

**SUBSTITUTE FOR
HOUSE BILL NO. 4171**

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 30 (MCL 206.30), as amended by 2018 PA 589.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 30. (1) "Taxable income" means, for a person other than a
2 corporation, estate, or trust, adjusted gross income as defined in
3 the internal revenue code subject to the following adjustments
4 under this section:

5 (a) Add gross interest income and dividends derived from
6 obligations or securities of states other than Michigan, in the
7 same amount that has been excluded from adjusted gross income less
8 related expenses not deducted in computing adjusted gross income
9 because of section 265(a) (1) of the internal revenue code.



1 (b) Add taxes on or measured by income to the extent the taxes
2 have been deducted in arriving at adjusted gross income.

3 (c) Add losses on the sale or exchange of obligations of the
4 United States government, the income of which this state is
5 prohibited from subjecting to a net income tax, to the extent that
6 the loss has been deducted in arriving at adjusted gross income.

7 (d) Deduct, to the extent included in adjusted gross income,
8 income derived from obligations, or the sale or exchange of
9 obligations, of the United States government that this state is
10 prohibited by law from subjecting to a net income tax, reduced by
11 any interest on indebtedness incurred in carrying the obligations
12 and by any expenses incurred in the production of that income to
13 the extent that the expenses, including amortizable bond premiums,
14 were deducted in arriving at adjusted gross income.

15 (e) Deduct, to the extent included in adjusted gross income,
16 the following:

17 (i) Compensation, including retirement or pension benefits,
18 received for services in the Armed Forces of the United States.

19 (ii) Retirement or pension benefits under the railroad
20 retirement act of 1974, 45 USC 231 to 231v.

21 (iii) Beginning January 1, 2012, retirement or pension benefits
22 received for services in the Michigan National Guard.

23 (f) Deduct the following to the extent included in adjusted
24 gross income subject to the limitations and restrictions set forth
25 in subsection (9):

26 (i) Retirement or pension benefits received from a federal
27 public retirement system or from a public retirement system of or
28 created by this state or a political subdivision of this state.

29 (ii) Retirement or pension benefits received from a public



1 retirement system of or created by another state or any of its
2 political subdivisions if the income tax laws of the other state
3 permit a similar deduction or exemption or a reciprocal deduction
4 or exemption of a retirement or pension benefit received from a
5 public retirement system of or created by this state or any of the
6 political subdivisions of this state.

7 (iii) Social Security benefits as defined in section 86 of the
8 internal revenue code.

9 (iv) Beginning on and after January 1, 2007, retirement or
10 pension benefits not deductible under subparagraph (i) or
11 subdivision (e) from any other retirement or pension system or
12 benefits from a retirement annuity policy in which payments are
13 made for life to a senior citizen, to a maximum of \$42,240.00 for a
14 single return and \$84,480.00 for a joint return. The maximum
15 amounts allowed under this subparagraph shall be reduced by the
16 amount of the deduction for retirement or pension benefits claimed
17 under subparagraph (i) or subdivision (e) and by the amount of a
18 deduction claimed under subdivision (p). For the 2008 tax year and
19 each tax year after 2008, the maximum amounts allowed under this
20 subparagraph shall be adjusted by the percentage increase in the
21 United States Consumer Price Index for the immediately preceding
22 calendar year. The department shall annualize the amounts provided
23 in this subparagraph as necessary. As used in this subparagraph,
24 "senior citizen" means that term as defined in section 514.

25 (v) The amount determined to be the section 22 amount eligible
26 for the elderly and the permanently and totally disabled credit
27 provided in section 22 of the internal revenue code.

28 (g) Adjustments resulting from the application of section 271.

29 (h) Adjustments with respect to estate and trust income as



1 provided in section 36.

2 (i) Adjustments resulting from the allocation and
3 apportionment provisions of chapter 3.

4 (j) Deduct the following payments made by the taxpayer in the
5 tax year:

6 (i) For the 2010 tax year and each tax year after 2010, the
7 amount of a charitable contribution made to the advance tuition
8 payment fund created under section 9 of the Michigan education
9 trust act, 1986 PA 316, MCL 390.1429.

