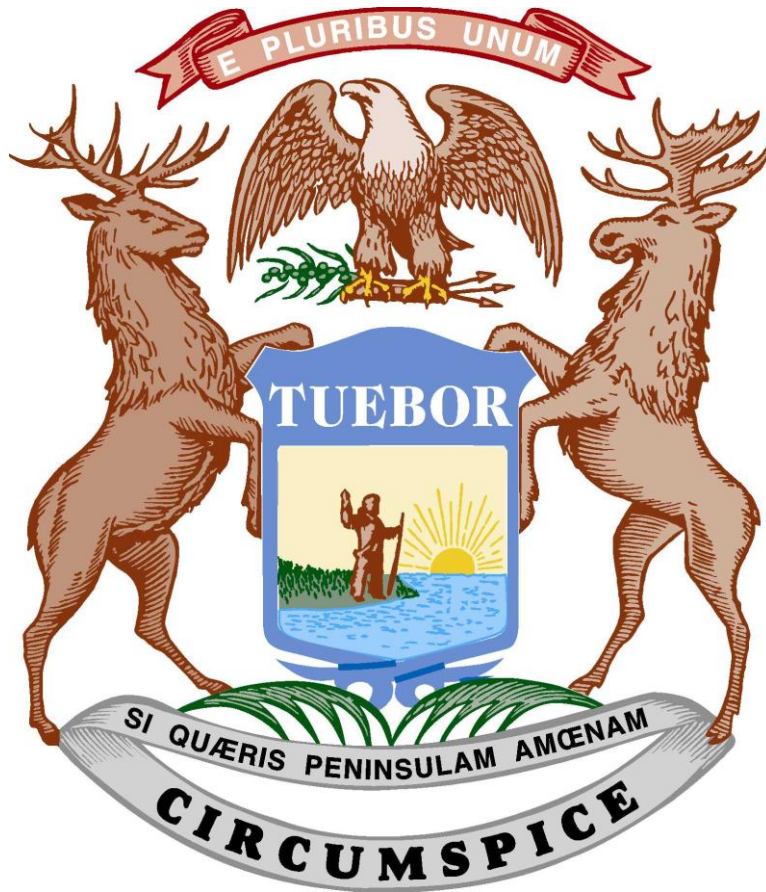


**MICHIGAN'S
INDIVIDUAL INCOME TAX
2010**



**Michigan Department of Treasury
Office of Revenue and Tax Analysis
Tax Analysis Division
July 2012**

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Tax Analysis Division
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I. EXECUTIVE SUMMARY

Returns and Revenue

For tax year 2010, Michigan's personal income tax generated \$5.3 billion in state revenues after all credits and refunds were paid. Net revenue increased \$381.3 million (7.8 percent) from 2009 levels, reflecting the recovery in taxable income of \$13.8 billion (5.7 percent) from 2009 to 2010 and the decrease of \$101.3 million (7.0 percent) in refundable credits from 2009 levels. About 4.5 million returns were filed for the 2010 tax year, or 64,000 more filers (1.5 percent) than the previous year.

Although the personal income tax was levied at a nominal flat rate of 4.35 percent in 2010, the average effective tax rate varied from negative 40.94 percent for filers with an AGI under \$2,000 to positive 3.38 percent for taxpayers with an AGI between \$300,001 and \$400,000. Including the impact of all refundable and nonrefundable credits, the overall effective tax rate was 2.07 percent. The negative effective rates for lower income groups arise because some taxpayers receive net payments from the state, due principally to the refundable credits for property taxes and home heating expenses, and the Michigan Earned Income Tax Credit (EITC). Nearly all (98.4 percent) of the \$5.3 billion in net revenue was paid by income groups with income over \$50,000.

Interstate Comparisons

For fiscal year 2010, Michigan's income tax revenue was seventh lowest in the nation both as a percentage of personal income, and on a per capita basis, among the 41 states with a general income tax. Compared to the average for those 41 states, Michigan's income tax revenue was 42.1 percent below average on a per capita basis, and 33.7 percent below average as a percent of personal income.

Property Tax Credit

About 1.6 million Michigan homeowners, renters, and farmers received \$912.5 million in property tax credits, including farmland preservation credits, for 2010. The average property tax credit was \$581. Excluding farmland preservation credits, the average property tax credit for tax year 2010 was \$558. The total amount of property tax credits, including farmland preservation credits, decreased by \$84.0 million (-8.7 percent) with 71,700 fewer taxpayers benefiting compared to tax year 2009.

