

**HOUSE SUBSTITUTE FOR
SENATE BILL NO. 783**

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**
3 **521**, may claim against the tax due under this part for the tax year
4 a credit for the property taxes on the taxpayer's homestead
5 deductible for federal income tax purposes pursuant to section 164
6 of the internal revenue code, or that would have been deductible if
7 the claimant had not elected the zero bracket amount or if the



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

18 (2) A ~~person~~ **claimant** who rents or leases a homestead may
19 claim a similar credit computed under this section and section 522
20 based upon 20% of the gross rent paid for tax years before the 2018
21 tax year or 23% of the gross rent paid for tax years after the 2017
22 tax year. A ~~person~~ **claimant** who rents or leases a homestead subject
23 to a service charge in lieu of ad valorem taxes as provided by
24 section 15a of the state housing development authority act of 1966,
25 1966 PA 346, MCL 125.1415a, may claim a similar credit computed
26 under this section and section 522 based upon 10% of the gross rent
27 paid.

28 (3) If the credit claimed under this section and section 522
29 exceeds the tax liability for the tax year or if there is no tax



1 liability for the tax year, the amount of the claim not used as an
2 offset against the tax liability shall, after examination and
3 review, be approved for payment, without interest, to the claimant.
4 In determining the amount of the payment under this subsection,
5 withholdings and other credits shall be used first to offset any
6 tax liabilities.

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

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

19 (6) A person who discriminates in the charging or collection
20 of rent on a homestead by increasing the rent charged or collected
21 because the renter or lessee claims and receives a credit or
22 payment under this chapter is guilty of a misdemeanor.
23 Discrimination against a renter who claims and receives the credit
24 under this section and section 522 by a reduction of the rent on
25 the homestead of a person who does not claim and receive the credit
26 is a misdemeanor. If discriminatory rents are charged or collected,
27 each charge or collection of the higher or lower payment is a
28 separate offense. Each acceptance of a payment of rent is a
29 separate offense.



1 (7) A ~~person~~-**claimant** who received aid to families with
2 dependent children, state family assistance, or state disability
3 assistance pursuant to the social welfare act, 1939 PA 280, MCL
4 400.1 to 400.119b, in the tax year for which the ~~person~~-**claimant** is
5 filing a return shall have a credit that is authorized and computed
6 under this section and section 522 reduced by an amount equal to
7 the product of the claimant's credit multiplied by the quotient of
8 the sum of the claimant's aid to families with dependent children,
9 state family assistance, and state disability assistance for the
10 tax year divided by the claimant's total household resources. The
11 reduction of credit shall not exceed the sum of the aid to families
12 with dependent children, state family assistance, and state
13 disability assistance for the tax year. For the purposes of this
14 subsection, aid to families with dependent children does not
15 include child support payments that offset or reduce payments made
16 to the claimant.

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



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

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

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

23 (11) The department may promulgate rules to implement
24 subsections (9) to (15) and may prescribe a table to allow a
25 claimant to determine the credit provided under this section and
26 section 522 in the instruction booklet that accompanies the
27 respective income tax or property tax credit forms used by
28 claimants.

29 (12) A senior citizen may claim the credit under subsections



1 (9) to (15) on the same form as the property tax credit permitted
 2 by subsection (2). The department shall adjust the forms
 3 accordingly.

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

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

15 (15) For tax years before the 2018 tax year, the total credit
 16 allowed by this section and section 522 shall not exceed \$1,200.00
 17 per year. Except as otherwise provided under this subsection, for
 18 the 2018 tax year and each tax year after 2018, the total credit
 19 allowed by this section and section 522 shall not exceed \$1,500.00
 20 per year. Beginning with the 2021 tax year and each tax year after
 21 2021, the maximum amount of the credit allowed under this section
 22 and section 522 for the immediately preceding tax year shall be
 23 adjusted by the percentage increase in the United States ~~consumer~~
 24 ~~price index~~ **Consumer Price Index** for the immediately preceding
 25 calendar year. The department shall round the amount to the nearest
 26 \$100.00 increment.

27 (16) As used in this section, "United States ~~consumer price~~
 28 ~~index~~" **Consumer Price Index**" means the United States ~~consumer price~~
 29 ~~index~~ **Consumer Price Index** for all urban consumers as defined and



1 reported by the United States Department of Labor, Bureau of Labor
2 Statistics.

