPERTY TAX REDUCTION AND CREDIT
5 FORM AS PRESCRIBED BY THE DEPARTMENT OF TREASURY WITH THE ANNUAL
6 RETURN FILED UNDER THE INCOME TAX ACT OF 1967, ACT NO. 281 OF THE
7 PUBLIC ACTS OF 1967, BEING SECTIONS 206.1 TO 206.532 OF THE
8 MICHIGAN COMPILED LAWS, FOLLOWING THE YEAR IN WHICH THE PROPERTY
9 TAXES WERE PAID.

10 (3) THE DEPARTMENT OF TREASURY SHALL DETERMINE THE AMOUNT OF
11 CREDIT FOR EACH SENIOR CITIZEN AND ON OR BEFORE OCTOBER 1 OF THE
12 YEAR IN WHICH THE HOMESTEAD PROPERTY TAX REDUCTION AND CREDIT
13 FORM IS SUBMITTED SHALL SEND A NOTICE OF THE AMOUNT OF THE CREDIT
14 AUTHORIZING THE LOCAL TAX COLLECTING UNIT IN WHICH THE HOMESTEAD
15 OF THE SENIOR CITIZEN IS LOCATED TO REDUCE THE TAX LEVIED UNDER
16 ACT NO. 331 OF THE PUBLIC ACTS OF 1993 ON THE SENIOR CITIZEN'S
17 NEXT TAX BILL BY THE AMOUNT OF THE CREDIT. IF THE LOCAL TAX COL-
18 LECTING UNIT HAS A SUMMER TAX LEVY, THE CREDIT SHALL BE FIRST
19 APPLIED TO THE TAXES COLLECTED UNDER THAT LEVY IF COLLECTION IS
20 NOT DEFERRED UNDER SECTION 51. THE CREDIT AMOUNT SHALL BE CAR-
21 RIED FORWARD UNTIL USED UP.

22 (4) IF A SENIOR CITIZEN HAS CLAIMED THE CREDIT UNDER THIS
23 SECTION AND THE PROPERTY FOR WHICH THE CREDIT IS CLAIMED IS NO
24 LONGER THAT SENIOR CITIZEN'S HOMESTEAD, THE CREDIT UNDER THIS
25 SECTION IS FORFEITED UNLESS THAT SENIOR CITIZEN FILES AN AMENDED
26 HOMESTEAD PROPERTY TAX REDUCTION AND CREDIT FORM UNDER ACT

1 NO. 281 OF THE PUBLIC ACTS OF 1967 REQUESTING EITHER OF THE
2 FOLLOWING:

3 (A) THE DEPARTMENT OF TREASURY ISSUE A CHECK FOR THE AMOUNT
4 OF THE CREDIT DIRECTLY TO THAT SENIOR CITIZEN.

5 (B) THE DEPARTMENT OF TREASURY NOTIFY THE LOCAL TAX COLLECT-
6 ING UNIT IN WHICH THAT SENIOR CITIZEN CLAIMS A HOMESTEAD TO
7 REDUCE THE TAX LEVIED ON THAT HOMESTEAD UNDER ACT NO. 331 OF THE
8 PUBLIC ACTS OF 1993 ON THAT SENIOR CITIZEN'S NEXT PROPERTY TAX
9 BILL.

10 (5) A CREDIT UNDER THIS SECTION DOES NOT REDUCE THE TAXABLE
11 VALUE OR STATE EQUALIZED VALUATION OF THE PROPERTY ON WHICH THE
12 TAXES WERE PAID THAT ARE THE BASIS FOR A CREDIT CLAIMED UNDER
13 THIS SECTION.

14 (6) THE STATE SHALL REIMBURSE THE STATE SCHOOL AID FUND FOR
15 ANY REVENUE FOREGONE BECAUSE OF THE OPERATION OF THIS SECTION.

16 (7) AS USED IN THIS SECTION:

17 (A) "HOMESTEAD" MEANS THAT TERM AS DEFINED IN SECTION 508 OF
18 ACT NO. 281 OF THE PUBLIC ACTS OF 1967, BEING SECTION 206.508 OF
19 THE MICHIGAN COMPILED LAWS.

