

SUBSTITUTE FOR
SENATE BILL NO. 184

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.713) by adding section 277.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 277. (1) SUBJECT TO THE LIMITATIONS UNDER THIS SECTION,
2 FOR TAX YEARS THAT BEGIN ON AND AFTER JANUARY 1, 2018 AND BEFORE
3 JANUARY 1, 2023, A TAXPAYER THAT PURCHASES A QUALIFIED PRINCIPAL
4 RESIDENCE OR RETROFITS OR HIRES SOMEONE TO RETROFIT THE TAXPAYER'S
5 PRINCIPAL RESIDENCE OR THE PRINCIPAL RESIDENCE OF A QUALIFYING
6 RELATIVE, PROVIDED THAT THE RETROFITTING OF THAT PRINCIPAL
7 RESIDENCE IS DESIGNED TO IMPROVE ACCESSIBILITY OR PROVIDE
8 VISITABILITY, MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY THIS
9 PART IN AN AMOUNT EQUAL TO 4.0% OF THE TOTAL PURCHASE PRICE PAID
10 FOR THE QUALIFIED PRINCIPAL RESIDENCE OR 50% OF THE TOTAL AMOUNT

1 SPENT FOR THE RETROFITTING OF THE PRINCIPAL RESIDENCE. THE AMOUNT
2 OF THE CREDIT ALLOWED UNDER THIS SECTION SHALL NOT EXCEED \$5,000.00
3 FOR THE PURCHASE OF A PRINCIPAL RESIDENCE OR FOR THE RETROFITTING
4 OF A PRINCIPAL RESIDENCE. A TAXPAYER SHALL NOT CLAIM MORE THAN 1
5 CREDIT FOR THE SAME PRINCIPAL RESIDENCE.

6 (2) TO QUALIFY FOR THE CREDIT UNDER THIS SECTION, A TAXPAYER
7 SHALL REQUEST CERTIFICATION FROM THE MICHIGAN STATE HOUSING
8 DEVELOPMENT AUTHORITY IN A FORM AND MANNER AS PRESCRIBED BY THE
9 MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY NO LATER THAN JANUARY
10 10 OF THE TAX YEAR IMMEDIATELY SUCCEEDING THE TAX YEAR FOR WHICH
11 THE CREDIT IS TO BE CLAIMED. THE MICHIGAN STATE HOUSING DEVELOPMENT
12 AUTHORITY SHALL APPROVE OR DENY ALL REQUESTS FOR CERTIFICATION AND
13 ISSUE THE CERTIFICATES NO LATER THAN FEBRUARY 10 OF THE SAME TAX
14 YEAR. A TAXPAYER SHALL NOT CLAIM A CREDIT UNDER THIS SECTION UNLESS
15 THE MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY HAS ISSUED A
16 CERTIFICATE TO THE TAXPAYER. THE TAXPAYER SHALL ATTACH THE
17 CERTIFICATE TO THE ANNUAL RETURN FILED UNDER THIS PART ON WHICH A
18 CREDIT UNDER THIS SECTION IS CLAIMED. THE CERTIFICATE REQUIRED
19 UNDER THIS SUBSECTION SHALL SPECIFY ALL OF THE FOLLOWING:

20 (A) THE PURCHASE PRICE OF THE QUALIFIED PRINCIPAL RESIDENCE OR
21 THE TOTAL AMOUNT EXPENDED TO RETROFIT THE PRINCIPAL RESIDENCE INTO
22 A QUALIFIED PRINCIPAL RESIDENCE DURING THE TAX YEAR BY THE
23 TAXPAYER.

24 (B) THE TOTAL AMOUNT OF THE CREDIT UNDER THIS SECTION THAT THE
25 TAXPAYER IS ALLOWED TO CLAIM FOR THE TAX YEAR.

26 (3) THE TOTAL AMOUNT OF CREDITS THAT THE MICHIGAN STATE
27 HOUSING DEVELOPMENT AUTHORITY MAY CERTIFY UNDER THIS SECTION SHALL

1 NOT EXCEED \$1,000,000.00 IN ANY 1 TAX YEAR. EACH YEAR THE MICHIGAN
2 STATE HOUSING DEVELOPMENT AUTHORITY SHALL ALLOCATE \$500,000.00 IN
3 CREDITS FOR THE PURCHASE OF QUALIFIED PRINCIPAL RESIDENCES AND
4 \$500,000.00 IN CREDITS FOR THE RETROFITTING OF PRINCIPAL
5 RESIDENCES. IF THE AMOUNT OF TAX CREDITS APPROVED IN A SINGLE TAX
6 YEAR FOR THE PURCHASE OF QUALIFIED PRINCIPAL RESIDENCES IS LESS
7 THAN \$500,000.00, THE DIRECTOR OF THE MICHIGAN STATE HOUSING
8 DEVELOPMENT AUTHORITY SHALL ALLOCATE THE REMAINING BALANCE OF THOSE
9 TAX CREDITS FOR THE RETROFITTING OF PRINCIPAL RESIDENCES. IF THE
10 AMOUNT OF TAX CREDITS APPROVED IN A SINGLE TAX YEAR FOR THE
11 RETROFITTING OF PRINCIPAL RESIDENCES IS LESS THAN \$500,000.00, THE
12 DIRECTOR OF THE MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY SHALL
13 ALLOCATE THE REMAINING BALANCE OF THOSE TAX CREDITS FOR THE
14 PURCHASE OF QUALIFIED PRINCIPAL RESIDENCES. IN THE EVENT THAT THE
15 REQUESTS FOR CERTIFICATION FOR THE TAX CREDIT EXCEED THE AMOUNT
16 ALLOCATED BY THE DIRECTOR FOR THAT TAX YEAR, THE MICHIGAN STATE
17 HOUSING DEVELOPMENT AUTHORITY SHALL ISSUE THE TAX CREDITS PRO RATA
18 BASED UPON THE AMOUNT OF TAX CREDITS APPROVED FOR EACH TAXPAYER AND
19 THE AMOUNT OF TAX CREDITS ALLOCATED BY THE DIRECTOR.