10 (ii) The amount of payment made under an advance tuition
11 payment contract as provided in the Michigan education trust act,
12 1986 PA 316, MCL 390.1421 to 390.1442.

13 (iii) The amount of payment made under a contract with a private
14 sector investment manager that meets all of the following criteria:

15 (A) The contract is certified and approved by the board of
16 directors of the Michigan education trust to provide equivalent
17 benefits and rights to purchasers and beneficiaries as an advance
18 tuition payment contract as described in subparagraph (ii).

19 (B) The contract applies only for a state institution of
20 higher education as defined in the Michigan education trust act,
21 1986 PA 316, MCL 390.1421 to 390.1442, or a community or junior
22 college in Michigan.

23 (C) The contract provides for enrollment by the contract's
24 qualified beneficiary in not less than 4 years after the date on
25 which the contract is entered into.

26 (D) The contract is entered into after either of the
27 following:

28 (I) The purchaser has had his or her offer to enter into an
29 advance tuition payment contract rejected by the board of directors



1 of the Michigan education trust, if the board determines that the
2 trust cannot accept an unlimited number of enrollees upon an
3 actuarially sound basis.

4 (II) The board of directors of the Michigan education trust
5 determines that the trust can accept an unlimited number of
6 enrollees upon an actuarially sound basis.

7 (k) If an advance tuition payment contract under the Michigan
8 education trust act, 1986 PA 316, MCL 390.1421 to 390.1442, or
9 another contract for which the payment was deductible under
10 subdivision (j) is terminated and the qualified beneficiary under
11 that contract does not attend a university, college, junior or
12 community college, or other institution of higher education, add
13 the amount of a refund received by the taxpayer as a result of that
14 termination or the amount of the deduction taken under subdivision
15 (j) for payment made under that contract, whichever is less.

16 (l) Deduct from the taxable income of a purchaser the amount
17 included as income to the purchaser under the internal revenue code
18 after the advance tuition payment contract entered into under the
19 Michigan education trust act, 1986 PA 316, MCL 390.1421 to
20 390.1442, is terminated because the qualified beneficiary attends
21 an institution of postsecondary education other than either a state
22 institution of higher education or an institution of postsecondary
23 education located outside this state with which a state institution
24 of higher education has reciprocity.

25 (m) Add, to the extent deducted in determining adjusted gross
26 income, the net operating loss deduction under section 172 of the
27 internal revenue code.

28 (n) Deduct a net operating loss deduction for the taxable year
29 as determined under section 172 of the internal revenue code



1 subject to the modifications under section 172(b)(2) of the
2 internal revenue code and subject to the allocation and
3 apportionment provisions of chapter 3 ~~of this part~~ for the taxable
4 year in which the loss was incurred.

5 (o) Deduct, to the extent included in adjusted gross income,
6 benefits from a discriminatory self-insurance medical expense
7 reimbursement plan.

8 (p) Beginning on and after January 1, 2007, subject to any
9 limitation provided in this subdivision, a taxpayer who is a senior
10 citizen may deduct to the extent included in adjusted gross income,
11 interest, dividends, and capital gains received in the tax year not
12 to exceed \$9,420.00 for a single return and \$18,840.00 for a joint
13 return. The maximum amounts allowed under this subdivision shall be
14 reduced by the amount of a deduction claimed for retirement or
15 pension benefits under subdivision (e) or a deduction claimed under
16 subdivision (f) (i), (ii), (iv), or (v). For the 2008 tax year and each
17 tax year after 2008, the maximum amounts allowed under this
18 subdivision shall be adjusted by the percentage increase in the
19 United States Consumer Price Index for the immediately preceding
20 calendar year. The department shall annualize the amounts provided
21 in this subdivision as necessary. Beginning January 1, 2012, the
22 deduction under this subdivision is not available to a senior
23 citizen born after 1945. As used in this subdivision, "senior
24 citizen" means that term as defined in section 514.

25 (q) Deduct, to the extent included in adjusted gross income,
26 all of the following:

27 (i) The amount of a refund received in the tax year based on
28 taxes paid under this part.

29 (ii) The amount of a refund received in the tax year based on



1 taxes paid under the city income tax act, 1964 PA 284, MCL 141.501
2 to 141.787.

