

# SENATE BILL NO. 344

May 29, 2025, Introduced by Senators HOITENGA, ANTHONY, MCBROOM, VICTORY, GEISS, BELLINO, SHINK, POLEHANKI, IRWIN, CHANG and HERTEL and referred to Committee on Finance, Insurance, and Consumer Protection.

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
by amending sections 508, 510, and 522 (MCL 206.508, 206.510, and 206.522), section 508 as amended by 2018 PA 588, section 510 as amended by 2011 PA 172, and section 522 as amended by 2015 PA 179.

## **THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1       Sec. 508. (1) "Gross rent" means the total rent contracted to  
2       be paid by the renter or lessee of a homestead pursuant to dealing  
3       at arms' length with the landlord of the homestead. When the  
4       landlord and tenant have not dealt with each other at arms' length

1 and the department believes that the gross rent charged is  
2 excessive, the department may adjust the gross rent to a reasonable  
3 amount for the purposes of this chapter.

4 (2) "Homestead" means a dwelling or unit in a multiple-unit  
5 dwelling that is subject to ad valorem taxes, or a service charge  
6 in lieu of taxes as provided by section 15a of the state housing  
7 development authority act of 1966, 1966 PA 346, MCL 125.1415a,  
8 owned and occupied as a home by the owner of the dwelling or unit,  
9 or occupied as the dwelling of the renter or lessee, including all  
10 unoccupied real property not classified for ad valorem tax purposes  
11 as commercial, industrial, residential, or timber-cut over, owned  
12 by the owner of the homestead. ~~Beginning in the 1990 tax year, a~~ **A**  
13 homestead does not include unoccupied real property that is leased  
14 or rented by the owner to another person and that is not adjacent  
15 and contiguous to the home of the owner. Additionally, the  
16 following apply:

17 (a) If a homestead is an integral part of a larger unit of  
18 assessment such as commercial, industrial, residential, timber-cut  
19 over, or a multipurpose or multidwelling building, the tax on the  
20 homestead ~~shall be~~ **is** the same proportion of the total property tax  
21 as the proportion of the value of the homestead is to the total  
22 value of the assessed property.

23 (b) If the gross receipts of the agricultural or horticultural  
24 operations do not exceed the household income, or if there are no  
25 gross receipts, the following apply:

26 (i) If the claimant has lived on the land 10 years or more, all  
27 of the adjacent and contiguous agricultural or horticultural lands  
28 ~~shall be~~ **are** considered a homestead and the credit is allowed for  
29 all the land.

1 (ii) If the claimant has lived on the land less than 10 years,  
 2 not more than 5 acres of adjacent and contiguous agricultural or  
 3 horticultural land ~~shall be~~ **is** considered a part of the homestead  
 4 and the credit is allowed for that part of the land.

5 (c) A mobile home or trailer coach in a trailer coach park is  
 6 a homestead and the site rent for space is considered the rent of a  
 7 homestead. The specific tax levied by section 41 of 1959 PA 243,  
 8 MCL 125.1041, is ~~considered~~ a property tax.

9 (3) "Household" means a claimant and spouse.

10 (4) "Total household resources" means all income received by  
 11 all ~~persons~~ **individuals** of a household in a tax year while members  
 12 of a household, excluding ~~for tax years beginning after December~~  
 13 ~~31, 2018~~ any compensation received pursuant to the wrongful  
 14 imprisonment compensation act, 2016 PA 343, MCL 691.1751 to  
 15 691.1757, and increased by the following deductions from federal  
 16 gross income:

17 (a) Any net business loss after netting all business income  
 18 and loss.

19 (b) Any net rental or royalty loss.

20 (c) Any carryback or carryforward of a net operating loss as  
 21 defined in section 172(b)(2) of the internal revenue code.

22 Sec. 510. (1) "Income" means the sum of federal adjusted gross  
 23 income as defined in the internal revenue code plus all income  
 24 specifically excluded or exempt from the computations of the  
 25 federal adjusted gross income. Also, ~~a person~~ **an individual** who is  
 26 enrolled in an accident or health insurance plan may deduct from  
 27 income the amount that ~~person~~ **individual** paid in premiums in the  
 28 tax year for that insurance plan for the ~~person's~~ **individual's**  
 29 family. Income does not include any of the following:

1 (a) The first \$300.00 of gifts in cash or kind from  
2 nongovernmental sources.

3 (b) The first \$300.00 received from awards, prizes, lottery,  
4 bingo, or other gambling winnings.

5 (c) Surplus foods.

6 (d) Relief in kind supplied by a governmental agency.