3 Sec. 521. (1) Subject to the limitations under this section,
4 for tax years beginning on and after January 1, 2023, a claimant
5 who is a disabled veteran, a widow or widower of a disabled
6 veteran, or a widow or widower of a veteran killed in action is
7 entitled to a credit against the tax levied and imposed under this
8 part for the tax year in an amount equal to 100% of the property
9 taxes levied on the taxpayer's homestead deductible for federal
10 income tax purposes pursuant to section 164 of the internal revenue
11 code, or that would have been deductible if the claimant had not
12 elected zero bracket amount or if the claimant had been subject to
13 the federal income tax, for that same tax year. For purposes of
14 calculating the amount of the credit under this section, all of the
15 following apply:

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

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

21 (c) Subject to the adjustment under this subdivision, the
22 maximum amount of credit allowed under this section for a disabled
23 veteran who meets the criteria under section 7b(7)(a)(ii) of the
24 general property tax act, 1893 PA 206, MCL 211.7b, is \$2,500.00.
25 Beginning with the 2024 tax year and each tax year after 2024, the
26 maximum amount of the credit allowed under this subdivision for the
27 immediately preceding tax year shall be adjusted by the percentage
28 increase in the United States Consumer Price Index for the
29 immediately preceding calendar year. The department shall round the



1 amount to the nearest \$100.00 increment.

2 (2) In order to claim the credit under this section, the
3 claimant must file an affidavit with the local tax collecting unit
4 pursuant to section 7b of the general property tax act, 1893 PA
5 206, MCL 211.7b, that authorizes the local tax collecting unit to
6 claim the credit under this section on behalf of the claimant and
7 authorizes the department to remit direct payment to that local tax
8 collecting unit for that credit claimed on the claimant's behalf. A
9 local tax collecting unit seeking to file a credit on behalf of a
10 claimant under this section shall submit a copy of the affidavit
11 filed pursuant to section 7b of the general property tax act, 1893
12 PA 206, MCL 211.7b, with the department and shall also provide the
13 information necessary to determine the amount of the property taxes
14 levied and deferred on the claimant's homestead for the tax year
15 for which the credit is being claimed under this section before
16 February 1 of each year. The affidavit and information required to
17 be submitted to the department by the local tax collecting unit
18 under this subsection may be submitted electronically.

19 (3) The amount of the credit claimed under this section by a
20 local tax collecting unit on behalf of the claimant, after
21 examination and review, shall not be used to offset tax liability
22 of the claimant under this part but shall be approved for payment
23 and the department shall remit the amount of the credit payment
24 directly to the local tax collecting unit in the form of a fully
25 negotiable check. Payment due to a local tax collecting unit shall
26 be made within 14 days of receiving the affidavit, the disabled
27 veteran property tax credit form filed on behalf of the claimant
28 pursuant to this section, and the necessary information from the
29 local tax collecting unit. If, after examination and review, the



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

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

16 (a) The claimant is not a disabled veteran, a widow or widower
17 of a disabled veteran, or a widow or widower of a veteran killed in
18 action.

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

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

28 (6) As used in this section:

29 (a) "Disabled veteran", "veteran", "widow or widower of a



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

4 (b) "United States Consumer Price Index" means the United
5 States Consumer Price Index for all urban consumers as defined and
6 reported by the United States Department of Labor, Bureau of Labor
7 Statistics.

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

10 (a) A claimant who is not a senior citizen is entitled to a
11 credit against the state income tax liability under this part equal
12 to 60% of the amount by which the property taxes on the homestead,
13 or the credit for rental of the homestead for the tax year, exceeds
14 3.5% of the claimant's total household resources for tax years
15 before the 2018 tax year or 3.2% of the claimant's total household
16 resources for the 2018 tax year and each tax year after 2018.

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

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

22 (c).

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



1 (iii) For a claimant with total household resources of more than
2 \$22,000.00 and less than or equal to \$23,000.00, an amount equal to
3 92% of the difference between the property taxes on the homestead
4 or the credit for rental of the homestead for the tax year and 3.5%
5 of total household resources for tax years before the 2018 tax year
6 or 3.2% of total household resources for the 2018 tax year and each
7 tax year after 2018.