3 (iii) The amount of a credit received in the tax year based on a
4 claim filed under sections 520 and 522 to the extent that the taxes
5 used to calculate the credit were not used to reduce adjusted gross
6 income for a prior year.

7 (r) Add the amount paid by the state on behalf of the taxpayer
8 in the tax year to repay the outstanding principal on a loan taken
9 on which the taxpayer defaulted that was to fund an advance tuition
10 payment contract entered into under the Michigan education trust
11 act, 1986 PA 316, MCL 390.1421 to 390.1442, if the cost of the
12 advance tuition payment contract was deducted under subdivision (j)
13 and was financed with a Michigan education trust secured loan.

14 (s) Deduct, to the extent included in adjusted gross income,
15 any amount, and any interest earned on that amount, received in the
16 tax year by a taxpayer who is a Holocaust victim as a result of a
17 settlement of claims against any entity or individual for any
18 recovered asset pursuant to the German act regulating unresolved
19 property claims, also known as Gesetz zur Regelung offener
20 Vermögensfragen, as a result of the settlement of the action
21 entitled *In re: Holocaust victim assets litigation*, CV-96-4849, CV-
22 96-5161, and CV-97-0461 (E.D. NY), or as a result of any similar
23 action if the income and interest are not commingled in any way
24 with and are kept separate from all other funds and assets of the
25 taxpayer. As used in this subdivision:

26 (i) "Holocaust victim" means a person, or the heir or
27 beneficiary of that person, who was persecuted by Nazi Germany or
28 any Axis regime during any period from 1933 to 1945.

29 (ii) "Recovered asset" means any asset of any type and any



1 interest earned on that asset including, but not limited to, bank
2 deposits, insurance proceeds, or artwork owned by a Holocaust
3 victim during the period from 1920 to 1945, withheld from that
4 Holocaust victim from and after 1945, and not recovered, returned,
5 or otherwise compensated to the Holocaust victim until after 1993.

6 (t) Deduct all of the following:

7 (i) To the extent not deducted in determining adjusted gross
8 income, contributions made by the taxpayer in the tax year less
9 qualified withdrawals made in the tax year from education savings
10 accounts, calculated on a per education savings account basis,
11 pursuant to the Michigan education savings program act, 2000 PA
12 161, MCL 390.1471 to 390.1486, not to exceed a total deduction of
13 \$5,000.00 for a single return or \$10,000.00 for a joint return per
14 tax year. The amount calculated under this subparagraph for each
15 education savings account shall not be less than zero.

16 (ii) To the extent included in adjusted gross income, interest
17 earned in the tax year on the contributions to the taxpayer's
18 education savings accounts if the contributions were deductible
19 under subparagraph (i).

20 (iii) To the extent included in adjusted gross income,
21 distributions that are qualified withdrawals from an education
22 savings account to the designated beneficiary of that education
23 savings account.

24 (u) Add, to the extent not included in adjusted gross income,
25 the amount of money withdrawn by the taxpayer in the tax year from
26 education savings accounts, not to exceed the total amount deducted
27 under subdivision (t) in the tax year and all previous tax years,
28 if the withdrawal was not a qualified withdrawal as provided in the
29 Michigan education savings program act, 2000 PA 161, MCL 390.1471



1 to 390.1486. This subdivision does not apply to withdrawals that
2 are less than the sum of all contributions made to an education
3 savings account in all previous tax years for which no deduction
4 was claimed under subdivision (t), less any contributions for which
5 no deduction was claimed under subdivision (t) that were withdrawn
6 in all previous tax years.

7 (v) A taxpayer who is a resident tribal member may deduct, to
8 the extent included in adjusted gross income, all nonbusiness
9 income earned or received in the tax year and during the period in
10 which an agreement entered into between the taxpayer's tribe and
11 this state pursuant to section 30c of 1941 PA 122, MCL 205.30c, is
12 in full force and effect. As used in this subdivision:

13 (i) "Business income" means business income as defined in
14 section 4 and apportioned under chapter 3.

15 (ii) "Nonbusiness income" means nonbusiness income as defined
16 in section 14 and, to the extent not included in business income,
17 all of the following:

18 (A) All income derived from wages whether the wages are earned
19 within the agreement area or outside of the agreement area.