7 (e) Payments or credits under this part.

8 (f) A governmental grant that has to be used by the claimant  
9 for rehabilitation of the claimant's homestead.

10 (g) Stipends received by ~~a person~~ **an individual** 60 years of  
11 age or older who is acting as a foster grandparent under the foster  
12 grandparent program authorized ~~pursuant to section 211 of part B of~~  
13 ~~title II of the domestic volunteer service act of 1973, Public Law~~  
14 ~~93-113, under~~ 42 USC 5011, or who is acting as a senior companion  
15 ~~pursuant to section 213 of part C of title II of the domestic~~  
16 ~~volunteer service act of 1973, Public Law 93-113, under the senior~~  
17 **companion program under** 42 USC 5013.

18 (h) Amounts deducted from monthly social security or railroad  
19 retirement benefits for medicare premiums.

20 (i) Contributions by an employer to life, accident, or health  
21 insurance plans.

22 (j) Energy assistance grants and energy assistance tax  
23 credits.

24 (2) "Owner" means ~~a natural person~~ **an individual** who owns or  
25 is purchasing a homestead under a mortgage or land contract, who  
26 owns or is purchasing a dwelling situated on the leased lands of  
27 another, or who is a tenant-stockholder of a cooperative housing  
28 corporation.

29 Sec. 522. (1) The amount of a claim made ~~pursuant to~~ **under**

1 this chapter ~~shall~~**must** be determined as follows:

2 (a) A claimant who is not a senior citizen is entitled to a  
3 credit against the state income tax liability under this part equal  
4 to 60% of the amount by which the property taxes on the homestead,  
5 or the credit for rental of the homestead for the tax year, exceeds  
6 ~~3.5%~~**3.2%** of the claimant's total household resources for tax years  
7 before the ~~2018~~**2025** tax year or ~~3.2%~~**3.0%** of the claimant's total  
8 household resources for the ~~2018~~**2025** tax year and each tax year  
9 after ~~2018~~**2025**.

10 (b) A claimant who is a senior citizen is entitled to a credit  
11 against the state income tax liability under this part equal to the  
12 following:

13 (i) For a claimant with total household resources of \$21,000.00  
14 or less **for a single return and \$42,000.00 or less for a joint**  
15 **return**, an amount as determined in accordance with subdivision (c).

16 (ii) For a claimant with total household resources of more than  
17 \$21,000.00 and less than or equal to \$22,000.00 **for a single return**  
18 **and \$42,000.00 and less than or equal to \$44,000.00 for a joint**  
19 **return**, an amount equal to 96% of the difference between the  
20 property taxes on the homestead or the credit for rental of the  
21 homestead for the tax year and ~~3.5%~~**3.2%** of total household  
22 resources for tax years before the ~~2018~~**2025** tax year or ~~3.2%~~**3.0%**  
23 of total household resources for the ~~2018~~**2025** tax year and each  
24 tax year after ~~2018~~**2025**.

25 (iii) For a claimant with total household resources of more than  
26 \$22,000.00 and less than or equal to \$23,000.00 **for a single return**  
27 **and \$44,000.00 and less than or equal to \$46,000.00 for a joint**  
28 **return**, an amount equal to 92% of the difference between the  
29 property taxes on the homestead or the credit for rental of the

homestead for the tax year and ~~3.5%~~**3.2%** of total household resources for tax years before the ~~2018~~**2025** tax year or ~~3.2%~~**3.0%** of total household resources for the ~~2018~~**2025** tax year and each tax year after ~~2018~~**2025**.

(iv) For a claimant with total household resources of more than \$23,000.00 and less than or equal to \$24,000.00 **for a single return and \$46,000.00 and less than or equal to \$48,000.00 for a joint return**, an amount equal to 88% of the difference between the property taxes on the homestead or the credit for rental of the homestead for the tax year and ~~3.5%~~**3.2%** of total household resources for tax years before the ~~2018~~**2025** tax year or ~~3.2%~~**3.0%** of total household resources for the ~~2018~~**2025** tax year and each tax year after ~~2018~~**2025**.

(v) For a claimant with total household resources of more than \$24,000.00 and less than or equal to \$25,000.00 **for a single return and \$48,000.00 and less than or equal to \$50,000.00 for a joint return**, an amount equal to 84% of the difference between the property taxes on the homestead or the credit for rental of the homestead for the tax year and ~~3.5%~~**3.2%** of total household resources for tax years before the ~~2018~~**2025** tax year or ~~3.2%~~**3.0%** of total household resources for the ~~2018~~**2025** tax year and each tax year after ~~2018~~**2025**.

