

HOUSE BILL No. 5741

February 22, 2006, Introduced by Reps. Kolb, Tobocman, Condino, Zelenko, Accavitti, Lipsey and Plakas and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.532) by adding section 272.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 272. (1) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31,
2 2005, A TAXPAYER WHO OWNS RESIDENTIAL RENTAL PROPERTY AND CONDUCTS
3 AN ELIGIBLE PROJECT FOR WHICH THE TAXPAYER HAS A PREAPPROVAL LETTER
4 FROM THE DEPARTMENT ON THAT RESIDENTIAL RENTAL PROPERTY MAY CLAIM A
5 CREDIT AGAINST THE TAX IMPOSED BY THIS ACT EQUAL TO 35% OF THE COST
6 OF MATERIALS AND LABOR FOR THAT ELIGIBLE PROJECT AS PROVIDED IN
7 THIS SECTION.

8 (2) A TAXPAYER SHALL APPLY TO THE DEPARTMENT FOR APPROVAL OF
9 AN ELIGIBLE PROJECT UNDER THIS SECTION. IF THE DEPARTMENT APPROVES
10 AN ELIGIBLE PROJECT UNDER THIS SECTION, THE DEPARTMENT SHALL ISSUE

1 A PREAPPROVAL LETTER THAT STATES ALL OF THE FOLLOWING:

2 (A) THE ELIGIBLE PROJECT QUALIFIES FOR THE CREDIT UNDER THIS
3 SECTION.

4 (B) THE MAXIMUM TOTAL CREDIT THAT MAY BE CLAIMED FOR THE
5 ELIGIBLE PROJECT WHEN THE ELIGIBLE PROJECT IS COMPLETED.

6 (3) AN ELIGIBLE PROJECT SHALL BE APPROVED OR DENIED NOT MORE
7 THAN 45 DAYS AFTER RECEIPT OF THE APPLICATION. IF THE DEPARTMENT
8 DOES NOT APPROVE OR DENY AN APPLICATION WITHIN 45 DAYS AFTER THE
9 APPLICATION IS RECEIVED BY THE DEPARTMENT, THE APPLICATION IS
10 CONSIDERED APPROVED AS WRITTEN.

11 (4) IF AN ELIGIBLE PROJECT IS DENIED UNDER THIS SECTION, A
12 TAXPAYER IS NOT PROHIBITED FROM SUBSEQUENTLY APPLYING UNDER THIS
13 SECTION FOR THE SAME PROJECT OR FOR ANOTHER PROJECT.

14 (5) THE CREDIT UNDER THIS SECTION SHALL BE NOT CLAIMED UNTIL
15 THE TAX YEAR IN WHICH THE ELIGIBLE PROJECT IS COMPLETED. THE CREDIT
16 AMOUNT SHALL BE DIVIDED INTO 5 EQUAL AMOUNTS, AND 1/5 OF THE TOTAL
17 CREDIT AMOUNT SHALL BE CLAIMED IN EACH OF THE 5 CONSECUTIVE YEARS
18 BEGINNING WITH THE YEAR IN WHICH THE ELIGIBLE PROJECT IS COMPLETED.

19 (6) IN THE FIRST YEAR THAT A CREDIT UNDER THIS SECTION IS
20 CLAIMED, THE TAXPAYER SHALL ATTACH TO THE TAXPAYER'S ANNUAL RETURN
21 REQUIRED UNDER THIS ACT AN AFFIDAVIT ASSERTING THAT THE ELIGIBLE
22 PROJECT IS COMPLETE.

23 (7) AS USED IN THIS SECTION:

24 (A) "ELIGIBLE PROJECT" MEANS ANY OF THE FOLLOWING RELATED TO
25 RESIDENTIAL RENTAL PROPERTY OWNED BY THE TAXPAYER:

26 (i) INSULATION OF CEILINGS, WALLS, FLOORS, OR DUCTS.

27 (ii) AIR SEALING.

1 (iii) REPLACEMENT OR IMPROVEMENT OF HEATING EQUIPMENT OR OF THE
2 EFFICIENCY OF HEATING EQUIPMENT.

3 (iv) REPLACEMENT OR ADDITION OF STORM WINDOWS OR STORM DOORS.

4 (B) "RESIDENTIAL RENTAL PROPERTY" MEANS THAT PORTION OF REAL
5 PROPERTY NOT OCCUPIED BY AN OWNER OF THAT REAL PROPERTY THAT IS
6 CLASSIFIED AS RESIDENTIAL REAL PROPERTY UNDER SECTION 34C OF THE
7 GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL 211.34C, IS A MULTIPLE-
8 UNIT DWELLING, OR IS A DWELLING UNIT IN A MULTIPLE PURPOSE
9 STRUCTURE, USED FOR RESIDENTIAL PURPOSES.