20 (B) All interest and passive dividends.

21 (C) All rents and royalties derived from real property located
22 within the agreement area.

23 (D) All rents and royalties derived from tangible personal
24 property, to the extent the personal property is utilized within
25 the agreement area.

26 (E) Capital gains from the sale or exchange of real property
27 located within the agreement area.

28 (F) Capital gains from the sale or exchange of tangible
29 personal property located within the agreement area at the time of



1 sale.

2 (G) Capital gains from the sale or exchange of intangible
3 personal property.

4 (H) All pension income and benefits including, but not limited
5 to, distributions from a 401(k) plan, individual retirement
6 accounts under section 408 of the internal revenue code, or a
7 defined contribution plan, or payments from a defined benefit plan.

8 (I) All per capita payments by the tribe to resident tribal
9 members, without regard to the source of payment.

10 (J) All gaming winnings.

11 (iii) "Resident tribal member" means an individual who meets all
12 of the following criteria:

13 (A) Is an enrolled member of a federally recognized tribe.

14 (B) The individual's tribe has an agreement with this state
15 pursuant to section 30c of 1941 PA 122, MCL 205.30c, that is in
16 full force and effect.

17 (C) The individual's principal place of residence is located
18 within the agreement area as designated in the agreement under sub-
19 subparagraph (B).

20 (w) For tax years beginning after December 31, 2011, eliminate
21 all of the following:

22 (i) Income from producing oil and gas to the extent included in
23 adjusted gross income.

24 (ii) Expenses of producing oil and gas to the extent deducted
25 in arriving at adjusted gross income.

26 (x) For tax years that begin after December 31, 2015, deduct
27 all of the following:

28 (i) To the extent not deducted in determining adjusted gross
29 income, contributions made by the taxpayer in the tax year less



1 qualified withdrawals made in the tax year from an ABLE savings
 2 account, pursuant to the Michigan ~~ABLE~~**achieving a better life**
 3 **experience (ABLE)** program act, 2015 PA 160, MCL 206.981 to 206.997,
 4 not to exceed a total deduction of \$5,000.00 for a single return or
 5 \$10,000.00 for a joint return per tax year. The amount calculated
 6 under this subparagraph for an ABLE savings account shall not be
 7 less than zero.

8 (ii) To the extent included in adjusted gross income, interest
 9 earned in the tax year on the contributions to the taxpayer's ABLE
 10 savings account if the contributions were deductible under
 11 subparagraph (i).

12 (iii) To the extent included in adjusted gross income,
 13 distributions that are qualified withdrawals from an ABLE savings
 14 account to the designated beneficiary of that ABLE savings account.

15 (y) ~~Add,~~**For tax years that begin after December 31, 2015,**
 16 **add,** to the extent not included in adjusted gross income, the
 17 amount of money withdrawn by the taxpayer in the tax year from an
 18 ABLE savings account, not to exceed the total amount deducted under
 19 subdivision (x) in the tax year and all previous tax years, if the
 20 withdrawal was not a qualified withdrawal as provided in the
 21 Michigan ~~ABLE~~**achieving a better life experience (ABLE)** program
 22 act, 2015 PA 160, MCL 206.981 to 206.997. This subdivision does not
 23 apply to withdrawals that are less than the sum of all
 24 contributions made to an ABLE savings account in all previous tax
 25 years for which no deduction was claimed under subdivision (x),
 26 less any contributions for which no deduction was claimed under
 27 subdivision (x) that were withdrawn in all previous tax years.

28 (z) For tax years that begin after December 31, 2018, deduct,
 29 to the extent included in adjusted gross income, compensation



1 received in the tax year pursuant to the wrongful imprisonment
2 compensation act, 2016 PA 343, MCL 691.1751 to 691.1757.

3 (2) Except as otherwise provided in subsection (7) and section
4 30a, a personal exemption of \$3,700.00 multiplied by the number of
5 personal and dependency exemptions shall be subtracted in the
6 calculation that determines taxable income. The number of personal
7 and dependency exemptions allowed shall be determined as follows:

8 (a) Each taxpayer may claim 1 personal exemption. However, if
9 a joint return is not made by the taxpayer and his or her spouse,
10 the taxpayer may claim a personal exemption for the spouse if the
11 spouse, for the calendar year in which the taxable year of the
12 taxpayer begins, does not have any gross income and is not the
13 dependent of another taxpayer.

