

SUBSTITUTE FOR

SENATE BILL NO. 1402

(As amended, November 13, 2008)

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.532) by adding section 277.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 277. (1) FOR THE 2008 TAX YEAR AND EACH TAX YEAR AFTER
2 2008, A TAXPAYER MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY THIS
3 ACT EQUAL TO <<4.35 PER CENTUM OF>> THE AMOUNT OF INCOME DERIVED FROM THE
4 CANCELLATION OF
5 DEBT RELATED TO THE SALE OR FORECLOSURE OF THE TAXPAYER'S PRINCIPAL
6 RESIDENCE THAT WAS REPORTED TO THE TAXPAYER IN A FEDERAL INCOME TAX
7 FORM 1099-C AND INCLUDED IN THE TAXPAYER'S ADJUSTED GROSS INCOME
8 FOR THE TAX YEAR OR \$10,000.00, WHICHEVER IS LESS.
9 (2) IF THE CREDIT ALLOWED BY THIS SECTION EXCEEDS THE TAX
10 LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT PORTION OF THE
11 CREDIT THAT EXCEEDS THE TAX LIABILITY SHALL NOT BE REFUNDED.

1 (3) AS USED IN THIS SECTION, "PRINCIPAL RESIDENCE" MEANS THAT
2 TERM AS DEFINED UNDER SECTION 7DD OF THE GENERAL PROPERTY TAX ACT,
3 1893 PA 206, MCL 211.7DD, AND FOR WHICH AN EXEMPTION IS GRANTED
4 UNDER SECTION 7CC OF THE GENERAL PROPERTY TAX ACT, 1893 PA 206, MCL
5 211.7CC.