20 (4) THE TAXPAYER SHALL CLAIM THE CREDIT UNDER THIS SECTION FOR
21 THE SAME TAX YEAR IN WHICH THE QUALIFIED PRINCIPAL RESIDENCE WAS
22 PURCHASED OR THAT THE RETROFITTING OF THE PRINCIPAL RESIDENCE WAS
23 COMPLETED. IF THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION
24 EXCEEDS THE TAX LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT
25 PORTION OF THE CREDIT THAT EXCEEDS THE TAX LIABILITY OF THE
26 TAXPAYER FOR THE TAX YEAR SHALL NOT BE REFUNDED BUT MAY BE CARRIED
27 FORWARD TO OFFSET TAX LIABILITY UNDER THIS PART IN SUBSEQUENT TAX

1 YEARS FOR A PERIOD NOT TO EXCEED 7 TAX YEARS OR UNTIL USED UP,
2 WHICHEVER OCCURS FIRST.

3 (5) AS USED IN THIS SECTION:

4 (A) "ACCESSIBILITY" MEANS THAT THE PRINCIPAL RESIDENCE IS
5 DESIGNED TO PROVIDE THE TAXPAYER, AN INDIVIDUAL WHO IS RELATED TO
6 THE TAXPAYER OR WHO RESIDES WITH THE TAXPAYER, OR A QUALIFYING
7 RELATIVE, WHO HAS 1 OR MORE PHYSICAL LIMITATIONS IN DAILY LIFE
8 ACTIVITIES AS VERIFIED BY THAT INDIVIDUAL'S PHYSICIAN, WITH THE
9 ABILITY TO ENTER, EXIT, AND USE THE PROPERTY WITH AND WITHOUT
10 ASSISTANCE. FOR PURPOSES OF THIS SUBDIVISION, AN INDIVIDUAL IS
11 RELATED TO THE TAXPAYER IF THAT INDIVIDUAL IS A SPOUSE, BROTHER OR
12 SISTER, WHETHER OF THE WHOLE OR HALF BLOOD OR BY ADOPTION,
13 ANCESTOR, OR LINEAL DESCENDANT OF THAT INDIVIDUAL OR RELATED
14 PERSON.

15 (B) "MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY" MEANS THE
16 AUTHORITY CREATED UNDER THE STATE HOUSING DEVELOPMENT AUTHORITY ACT
17 OF 1966, 1966 PA 346, MCL 125.1401 TO 125.1499C.

18 (C) "PHYSICIAN" MEANS THAT TERM DEFINED UNDER SECTION 17001 OR
19 17501 OF THE PUBLIC HEALTH CODE, 1978 PA 368, MCL 333.17001 AND
20 333.17501.

21 (D) "PRINCIPAL RESIDENCE" MEANS PROPERTY EXEMPT AS A PRINCIPAL
22 RESIDENCE UNDER SECTION 7CC OF THE GENERAL PROPERTY TAX ACT, 1893
23 PA 206, MCL 211.7CC.

24 (E) "QUALIFIED PRINCIPAL RESIDENCE" MEANS A PRINCIPAL
25 RESIDENCE THAT IS DESIGNED TO IMPROVE ACCESSIBILITY OR PROVIDE
26 VISITABILITY.

27 (F) "QUALIFYING RELATIVE" MEANS A SON OR DAUGHTER OF THE

1 TAXPAYER, EITHER AS A NATURAL CHILD, STEPCHILD, FOSTER CHILD, OR
2 ADOPTED CHILD.

3 (G) "VISITABILITY" MEANS A PRINCIPAL RESIDENCE DESIGNED TO
4 INCLUDE ALL OF THE FOLLOWING:

5 (i) AT LEAST 1 ZERO-STEP ENTRANCE.

6 (ii) AT LEAST 1 FULL OR HALF BATHROOM ON THE MAIN FLOOR.

7 (iii) ALL DOORWAYS ON THE MAIN FLOOR HAVE A MINIMUM OF 32
8 INCHES OF CLEAR PASSAGE SPACE.