14 (b) A taxpayer may claim a dependency exemption for each
15 individual who is a dependent of the taxpayer for the tax year.

16 (c) For tax years beginning on and after January 1, 2019, a
17 taxpayer may claim an additional exemption under this subsection in
18 the tax year for which the taxpayer has a certificate of stillbirth
19 from the department of health and human services as provided under
20 section 2834 of the public health code, 1978 PA 368, MCL 333.2834.

21 (3) Except as otherwise provided in subsection (7), a single
22 additional exemption determined as follows shall be subtracted in
23 the calculation that determines taxable income in each of the
24 following circumstances:

25 (a) \$1,800.00 for each taxpayer and every dependent of the
26 taxpayer who is a deaf person as defined in section 2 of the deaf
27 persons' interpreters act, 1982 PA 204, MCL 393.502; a paraplegic,
28 a quadriplegic, or a hemiplegic; a person who is blind as defined
29 in section 504; or a person who is totally and permanently disabled



1 as defined in section 522. When a dependent of a taxpayer files an
2 annual return under this part, the taxpayer or dependent of the
3 taxpayer, but not both, may claim the additional exemption allowed
4 under this subdivision.

5 (b) For tax years beginning after 2007, \$250.00 for each
6 taxpayer and every dependent of the taxpayer who is a qualified
7 disabled veteran. When a dependent of a taxpayer files an annual
8 return under this part, the taxpayer or dependent of the taxpayer,
9 but not both, may claim the additional exemption allowed under this
10 subdivision. As used in this subdivision:

11 (i) "Qualified disabled veteran" means a veteran with a
12 service-connected disability.

13 (ii) "Service-connected disability" means a disability incurred
14 or aggravated in the line of duty in the active military, naval, or
15 air service as described in 38 USC 101(16).

16 (iii) "Veteran" means a person who served in the active
17 military, naval, marine, coast guard, or air service and who was
18 discharged or released from his or her service with an honorable or
19 general discharge.

20 (4) An individual with respect to whom a deduction under
21 subsection (2) is allowable to another taxpayer during the tax year
22 is not entitled to an exemption for purposes of subsection (2), but
23 may subtract \$1,500.00 in the calculation that determines taxable
24 income for a tax year.

25 (5) A nonresident or a part-year resident is allowed that
26 proportion of an exemption or deduction allowed under subsection
27 (2), (3), or (4) that the taxpayer's portion of adjusted gross
28 income from Michigan sources bears to the taxpayer's total adjusted
29 gross income.



1 (6) In calculating taxable income, a taxpayer shall not
2 subtract from adjusted gross income the amount of prizes won by the
3 taxpayer under the McCauley-Traxler-Law-Bowman-McNeely lottery act,
4 1972 PA 239, MCL 432.1 to 432.47.

5 (7) For each tax year beginning on and after January 1, 2013,
6 the personal exemption allowed under subsection (2) shall be
7 adjusted by multiplying the exemption for the tax year beginning in
8 2012 by a fraction, the numerator of which is the United States
9 Consumer Price Index for the state fiscal year ending in the tax
10 year prior to the tax year for which the adjustment is being made
11 and the denominator of which is the United States Consumer Price
12 Index for the 2010-2011 state fiscal year. For the 2022 tax year
13 and each tax year after 2022, the adjusted amount determined under
14 this subsection shall be increased by an additional \$600.00. The
15 resultant product shall be rounded to the nearest \$100.00
16 increment. For each tax year, the exemptions allowed under
17 subsection (3) shall be adjusted by multiplying the exemption
18 amount under subsection (3) for the tax year by a fraction, the
19 numerator of which is the United States Consumer Price Index for
20 the state fiscal year ending the tax year prior to the tax year for
21 which the adjustment is being made and the denominator of which is
22 the United States Consumer Price Index for the 1998-1999 state
23 fiscal year. The resultant product shall be rounded to the nearest
24 \$100.00 increment.

