

HOUSE BILL NO. 6468

October 12, 2022, Introduced by Rep. Cavanagh and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 504 (MCL 206.504), as amended by 1993 PA 328,
and by adding section 518.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 504. (1) "Blind" means a person with a permanent
2 impairment of both eyes of the following status: central visual
3 acuity of 20/200 or less in the better eye, with corrective
4 glasses, or central visual acuity of more than 20/200 if there is a
5 field defect in which the peripheral field has contracted to such

1 an extent that the widest diameter of visual field subtends an
2 angular distance of not greater than 20 degrees in the better eye.

3 (2) "Claimant" means an individual natural person who filed a
4 claim under this chapter and who was domiciled in this state during
5 at least 6 months of the calendar year immediately preceding the
6 year in which the claim is filed under this chapter and includes a
7 husband and wife if they are required to file a joint state income
8 tax return. The 6-month residency requirement does not apply to a
9 claimant who files for the home heating credit under section 527a.

10 (3) "Community land trust" means a registered domestic
11 nonprofit corporation incorporated under the nonprofit corporation
12 act, 1982 PA 162, MCL 450.2101 to 450.3192, that is exempt under
13 section 501(c)(3) of the internal revenue code, 26 USC 501, and
14 organized for the purpose of developing and preserving affordable
15 housing.

16 Sec. 518. (1) For tax years that begin on and after January 1,
17 2022, a qualified claimant who owns residential improvements that
18 are located on real property owned by a community land trust and
19 subject to a land-lease described under subsection (3)(c) may, in a
20 form and manner as prescribed by the department, claim a credit
21 against the tax imposed under this part for the tax year in an
22 amount equal to the sum of the following:

23 (a) 100% of the property taxes levied that is attributable to
24 the real property on which the claimant's residential improvements
25 are located.

26 (b) A percentage of the property taxes levied that is
27 attributable to the residential improvements located on the real
28 property owned by a community land trust equal to the percentage
29 difference between the fair market value of the residential

1 improvements and final sale price and the percentage limitation on
2 appreciation imposed under the land-lease or 25%, whichever is
3 less.

4 (2) In order to claim the credit under this section, the
5 community land trust on behalf of the claimant shall submit an
6 application for certification to the department. The application
7 shall include, at a minimum, all of the following information:

8 (a) The name of the claimant and the address of the claimant's
9 residential improvements located on real property owned by a
10 community land trust for which a credit is sought under this
11 section.

12 (b) The name, state registration identification number, and
13 address of the community land trust.

14 (c) The appraised value and the purchase price of the
15 residential improvements located on real property owned by a
16 community land trust and the name and address of the mortgagee of
17 the residential improvements, if applicable, for which a credit is
18 sought under this section.

19 (d) A copy of the recorded land-lease for the residential
20 improvements located on the real property owned by the community
21 land trust for which a credit is sought under this section.

22 (e) The claimant's total household resources.

23 (f) A copy of either of the following:

24 (i) An affidavit filed under section 7yy of the general
25 property tax act, 1893 PA 206, MCL 211.7yy, to defer collection of
26 the claimant's property taxes for the designated tax year.

27 (ii) A written statement that the claimant elects to pay the
28 property taxes for the designated tax year.

29 (3) Within 60 days after the department receives a completed

1 application, the department shall, upon verification of each of the
2 following, issue or deny a written certification to the claimant
3 for the credit under this section:

4 (a) The community land trust is in good standing.

5 (b) The claimant's total household resources are below 120% of
6 the statewide median gross income at the point of sale.

7 (c) The land-lease of residential improvements located on real
8 property owned by a community land trust includes all of the
9 following:

10 (i) A term of at least 89 years.

11 (ii) A sale price less than the appraised value.

12 (iii) A percentage limitation on the appreciation that the owner
13 may claim upon resale of the residential improvements.

14 (iv) A requirement that the owner of the residential
15 improvements is responsible for the payment of property taxes
16 levied on the real property and the residential improvements.