20 (B) "HOUSEHOLD INCOME" MEANS ALL INCOME RECEIVED BY ALL PER-
21 SONS OF A HOUSEHOLD IN THE YEAR IN WHICH THE CREDIT UNDER THIS
22 SECTION IS CLAIMED AND MEANS THE SUM OF FEDERAL ADJUSTED GROSS
23 INCOME AS DEFINED IN THE INTERNAL REVENUE CODE PLUS ALL INCOME
24 SPECIFICALLY EXCLUDED OR EXEMPT FROM THE COMPUTATIONS OF THE FED-
25 ERAL ADJUSTED GROSS INCOME EXCEPT THAT A DEDUCTION FOR A CARRY-
26 BACK OR CARRYOVER OF A NET OPERATING LOSS SHALL NOT EXCEED
27 FEDERAL MODIFIED TAXABLE INCOME AS DEFINED IN SECTION 172(B)(2)

1 OF THE INTERNAL REVENUE CODE. ALSO, A PERSON WHO IS ENROLLED IN
2 AN ACCIDENT OR HEALTH INSURANCE PLAN MAY DEDUCT FROM INCOME THE
3 AMOUNT THAT PERSON PAID IN PREMIUMS IN THE TAX YEAR FOR THAT
4 INSURANCE PLAN FOR THE PERSON'S FAMILY. INCOME DOES NOT INCLUDE
5 ANY OF THE FOLLOWING:

6 (i) THE FIRST \$300.00 OF GIFTS IN CASH OR KIND FROM NONGOV-
7 ERNMENTAL SOURCES.

8 (ii) THE FIRST \$300.00 RECEIVED FROM AWARDS, PRIZES, LOT-
9 TERY, BINGO, OR OTHER GAMBLING WINNINGS.

10 (iii) SURPLUS FOODS.

11 (iv) RELIEF IN KIND SUPPLIED BY A GOVERNMENTAL AGENCY.

12 (v) PAYMENTS OR CREDITS UNDER THIS ACT.

13 (vi) A GOVERNMENTAL GRANT THAT HAS TO BE USED BY THE CLAIM-
14 ANT FOR REHABILITATION OF THE CLAIMANT'S HOMESTEAD.

15 (vii) STIPENDS RECEIVED BY A PERSON 60 YEARS OF AGE OR OLDER
16 WHO IS ACTING AS A FOSTER GRANDPARENT UNDER THE FOSTER GRANDPAR-
17 ENT PROGRAM AUTHORIZED PURSUANT TO SECTION 211 OF PART B OF TITLE
18 II OF THE DOMESTIC VOLUNTEER SERVICE ACT OF 1973, PUBLIC
19 LAW 93-113, 42 U.S.C. 5011, OR WHO IS ACTING AS A SENIOR COMPAN-
20 ION PURSUANT TO SECTION 213 OF PART C OF TITLE II OF THE DOMESTIC
21 VOLUNTEER SERVICE ACT OF 1973, PUBLIC LAW 93-113, 42
22 U.S.C. 5013.

23 (viii) AMOUNTS DEDUCTED FROM MONTHLY SOCIAL SECURITY OR
24 RAILROAD RETIREMENT BENEFITS FOR MEDICARE PREMIUMS.

25 (ix) CONTRIBUTIONS BY AN EMPLOYER TO LIFE, ACCIDENT, OR
26 HEALTH INSURANCE PLANS.

1 (x) ENERGY ASSISTANCE GRANTS AND ENERGY ASSISTANCE TAX
2 CREDITS.

3 (C) "PROPERTY TAXES" MEANS THAT TERM AS DEFINED IN SECTION
4 512 OF ACT NO. 281 OF THE PUBLIC ACTS OF 1967, BEING SECTION
5 206.512 OF THE MICHIGAN COMPILED LAWS.

6 (D) "SENIOR CITIZEN" MEANS A RESIDENT OF THIS STATE WHO
7 FILES A CLAIM UNDER THIS SECTION OR 1 OF 2 RESIDENTS OF THIS
8 STATE WHO JOINTLY FILE A CLAIM UNDER THIS SECTION WHO IS 65 YEARS
9 OF AGE OR OLDER AT THE CLOSE OF THE YEAR FOR WHICH THE CREDIT IS
10 CLAIMED. THIS TERM ALSO INCLUDES THE UNREMARIED SURVIVING
11 SPOUSE OF A PERSON WHO WAS 65 YEARS OF AGE OR OLDER AT THE TIME
12 OF DEATH.

13 Section 2. This act shall not take effect unless all of the
14 following bills of the 88th Legislature are enacted into law:

- 15 (a) House Bill No. 5180.
16 (b) House Bill No. 5181.
17 (c) House Bill No. 5182.
18 (d) House Bill No. 5183.