25 (8) As used in this section, "retirement or pension benefits"
26 means distributions from all of the following:

27 (a) Except as provided in subdivision (d), qualified pension
28 trusts and annuity plans that qualify under section 401(a) of the
29 internal revenue code, including all of the following:



1 (i) Plans for self-employed persons, commonly known as Keogh or
2 HR10 plans.

3 (ii) Individual retirement accounts that qualify under section
4 408 of the internal revenue code if the distributions are not made
5 until the participant has reached 59-1/2 years of age, except in
6 the case of death, disability, or distributions described by
7 section 72(t)(2)(A)(iv) of the internal revenue code.

8 (iii) Employee annuities or tax-sheltered annuities purchased
9 under section 403(b) of the internal revenue code by organizations
10 exempt under section 501(c)(3) of the internal revenue code, or by
11 public school systems.

12 (iv) Distributions from a 401(k) plan attributable to employee
13 contributions mandated by the plan or attributable to employer
14 contributions.

15 (b) The following retirement and pension plans not qualified
16 under the internal revenue code:

17 (i) Plans of the United States, state governments other than
18 this state, and political subdivisions, agencies, or
19 instrumentalities of this state.

20 (ii) Plans maintained by a church or a convention or
21 association of churches.

22 (iii) All other unqualified pension plans that prescribe
23 eligibility for retirement and predetermine contributions and
24 benefits if the distributions are made from a pension trust.

25 (c) Retirement or pension benefits received by a surviving
26 spouse if those benefits qualified for a deduction prior to the
27 decedent's death. Benefits received by a surviving child are not
28 deductible.

29 (d) Retirement and pension benefits do not include:



1 (i) Amounts received from a plan that allows the employee to
2 set the amount of compensation to be deferred and does not
3 prescribe retirement age or years of service. These plans include,
4 but are not limited to, all of the following:

5 (A) Deferred compensation plans under section 457 of the
6 internal revenue code.

7 (B) Distributions from plans under section 401(k) of the
8 internal revenue code other than plans described in subdivision
9 (a) (iv) .

10 (C) Distributions from plans under section 403(b) of the
11 internal revenue code other than plans described in subdivision
12 (a) (iii) .

13 (ii) Premature distributions paid on separation, withdrawal, or
14 discontinuance of a plan prior to the earliest date the recipient
15 could have retired under the provisions of the plan.

16 (iii) Payments received as an incentive to retire early unless
17 the distributions are from a pension trust.

18 (9) In determining taxable income under this section, the
19 following limitations and restrictions apply:

20 (a) For a person born before 1946, this subsection provides no
21 additional restrictions or limitations under subsection (1) (f) .

22 (b) Except as otherwise provided in subdivision (c), for a
23 person born in 1946 through 1952, the sum of the deductions under
24 subsection (1) (f) (i) , (ii) , and (iv) is limited to \$20,000.00 for a
25 single return and \$40,000.00 for a joint return. After that person
26 reaches the age of 67, the deductions under subsection (1) (f) (i) ,
27 (ii) , and (iv) do not apply and that person is eligible for a
28 deduction of \$20,000.00 for a single return and \$40,000.00 for a
29 joint return, which deduction is available against all types of



1 income and is not restricted to income from retirement or pension
2 benefits. A person who takes the deduction under subsection (1)(e)
3 is not eligible for the unrestricted deduction of \$20,000.00 for a
4 single return and \$40,000.00 for a joint return under this
5 subdivision.

