

HOUSE BILL NO. 4088

February 18, 2025, Introduced by Reps. Slagh, Johnsen, Outman, Frisbie, Rigas, Woolford, Meerman and Andrews and referred to Committee on Finance.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 520 (MCL 206.520), as amended by 2015 PA 179.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 520. (1) Subject to the limitations and the definitions
2 in this chapter, a claimant may claim against the tax due under
3 this part for the tax year a credit for the property taxes on the
4 taxpayer's homestead deductible for federal income tax purposes
5 ~~pursuant to~~ **under** section 164 of the internal revenue code, or that

1 would have been deductible if the claimant had not elected the zero
2 bracket amount or if the claimant had been subject to the federal
3 income tax. The property taxes used for the credit computation
4 shall ~~must~~ not be greater than the amount levied for 1 tax year. An
5 **Except as otherwise provide under this subsection, beginning with**
6 **the 2025 tax year and each tax year after 2025, an** owner is not
7 eligible for a credit under this section if the taxable value of
8 ~~his or her~~ **the owner's** homestead excluding the portion of a parcel
9 of real property that is unoccupied and classified as agricultural
10 for ad valorem tax purposes in the year for which the credit is
11 claimed is greater than ~~\$135,000.00 through the 2021 tax year.~~
12 **\$196,500.00.** Beginning with the ~~2021~~ **2026** tax year and each tax
13 year after ~~2021~~, **2026**, the taxable value cap under this subsection
14 for the immediately preceding tax year shall ~~shall~~ **must** be adjusted by
15 the percentage increase in the United States ~~consumer price index~~
16 **House Price Index** for the immediately preceding calendar year and
17 rounded to the nearest \$100.00 increment. The department shall
18 annualize the amount in this subsection as necessary. As used in
19 this subsection, "taxable value" means that value determined under
20 section 27a of the general property tax act, 1893 PA 206, MCL
21 211.27a.

22 (2) A ~~person~~ **claimant** who rents or leases a homestead may
23 claim a similar credit computed under this section and section 522
24 based upon ~~20% of the gross rent paid for tax years before the 2018~~
25 ~~tax year or 23% of the gross rent paid for tax years after the 2017~~
26 **the** tax year. A ~~person~~ **claimant** who rents or leases a homestead
27 subject to a service charge in lieu of ad valorem taxes as provided
28 by section 15a of the state housing development authority act of
29 1966, 1966 PA 346, MCL 125.1415a, may claim a similar credit

1 computed under this section and section 522 based upon 10% of the
2 gross rent paid.

3 (3) If the credit claimed under this section and section 522
4 exceeds the tax liability for the tax year or if there is no tax
5 liability for the tax year, the amount of the claim not used as an
6 offset against the tax liability ~~shall,~~**must**, after examination and
7 review, be approved for payment, without interest, to the claimant.
8 In determining the amount of the payment under this subsection,
9 withholdings and other credits ~~shall-~~**must** be used first to offset
10 any tax liabilities.

11 (4) If the homestead is an integral part of a multipurpose or
12 multidwelling building that is federally aided housing or state
13 aided housing, a claimant who is a senior citizen entitled to a
14 payment under subsection (2) may assign the right to that payment
15 to a mortgagor if the mortgagor reduces the rent charged and
16 collected on the claimant's homestead in an amount equal to the tax
17 credit payment provided in this chapter. The assignment of the
18 claim is valid only if the Michigan state housing development
19 authority, by affidavit, verifies that the claimant's rent has been
20 so reduced.

21 (5) Only the renter or lessee shall claim a credit on property
22 that is rented or leased as a homestead.

23 (6) A person who discriminates in the charging or collection
24 of rent on a homestead by increasing the rent charged or collected
25 because the renter or lessee claims and receives a credit or
26 payment under this chapter is guilty of a misdemeanor.
27 Discrimination against a renter who claims and receives the credit
28 under this section and section 522 by a reduction of the rent on
29 the homestead of a person who does not claim and receive the credit

1 is a misdemeanor. If discriminatory rents are charged or collected,
2 each charge or collection of the higher or lower payment is a
3 separate offense. Each acceptance of a payment of rent is a
4 separate offense.

5 (7) A ~~person~~**claimant** who received aid to families with
6 dependent children, state family assistance, or state disability
7 assistance ~~pursuant to~~**under** the social welfare act, 1939 PA 280,
8 MCL 400.1 to 400.119b, in the tax year for which the ~~person~~
9 **claimant** is filing a return ~~shall have~~**has** a credit that is
10 authorized and computed under this section and section 522 reduced
11 by an amount equal to the product of the claimant's credit
12 multiplied by the quotient of the sum of the claimant's aid to
13 families with dependent children, state family assistance, and
14 state disability assistance for the tax year divided by the
15 claimant's total household resources. The reduction of credit ~~shall~~
16 **must** not exceed the sum of the aid to families with dependent
17 children, state family assistance, and state disability assistance
18 for the tax year. For the purposes of this subsection, aid to
19 families with dependent children does not include child support
20 payments that offset or reduce payments made to the claimant.