17 (4) If an application is approved, the department shall notify
18 the assessor of the local tax collecting unit in writing of the
19 approval and request the local tax collecting unit to determine and
20 provide the department with the separate taxable value of the
21 claimant's residential improvements and of the real property upon
22 which those residential improvements are located and the estimated
23 amount of property taxes attributable to the claimant's residential
24 improvements and to the real property upon which those residential
25 improvements are located. Upon receipt of the requisite property
26 tax information from the local tax collecting unit, the department
27 shall estimate the amount of the credit allowed to be claimed for
28 the designated tax year. If the claimant is not the owner of the
29 residential improvements for the entire tax year, the amount of the

1 credit shall be reduced proportionately. After the first year for
2 which a credit is claimed under this section, the claimant shall,
3 in a form and manner as prescribed by the department, request
4 recertification of the credit each tax year by October 31 of the
5 tax year for which the credit is sought.

6 (5) If an application is denied, the department shall notify
7 the claimant, the community land trust, and the mortgagee on the
8 qualified claimant's residential improvements, if applicable, that
9 the credit has been denied and shall provide the basis for denial.

10 (6) Upon receipt of the requisite property tax information
11 from the local tax collecting unit and estimating the amount of the
12 credit allowed, the department shall notify the claimant, the
13 community land trust, and the mortgagee on the qualified claimant's
14 residential improvements, if applicable, that the credit
15 application has been approved and issue a written certification
16 that states all of the following:

17 (a) The claimant is a qualified claimant.

18 (b) The estimated amount of property taxes attributable to the
19 claimant's residential improvements for the designated tax year and
20 to the real property upon which those residential improvements are
21 located for that same tax year.

22 (c) The amount of the credit allowed to be claimed under this
23 section for the qualified claimant for the designated tax year or,
24 if the qualified claimant filed an affidavit to defer collection of
25 property taxes for the designated tax year, the amount to be
26 remitted by the state to the local tax collecting unit for the
27 designated tax year.

28 (7) The qualified claimant shall attach the written
29 certification to the annual return filed under this act on which a

1 credit under this section is claimed. The department shall adjust
2 the forms accordingly for claimants who are not required to file an
3 annual return.

4 (8) If the qualified claimant filed an affidavit to defer
5 collection of property taxes pursuant to section 7yy of the general
6 property tax act, 1893 PA 206, MCL 211.7yy, the state shall remit
7 by December 15 of each year the amount of the credits approved
8 directly to the local tax collecting unit for payment of those
9 property taxes as provided in section 7yy(2) of the general
10 property tax act, 1893 PA 206, MCL 211.7yy. If the qualified
11 claimant fails to file the affidavit or elects to pay the property
12 taxes, then the qualified claimant shall apply the amount of the
13 credit approved in the written certification against his or her tax
14 liability under this part on the annual return for that same tax
15 year. If the amount of the credit allowed under this section
16 exceeds the tax liability of the qualified claimant for the tax
17 year, that portion of the credit that exceeds the tax liability
18 shall be refunded. To the extent the estimated amount of the
19 property taxes used as a basis for the credit computation differs
20 from the actual property tax liability, then the credit amount for
21 the ensuing year shall be adjusted by the amount of the difference
22 as provided in section 524. Neither the department or the local tax
23 collecting unit is liable for the amount of the credit authorized
24 under this section and any corresponding unpaid balance due and
25 payable under section 7yy of the general property tax act, 1893 PA
26 206, MLC 211.7yy, if the estimated amount of the property taxes
27 used as a basis for the credit computation differs from the actual
28 property tax liability of the qualified claimant.

29 (9) A claimant shall not claim a credit under both this

1 section and section 520.

2 (10) As used in this section:

3 (a) "Qualified claimant" means a claimant who has received
4 written certification from the department as required under this
5 section.

6 (b) "Residential improvements" means a dwelling and other
7 improvements that are used as a primary residence by the owner of
8 those improvements and are located on real property owned by a
9 community land trust and leased to the owner of those improvements.

10 (c) "Statewide median gross income" means that term as defined
11 in section 11 of the state housing development authority act of
12 1966, 1966 PA 246, MCL 125.1411.

13 Enacting section 1. This amendatory act does not take effect
14 unless Senate Bill No. ____ or House Bill No. 6467 (request no.
15 03264'21) of the 101st Legislature is enacted into law.