6 (c) Beginning January 1, 2013 for a person born in 1946
7 through 1952 and beginning January 1, 2018 for a person born after
8 1945 who has retired as of January 1, 2013, if that person receives
9 retirement or pension benefits from employment with a governmental
10 agency that was not covered by the federal social security act,
11 chapter 531, 49 Stat 620, the sum of the deductions under
12 subsection (1)(f)(i), (ii), and (iv) is limited to \$35,000.00 for a
13 single return and, except as otherwise provided under this
14 subdivision, \$55,000.00 for a joint return. If both spouses filing
15 a joint return receive retirement or pension benefits from
16 employment with a governmental agency that was not covered by the
17 federal social security act, chapter 531, 49 Stat 620, the sum of
18 the deductions under subsection (1)(f)(i), (ii), and (iv) is limited
19 to \$70,000.00 for a joint return. After that person reaches the age
20 of 67, the deductions under subsection (1)(f)(i), (ii), and (iv) do
21 not apply and that person is eligible for a deduction of \$35,000.00
22 for a single return and \$55,000.00 for a joint return, or
23 \$70,000.00 for a joint return if applicable, which deduction is
24 available against all types of income and is not restricted to
25 income from retirement or pension benefits. A person who takes the
26 deduction under subsection (1)(e) is not eligible for the
27 unrestricted deduction of \$35,000.00 for a single return and
28 \$55,000.00 for a joint return, or \$70,000.00 for a joint return if
29 applicable, under this subdivision.



1 (d) Except as otherwise provided under subdivision (c) for a
2 person who was retired as of January 1, 2013, for a person born
3 after 1952 who has reached the age of 62 through 66 years of age
4 and who receives retirement or pension benefits from employment
5 with a governmental agency that was not covered by the federal
6 social security act, chapter ~~532,~~ **531**, 49 Stat 620, the sum of the
7 deductions under subsection (1) (f) (i), (ii), and (iv) is limited to
8 \$15,000.00 for a single return and, except as otherwise provided
9 under this subdivision, \$15,000.00 for a joint return. If both
10 spouses filing a joint return receive retirement or pension
11 benefits from employment with a governmental agency that was not
12 covered by the federal social security act, chapter ~~532,~~ **531**, 49
13 Stat 620, the sum of the deductions under subsection (1) (f) (i), (ii),
14 and (iv) is limited to \$30,000.00 for a joint return.

15 (e) Except as otherwise provided under subdivision (c) or (d),
16 for a person born after 1952, the deduction under subsection
17 (1) (f) (i), (ii), or (iv) does not apply. When that person reaches the
18 age of 67, that person is eligible for a deduction of \$20,000.00
19 for a single return and \$40,000.00 for a joint return, which
20 deduction is available against all types of income and is not
21 restricted to income from retirement or pension benefits. If a
22 person takes the deduction of \$20,000.00 for a single return and
23 \$40,000.00 for a joint return, that person shall not take the
24 deduction under subsection (1) (f) (iii) and shall not take the
25 personal exemption under subsection (2). That person may elect not
26 to take the deduction of \$20,000.00 for a single return and
27 \$40,000.00 for a joint return and elect to take the deduction under
28 subsection (1) (f) (iii) and the personal exemption under subsection
29 (2) if that election would reduce that person's tax liability. A



1 person who takes the deduction under subsection (1)(e) is not
2 eligible for the unrestricted deduction of \$20,000.00 for a single
3 return and \$40,000.00 for a joint return under this subdivision.

4 (f) For a joint return, the limitations and restrictions in
5 this subsection shall be applied based on the ~~age~~**date of birth** of
6 the older spouse filing the joint return. **If a deduction under
7 subsection (1)(f) was claimed on a joint return for a tax year in
8 which a spouse died and the surviving spouse has not remarried
9 since the death of that spouse, the surviving spouse is entitled to
10 claim the deduction under subsection (1)(f) in subsequent tax years
11 subject to the same restrictions and limitations, for a single
12 return, that would have applied based on the date of birth of the
13 older of the 2 spouses. For tax years beginning after December 31,
14 2019, a surviving spouse born after 1945 who has reached the age of
15 67 and has not remarried since the death of that spouse may elect
16 to take the deduction that is available against all types of income
17 subject to the same limitations and restrictions as provided under
18 this subsection based on the surviving spouse's date of birth
19 instead of taking the deduction allowed under subsection (1)(f),
20 for a single return, based on the date of birth of the older
21 spouse.**

22 (10) As used in this section:

23 (a) "Oil and gas" means oil and gas subject to severance tax
24 under 1929 PA 48, MCL 205.301 to 205.317.

25 (b) "United States Consumer Price Index" means the United
26 States Consumer Price Index for all urban consumers as defined and
27 reported by the United States Department of Labor, Bureau of Labor
28 Statistics.