Senior citizens received about \$345.9 million in homestead property tax credits, an increase of \$29.0 million from tax year 2009. For about 458,000 senior citizens receiving homestead property tax credits, the average credit was \$755.

Home Heating Credit

Home heating credits totaled \$69.8 million for tax year 2010 with about 491,400 households qualifying for an average credit of \$142. Excluding supplemental credit payments made in tax year 2009, home heating credits decreased \$19.0 million in 2010, when approximately 6,700 fewer taxpayers claimed the credit.

Michigan Earned Income Tax Credit (EITC)

Over 783,000 taxpayers claimed about \$340.8 million in Michigan EITC in 2010, resulting in an average credit of \$435 per taxpayer. In 2008, the first year the Michigan credit became effective, the state credit was 10 percent of the federal credit. Starting in 2009, the Michigan credit was increased to 20 percent of the federal credit.

Adoption Credit

In tax year 2010, \$712,900 in adoption credit was claimed by 500 taxpayers, resulting in an average credit of \$1,306 per taxpayer. This credit became effective in tax year 2001, allowing taxpayers to offset qualified expenses for single or multiple adoptions, but it is limited to a maximum of \$1,200 per adopted child.

Stillbirth Credit

About 300 taxpayers claimed a total of \$50,800 in stillbirth credits for tax year 2010. The credit became effective in tax year 2006, and it allows taxpayers who received a Certificate of Stillbirth from the Department of Community Health to claim a credit equal to 4.5 percent of a single personal exemption amount for the tax year, rounded up to the nearest \$10 increment. In 2010, the credit amount was \$170 per certificate.

Energy Efficient Home Improvement Credit

132,000 filers claimed a total of \$14.0 million in energy efficient home improvement credits for tax year 2010. Effective for tax years 2009 through 2011, this credit equals 10 percent of the amount spent on the purchase and installation of qualified home improvements that met Energy Star energy efficiency guidelines, and is available for taxpayers with AGI up to \$37,500 (single or married filing separately – MFS) or \$75,000 (married filing jointly – MFJ), the credit was limited to \$75 (single, MFS) or \$150 (MFJ).

City Income Tax Credit

In 2010, city income tax credits were claimed by 746,700 taxpayers amounting to \$27.6 million in total credits. This was an decrease of \$1.8 million from the prior year, with 25,400 fewer taxpayers claiming the credit.

Public Contribution Credit

About 253,300 Michigan taxpayers claimed \$22.9 million in credits for contributions to Michigan colleges, libraries, museums, and public broadcasting stations for tax year 2010. This was a decrease of \$822,700 from tax year 2009, with 10,300 fewer taxpayers claiming this credit.

Community Foundation Credit

For tax year 2010, about 34,900 taxpayers claimed \$3.3 million in community foundation credits. This figure represents a decrease of about \$100,000 from tax year 2009, with 1,100 fewer taxpayers claiming the credit.

Homeless Shelter/Food Bank Credit

About 228,600 taxpayers claimed homeless shelter/food bank credits totaling \$18.6 million for tax year 2010. Compared with tax year 2009, this represented a decrease of \$246,100 with 5,500 fewer taxpayers claiming a credit.

College Tuition Credit

For tax year 2010, 14,700 taxpayers claimed \$4.0 million in tuition credits. Compared with tax year 2009, this was a decrease of \$12.8 million with 84,100 fewer taxpayers claiming a credit.

Historic Preservation Credit

For tax year 2010, about 700 taxpayers claimed \$889,000 in historic preservation credits. Compared with tax year 2009, this was a decrease of \$349,200 with 455 fewer taxpayers claiming a credit.

Credit for Income Paid to Another State

For tax year 2010, 46,800 taxpayers received a total of \$44.8 million credit for income tax paid to another state, resulting in an average credit of \$958. This represented an increase of \$4.7 million with 2,200 more taxpayers claiming a credit.

Vehicle Donation Credit

About 1,100 taxpayers claimed vehicle donation credits totaling \$80,100 for tax year 2010, resulting in an average credit of \$72 per taxpayer. The vehicle donation credit equals 50 percent

of the fair market value of certain automobile donations to qualified charitable organizations, up to \$50 for single return or \$100 for a joint return, and it became effective in TY 2005.

Renewable Energy Surcharge Credit

This credit equals a percentage of the additional utility charges paid that were imposed on Michigan utility customers so that the electric utilities would meet newly enacted renewable energy standards. The credit was restricted to eligible taxpayers with AGI up to \$65,000 (single, MFS), or \$130,000 (MFJ), and was limited to those where the surcharge appeared on the taxpayer's monthly bills. About 532,900 taxpayers received a total of \$4.3 million in renewable energy surcharge credits for tax year 2010.

