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**SFA****BILL ANALYSIS**

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Senate Bill 454 (as introduced 3-23-99)  
Sponsor: Senator Thaddeus G. McCotter  
Committee: Finance

Date Completed: 5-3-99

### **CONTENT**

The bill would amend the Income Tax Act to provide that, for 1999 and thereafter, transfers to a Roth individual retirement account (IRA) from a regular IRA would not be included as household income, for purposes of calculating the homestead property tax credit and the home heating credit.

Under the Act, to calculate the homestead property tax credit, an individual must determine household income, that is, in general, the total taxable and nontaxable income of all the persons in a household. The bill specifies that household income would not include an amount withdrawn by a member of the household in a tax year from the member's IRA account (established under the Federal Internal Revenue Code), and subsequently contributed to a Roth IRA in the same year.

MCL 206.508

Legislative Analyst: G. Towne

### **FISCAL IMPACT**

This bill would increase property tax credits, and therefore reduce income tax revenue, by an estimated \$2.0 million in FY 1999-2000. This loss in revenue would affect the General Purpose portion of the General Fund.

Fiscal Analyst: J. Wortley

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.