



Senate Fiscal Agency  
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## BILL ANALYSIS



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House Bill 5086 (as reported without amendment)  
Sponsor: Representative Cindy Denby  
House Committee: Tax Policy  
Senate Committee: Finance

**CONTENT**

The bill would amend the Income Tax Act to extend to a blind taxpayer the calculation of the homestead property tax credit that applies to a taxpayer who is a senior citizen with total household resources of \$21,000 or less or who is disabled.

The Act allows eligible taxpayers to claim a credit against the income tax for a portion of the property taxes paid on the homestead they own or rent. The amount of the credit depends on various factors, including the taxpayer's household resources, whether the taxpayer is a senior citizen or meets other criteria, and the value of the homestead. Different calculations apply to different categories of taxpayers.

For a taxpayer who is blind, if the taxable value of the homestead is \$3,500 or less, the credit equals 100% of the property taxes. If the taxable value of the homestead is more than \$3,500, the credit is based on the percentage that \$3,500 bears to the taxable value.

A taxpayer who is a senior citizen with total household resources of \$21,000 or less, who is a paraplegic, hemiplegic, or quadriplegic, or who is or totally and permanently disabled or deaf, is entitled to a credit for the amount by which the property taxes on the homestead (or the credit for rental of the homestead, or a service charge in lieu of ad valorem taxes under the State Housing Development Authority Act) for the tax year exceeds a certain percentage of the claimant's total household resources for that year. The percentage ranges from .0% for total household resources up to \$3,000, to 3.5% for total household resources over \$6,000. Under the bill, this calculation also would apply to a claimant who was blind, for tax years beginning after December 31, 2012.

MCL 206.552

Legislative Analyst: Suzanne Lowe

**FISCAL IMPACT**

Based on information from the Department of Treasury, the bill would reduce State General Fund revenue by approximately \$0.5 million per year. Changes made to the homestead property tax credit in 2011 reduced the credit available to taxpayers who were blind and over the age of 65, beginning January 1, 2012. The bill would restore the credit for these taxpayers to the level available prior to the tax changes.

Date Completed: 12-11-13

Fiscal Analyst: David Zin