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

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

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

29 (vii) For a claimant with total household resources of more



1 than \$26,000.00 and less than or equal to \$27,000.00, an amount
2 equal to 76% of the difference between the property taxes on the
3 homestead or the credit for rental of the homestead for the tax
4 year and 3.5% of total household resources for tax years before the
5 2018 tax year or 3.2% of total household resources for the 2018 tax
6 year and each tax year after 2018.

7 (viii) For a claimant with total household resources of more
8 than \$27,000.00 and less than or equal to \$28,000.00, an amount
9 equal to 72% of the difference between the property taxes on the
10 homestead or the credit for rental of the homestead for the tax
11 year and 3.5% of total household resources for tax years before the
12 2018 tax year or 3.2% of total household resources for the 2018 tax
13 year and each tax year after 2018.

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

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

28 (xi) For a claimant with total household resources of more than
29 \$30,000.00, an amount equal to 60% of the difference between the



1 property taxes on the homestead or the credit for rental of the
2 homestead for the tax year and 3.5% of total household resources
3 for tax years before the 2018 tax year or 3.2% of total household
4 resources for the 2018 tax year and each tax year after 2018.

5 (c) A claimant who is a senior citizen with total household
6 resources of \$21,000.00 or less or a paraplegic, hemiplegic, or
7 quadriplegic and for tax years that begin after December 31, 1999,
8 a claimant who is totally and permanently disabled, deaf, or, for
9 tax years that begin after December 31, 2012, blind is entitled to
10 a credit against the state income tax liability for the amount by
11 which the property taxes on the homestead, the credit for rental of
12 the homestead, or a service charge in lieu of ad valorem taxes as
13 provided by section 15a of the state housing development authority
14 act of 1966, 1966 PA 346, MCL 125.1415a, for the tax year exceeds
15 the percentage of the claimant's total household resources for that
16 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%

29 (d) A claimant who is an eligible serviceperson, eligible



1 veteran, or eligible widow or widower is entitled to a credit
 2 against the state income tax liability for a percentage of the
 3 property taxes on the homestead for the tax year not in excess of
 4 100% determined as follows:

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

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

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

17 (i) If the taxable value of the homestead is \$3,500.00 or less,
 18 100% of the property taxes.

19 (ii) If the taxable value of the homestead is more than
 20 \$3,500.00, the percentage that \$3,500.00 bears to the taxable value
 21 of the homestead.

22 (2) A person who is qualified to make a claim under more than
 23 1 classification shall elect the classification under which the
 24 claim is made.

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

28 (4) As used in this section, "totally and permanently
 29 disabled" means disability as defined in section 216 of title II of



1 the social security act, 42 USC 416.

2 (5) A senior citizen who has total household resources for the
3 tax year of \$6,000.00 or less and who for 1973 received a senior
4 citizen homestead exemption under former section 7c of the general
5 property tax act, 1893 PA 206, may compute the credit against the
6 state income tax liability for a percentage of the property taxes
7 on the homestead for the tax year determined as follows:

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

10 (b) If the taxable value of the homestead is more than
11 \$2,500.00, the percentage that \$2,500.00 bears to the taxable value
12 of the homestead.

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

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

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

19 (9) The total credit allowable under this part and part 361 of
20 the natural resources and environmental protection act, 1994 PA
21 451, MCL 324.36101 to ~~324.36117~~, **324.36116**, shall not exceed the
22 total property tax due and payable by the claimant in that year.
23 The amount by which the credit exceeds the property tax due and
24 payable shall be deducted from the credit claimed under part 361 of
25 the natural resources and environmental protection act, 1994 PA
26 451, MCL 324.36101 to ~~324.36117~~.**324.36116**.

27 Sec. 524. (1) If the amount of the property taxes used as a
28 basis for the credit computation differs from the property tax
29 liability incurred and paid by the taxpayer **or deferred by the**



1 **local tax collecting unit** for the tax year, the credit for the
2 ensuing year shall be adjusted by the amount of the difference.

3 (2) If homestead property subject to ad valorem taxes is sold
4 or transferred during the tax year, the respective amounts of
5 credit shall be based on the ratio of days that the property was
6 the claimant's homestead to the total number of days in the tax
7 year.

8 Enacting section 1. This amendatory act does not take effect
9 unless Senate Bill No. 1084 of the 101st Legislature is enacted
10 into law.