21 (8) ~~For tax years before the 2018 tax year, a credit under~~
22 ~~subsection (1) or (2) shall be reduced by 10% for each claimant~~
23 ~~whose total household resources exceed the minimum total household~~
24 ~~resources amount of \$41,000.00 and by an additional 10% for each~~
25 ~~increment of \$1,000.00 of total household resources in excess of~~
26 ~~\$41,000.00. Except as otherwise provided under this subsection, for~~
27 ~~the 2018 tax year and each tax year after 2018, the minimum total~~
28 ~~household resources amount is \$51,000.00. For the 2018 tax year and~~
29 ~~each tax year after 2018, a credit under subsection (1) or (2)~~

1 ~~shall~~**must** be reduced by 10% for each claimant whose total
 2 household resources exceed the minimum total household resources
 3 amount established under this subsection and by an additional 10%
 4 for each increment of \$1,000.00 of total household resources in
 5 excess of the minimum total household resources amount for that tax
 6 year. For the 2021 tax year and each tax year after 2021, the
 7 minimum total household resources threshold amount established
 8 under this subsection for the immediately preceding tax year ~~shall~~
 9 **must** be adjusted by the percentage increase in the United States
 10 ~~consumer price index~~**Consumer Price Index** for the immediately
 11 preceding calendar year and rounded to the nearest \$100.00
 12 increment.

13 (9) If the credit authorized and calculated under this section
 14 and section 522 and adjusted under subsection (7) or (8) does not
 15 provide to a senior citizen who rents or leases a homestead that
 16 amount attributable to rent that constitutes more than 40% of the
 17 total household resources of the senior citizen, the senior citizen
 18 may claim a credit based upon the amount of total household
 19 resources attributable to rent as provided by this section.

20 (10) A senior citizen whose gross rent paid for the tax year
 21 is more than the percentage of total household resources specified
 22 in subsection (9) for the respective tax year may claim a credit
 23 for the amount of rent paid that constitutes more than the
 24 percentage of the total household resources of the senior citizen
 25 specified in subsection (9) and that was not provided to the senior
 26 citizen by the credit computed ~~pursuant to~~**under** this section and
 27 section 522 and adjusted ~~pursuant to~~**under** subsection (7) or (8).

28 (11) The department may promulgate rules to implement
 29 subsections (9) to (15) and may prescribe a table to allow a

1 claimant to determine the credit provided under this section and
2 section 522 in the instruction booklet that accompanies the
3 respective income tax or property tax credit forms used by
4 claimants.

5 (12) A senior citizen may claim the credit under subsections
6 (9) to (15) on the same form as the property tax credit permitted
7 by subsection (2). The department shall adjust the forms
8 accordingly.

9 (13) A senior citizen who moves to a different rented or
10 leased homestead shall determine, for 2 tax years after the move,
11 both ~~his or her~~ **the senior citizen's** qualification to claim a
12 credit under subsections (9) to (15) and the amount of a credit
13 under subsections (9) to (15) on the basis of the annualized final
14 monthly rental payment at ~~his or her~~ **the senior citizen's** previous
15 homestead, if this annualized rental is less than the senior
16 citizen's actual annual rental payments.

17 (14) For a return of less than 12 months, the claim for a
18 credit under subsections (9) to (15) ~~shall~~ **must** be reduced
19 proportionately.

20 (15) ~~For tax years before the 2018 tax year, the total credit~~
21 ~~allowed by this section and section 522 shall not exceed \$1,200.00~~
22 ~~per year.~~ Except as otherwise provided under this subsection, for
23 the 2018 tax year and each tax year after 2018, the total credit
24 allowed by this section and section 522 ~~shall~~ **must** not exceed
25 \$1,500.00 per year. Beginning with the 2021 tax year and each tax
26 year after 2021, the maximum amount of the credit allowed under
27 this section and section 522 for the immediately preceding tax year
28 ~~shall~~ **must** be adjusted by the percentage increase in the United
29 States ~~consumer price index~~ **Consumer Price Index** for the

1 immediately preceding calendar year. The department shall round the
2 amount to the nearest \$100.00 increment.

3 (16) As used in this section: 7

4 (a) "~~United States consumer price index~~" **Consumer Price Index**"

5 means the United States ~~consumer price index~~ **Consumer Price Index**

6 for all urban consumers as defined and reported by the United

7 States Department of Labor, Bureau of Labor Statistics.

8 (b) "**United States House Price Index**" means the United States

9 **House Price Index as reported and published by the United States**

10 **Federal Housing Finance Agency.**