Use Tax Payments

Starting in tax year 1999, taxpayers were asked to remit use tax payments along with their personal income tax returns. In 2010, 104,700 taxpayers paid \$5.2 million in use tax. Compared to 2009, this was an increase of \$248,300 on the total use tax paid, with 3,900 more taxpayers reporting the use tax.

Tax Law Changes in 2011

Public Act 38 amended the Income Tax Act to eliminate several individual tax credits and deductions, reduce the refundable homestead property tax and the earned income tax credits, adjust the income tax rate for future years, reduce the deduction for pension and retirement benefits by limiting the deduction for taxpayers born between 1946 and 1952 at \$20,000 on a single return and \$40,000 on a joint return, and eliminating the deduction for taxpayers born after 1952. The Act also imposed a new 6 percent tax on taxable corporate income effective January 1, 2012, which was enacted to replace the Michigan business tax (MBT) which was eliminated for most taxpayers by Public Act 39 of 2011. (See page 41 for more details on the new law.)

Public Acts 41 through 45 amended the State Employees' Retirement Act, the Public School Employees Retirement Act, the Michigan Legislative Retirement System Act, Public Act 339 of 1927 (public libraries), and the Judges Retirement Act, respectively, to repeal the full exemption for pension and retirement benefits received from public sources. After repeal of the exemption in each of these acts, any exemption for pension and retirement benefits is now governed by the provisions of the Income Tax Act. Under the Income Tax Act, benefits from public sources will be treated the same as benefits from private sources for taxpayers born after 1945.

Public Acts 56 and 57 amended the City Income Tax and City Utility Users Tax Acts, respectively, to lower the population thresholds in these Acts that apply to the City of Detroit to 600,000.

Public Acts 172, 174, 177, 178 and 180 amended the Income Tax Act to clarify portions of the individual income tax and correct certain technical issues that were identified or had arisen since

the passage of P.A. 38. Changes were made to the definition of total household resources, the calculation of the homestead property tax credit, and the effective date of the new apportionment formula to align the statute with the original intent.

Public Acts 188 and 192 through 194 amended the Income Tax Act to correct and clarify the withholding provisions related pension and retirement benefits and income from flow-through entities.

Public Act 273 amended the Income Tax Act to allow taxpayers to exclude the portion of a parcel of real property that is unoccupied and classified as agricultural when applying the limitation on the taxable value of property for purposes of eligibility for the homestead property tax credit.

Public Act 314 amended the Income Tax Act to restore the deduction for income earned by residents of a qualified renaissance zone for tax years beginning in or after 2012.

II. INTRODUCTION

This report summarizes information regarding the Michigan individual income tax for tax year 2010. It is based on returns filed and processed in calendar year 2011.

Section III reports the history of the Michigan individual income tax. Section IV presents an overview of the number of taxpayers, revenue collections, refunds, and effective tax rates. Section V details the major income tax credits, while Section VI discusses the designated contributions listed on the personal income tax form. Section VII compares Michigan's personal income tax to the income taxes levied by other states. Section VIII lists the geographic pattern of revenue and credits by county.

The Michigan income tax builds on the federal income tax, specifically federal adjusted gross income (AGI). As such, changes in federal law that alter the calculation of AGI will generally have an impact on the Michigan income tax base and revenues. Section IX summarizes the significant changes in federal income tax law in 2010 and 2011 and how those changes affect Michigan's income tax base. Section X summarizes the Michigan Public Acts (PA) in 2010 and 2011 that amended the Michigan Income Tax Act.

Section XI contains tables and charts presenting detailed data on returns, exemptions, credits, revenue, and effective tax rates.

Section XII contains a summary of significant changes in federal income tax law since 2001 through changes in 2009, the Michigan personal income tax legislative history through 2009, and a table with chronological changes to the Michigan income tax requirements and limits since 1967.

III. HISTORY OF THE MICHIGAN INDIVIDUAL INCOME TAX¹

The Michigan individual income tax became effective on October 1, 1967, under PA 281. The tax was enacted to help eliminate a state budget deficit. When originally enacted, the state income tax was levied at 2.6 percent and allowed a \$1,200 exemption per person. On August 1, 1971, the personal income tax rate was raised to 3.9 percent. In 1973, the personal exemption was raised from \$1,200 to \$1,500, and the homestead property tax credit was established. The income tax rate rose to 4.6 percent on May 1, 1975, to replace revenue lost from the exemption of food and prescription drugs from the state sales tax. Although scheduled to be rolled back to 4.4 percent on July 1, 1977, the state income tax rate was permanently set at 4.6 percent in 1977.