(vi) For a claimant with total household resources of more than \$25,000.00 and less than or equal to \$26,000.00 **for a single return and \$50,000.00 and less than or equal to \$52,000.00 for a joint return**, an amount equal to 80% of the difference between the property taxes on the homestead or the credit for rental of the homestead for the tax year and ~~3.5%~~**3.2%** of total household resources for tax years before the ~~2018~~**2025** tax year or ~~3.2%~~**3.0%**

1 of total household resources for the ~~2018-2025~~ tax year and each  
2 tax year after ~~2018-2025~~.

3 (vii) For a claimant with total household resources of more  
4 than \$26,000.00 and less than or equal to \$27,000.00 **for a single**  
5 **return and \$52,000.00 and less than or equal to \$54,000.00 for a**  
6 **joint return**, an amount equal to 76% of the difference between the  
7 property taxes on the homestead or the credit for rental of the  
8 homestead for the tax year and ~~3.5%~~**3.2%** of total household  
9 resources for tax years before the ~~2018-2025~~ tax year or ~~3.2%~~**3.0%**  
10 of total household resources for the ~~2018-2025~~ tax year and each  
11 tax year after ~~2018-2025~~.

12 (viii) For a claimant with total household resources of more  
13 than \$27,000.00 and less than or equal to \$28,000.00 **for a single**  
14 **return and \$54,000.00 and less than or equal to \$56,000.00 for a**  
15 **joint return**, an amount equal to 72% of the difference between the  
16 property taxes on the homestead or the credit for rental of the  
17 homestead for the tax year and ~~3.5%~~**3.2%** of total household  
18 resources for tax years before the ~~2018-2025~~ tax year or ~~3.2%~~**3.0%**  
19 of total household resources for the ~~2018-2025~~ tax year and each  
20 tax year after ~~2018-2025~~.

21 (ix) For a claimant with total household resources of more than  
22 \$28,000.00 and less than or equal to \$29,000.00 **for a single return**  
23 **and \$56,000.00 and less than or equal to \$58,000.00 for a joint**  
24 **return**, an amount equal to 68% of the difference between the  
25 property taxes on the homestead or the credit for rental of the  
26 homestead for the tax year and ~~3.5%~~**3.2%** of total household  
27 resources for tax years before the ~~2018-2025~~ tax year or ~~3.2%~~**3.0%**  
28 of total household resources for the ~~2018-2025~~ tax year and each  
29 tax year after ~~2018-2025~~.

1           (x) For a claimant with total household resources of more than  
 2     \$29,000.00 and less than or equal to \$30,000.00 **for a single return**  
 3     **and \$58,000.00 and less than or equal to \$60,000.00 for a joint**  
 4     **return**, an amount equal to 64% of the difference between the  
 5     property taxes on the homestead or the credit for rental of the  
 6     homestead for the tax year and ~~3.5%~~**3.2%** of total household  
 7     resources for tax years before the ~~2018~~**2025** tax year or ~~3.2%~~**3.0%**  
 8     of total household resources for the ~~2018~~**2025** tax year and each  
 9     tax year after ~~2018~~**2025**.

10          (xi) For a claimant with total household resources of more than  
 11     \$30,000.00 **for a single return and \$60,000.00 for a joint return**,  
 12     an amount equal to 60% of the difference between the property taxes  
 13     on the homestead or the credit for rental of the homestead for the  
 14     tax year and ~~3.5%~~**3.2%** of total household resources for tax years  
 15     before the ~~2018~~**2025** tax year or ~~3.2%~~**3.0%** of total household  
 16     resources for the ~~2018~~**2025** tax year and each tax year after  
 17     ~~2018~~**2025**.

18          (c) A claimant who is a senior citizen with total household  
 19     resources of \$21,000.00 or less **for a single return and \$42,000.00**  
 20     **or less for a joint return** or a paraplegic, hemiplegic, or  
 21     quadriplegic and for tax years that begin after December 31, 1999,  
 22     a claimant who is totally and permanently disabled, deaf, or, ~~for~~  
 23     ~~tax years that begin after December 31, 2012,~~ blind is entitled to  
 24     a credit against the state income tax liability for the amount by  
 25     which the property taxes on the homestead, the credit for rental of  
 26     the homestead, or a service charge in lieu of ad valorem taxes as  
 27     provided by section 15a of the state housing development authority  
 28     act of 1966, 1966 PA 346, MCL 125.1415a, for the tax year exceeds  
 29     the percentage of the claimant's total household resources for that



1 tax year computed as follows:

2 Total household resources Percentage

3 Not over \$3,000.00 **for a single return and \$6,000.00 for**

4 **a joint return** .0%

5 Over \$3,000.00 but not over \$4,000.00 **for a single**

6 **return and \$6,000.00 but not over \$8,000.00 for a joint**

7 **return** 1.0%

8 Over \$4,000.00 but not over \$5,000.00 **for a single**

9 **return and \$8,000.00 but not over \$10,000.00 for a joint**

10 **return** 2.0%

11 Over \$5,000.00 but not over \$6,000.00 **for a single**

12 **return and \$10,000.00 but not over \$12,000.00 for a**

13 **joint return** 3.0%

14 Over \$6,000.00 **for a single return and \$12,000.00 for a**

15 **joint return** for tax years before the ~~2018~~2025 tax year ~~3.5%~~3.2%

16 Over \$6,000.00 **for a single return and \$12,000.00 for a**

17 **joint return** for tax years after the ~~2017~~2024 tax year ~~3.2%~~3.0%

18 (d) A claimant who is an eligible serviceperson, eligible

19 veteran, or eligible widow or widower is entitled to a credit

20 against the state income tax liability for a percentage of the

21 property taxes on the homestead for the tax year not in excess of

22 100% determined as follows:

23 (i) Divide the taxable value allowance specified in section 506

24 by the taxable value of the homestead or, if the eligible

25 serviceperson, eligible veteran, or eligible widow or widower

26 leases or rents a homestead, divide ~~20%~~23% of the total annual

27 rent paid for tax years before the ~~2018~~2025 tax year or ~~23%~~25% of

28 the total annual rent paid for tax years after the ~~2017~~2024 tax

29 year on the property by the property tax rate on the property.

1           (ii) Multiply the property taxes on the homestead by the  
2 percentage computed in subparagraph (i).

3           (e) A claimant who is blind is entitled to a credit against  
4 the state income tax liability for a percentage of the property  
5 taxes on the homestead for the tax year determined as follows:

6           (i) If the taxable value of the homestead is \$3,500.00 or less,  
7 100% of the property taxes.

8           (ii) If the taxable value of the homestead is more than  
9 \$3,500.00, the percentage that \$3,500.00 bears to the taxable value  
10 of the homestead.

11          (2) A ~~person~~**claimant** who is qualified to make a claim under  
12 more than 1 classification shall elect the classification under  
13 which the claim is made.

14          (3) Only 1 claimant per household for a tax year is entitled  
15 to the credit, unless both ~~the husband and wife~~**spouses** filing a  
16 joint return are blind, then each ~~shall be considered~~**is** a  
17 claimant.

18          (4) As used in this section, "totally and permanently  
19 disabled" means disability as defined in section 216 of title II of  
20 the social security act, 42 USC 416.

21          (5) A senior citizen who has total household resources for the  
22 tax year of \$6,000.00 or less **for a single return and \$12,000.00 or**  
23 **less for a joint return** and who for 1973 received a senior citizen  
24 homestead exemption under former section 7c of the general property  
25 tax act, 1893 PA 206, may compute the credit against the state  
26 income tax liability for a percentage of the property taxes on the  
27 homestead for the tax year determined as follows:

28          (a) If the taxable value of the homestead is \$2,500.00 or  
29 less, 100% of the property taxes.

1 (b) If the taxable value of the homestead is more than  
2 \$2,500.00, the percentage that \$2,500.00 bears to the taxable value  
3 of the homestead.

4 (6) For a return of less than 12 months, the claim ~~shall~~**must**  
5 be reduced proportionately.

6 (7) The department may prescribe tables that may be used to  
7 determine the amount of the claim.

8 (8) The total credit allowed in this section for each year  
9 ~~shall~~**must** not exceed the amount determined under section 520.

10 (9) The total credit allowable under this part and part 361 of  
11 the natural resources and environmental protection act, 1994 PA  
12 451, MCL 324.36101 to 324.36117, ~~shall~~**must** not exceed the total  
13 property tax due and payable by the claimant in that year. The  
14 amount by which the credit exceeds the property tax due and payable  
15 ~~shall~~**must** be deducted from the credit claimed under part 361 of  
16 the natural resources and environmental protection act, 1994 PA  
17 451, MCL 324.36101 to 324.36117.

18 Enacting section 1. This amendatory act applies to all tax  
19 years that begin on and after January 1, 2025.

20 Enacting section 2. This amendatory act does not take effect  
21 unless Senate Bill No. 345 of the 103rd Legislature is enacted into  
22 law.  
23