In response to the early 1980s economic recession that plagued Michigan with budget deficits, the state income tax rate was raised to 5.6 percent between April 1 and September 30, 1982, further increasing to 6.35 percent in 1983. As the Michigan economy improved, the income tax rate was rolled back to 5.85 percent in 1984, 5.33 percent in 1985, and 4.6 percent in 1986. On May 1, 1994, the rate was lowered to 4.4 percent, following the passage of the property tax reform package known as Proposal A. For the 1995 tax year only, the Headlee Amendment Refund reduced the income tax liability of all Michigan taxpayers by 2.0 percent. New legislation passed in 1999 reduced the income tax rate to 4.2 percent effective January 1, 2000, and further reduced the rate by 0.1 percentage point on January 2002, January 2003, and July 2004, bringing the rate to 3.9 percent, where it remained through September 2007. As the pace of the Michigan economy slowed considerably in the mid 2000s, renewed budgetary pressures led to new legislation that increased the income tax rate to 4.35 percent effective October 1, 2007, and provided for a gradual reduction of the rate (0.1 percentage point) on each October 1 beginning in 2011, until the rate reached 3.95 percent, and finally dropped to 3.9 percent on October 1, 2015. However, PA 30 of 2011 and PA 223 of 2012 maintained the 4.35 percent rate through December 2012, and reduced the rate to 4.25 percent beginning October 2012, respectively. (See Exhibit 42 on page 65 for a complete list of average Michigan Individual Income tax rates since 1968.)

The starting point of the Michigan individual income tax is the federal AGI. Therefore, changes in federal tax law can affect Michigan income tax collections. The broad changes in AGI effected by the Tax Reform Act of 1986 significantly increased the Michigan income tax base. In response, the personal exemption was gradually increased from \$1,500 in 1986 to \$2,100 in 1990, a 40 percent overall increase. PA 2 of 1995 increased the personal exemption to \$2,400 for tax years 1995 and 1996, and to \$2,500 in 1997. PA 3 of 1995 indexed the exemption to inflation, where inflation adjustments would be rounded to the nearest \$100 after tax year 1997. Starting in tax year 1998, the personal exemption increased by an additional \$200 under PA 86 of 1997. A table with chronological changes to the Michigan Income Tax (filing requirements, average rates, maximum limits of deductions and credits, and others) can be found in Appendix A on page 97.

For 2010, the following exemptions were available for taxpayers: \$3,600 personal exemption, \$2,300 special exemption for senior citizens, filers with certain disabilities, or filers receiving at

¹ For a complete Michigan personal income tax legislative history through 2009, see Appendix A, page 75.

least 50 percent of their AGI from unemployment compensation, additional \$300 exemption for disabled veterans, \$600 exemption for child aged 18 years and under, and \$1,500 exemption for taxpayers claimed as dependent by another taxpayer. Exhibit 1 depicts the average annual Michigan individual income tax rate and allowed exemptions since 2002.

Exhibit 1
Michigan Individual Income Tax Exemption Allowances

<u>Tax Year</u>	<u>Average Rate</u>	<u>Personal Exemption</u>	<u>Claimed as Dependent Exemption</u>	<u>Special Exemptions</u>				<u>Child Age 18 and Under Exemption</u>
				<u>Senior</u>	<u>Blind, Deaf, or Disabled</u>	<u>Unemployment Compensation</u>	<u>Disabled Veteran</u>	
2002	4.10%	\$3,000	\$1,500	\$1,900	\$1,900	\$1,900	n.a.	\$600
2003	4.00%	3,100	1,500	1,900	1,900	1,900	n.a.	600
2004	3.95% *	3,100	1,500	2,000	2,000	2,000	n.a.	600
2005	3.90%	3,200	1,500	2,000	2,000	2,000	n.a.	600
2006	3.90%	3,300	1,500	2,100	2,100	2,100	n.a.	600
2007	4.01% **	3,400	1,500	2,200	2,200	2,200	n.a.	600
2008	4.35%	3,500	1,500	2,200	2,200	2,200	250	600
2009	4.35%	3,600	1,500	2,300	2,300	2,300	300	600
2010	4.35%	3,600	1,500	2,300	2,300	2,300	300	600
2011	4.35%	3,700	1,500	2,400	2,400	2,400	300	600
2012	4.33% ***	3,700	1,500	n.a.	2,400	n.a.	300	n.a.

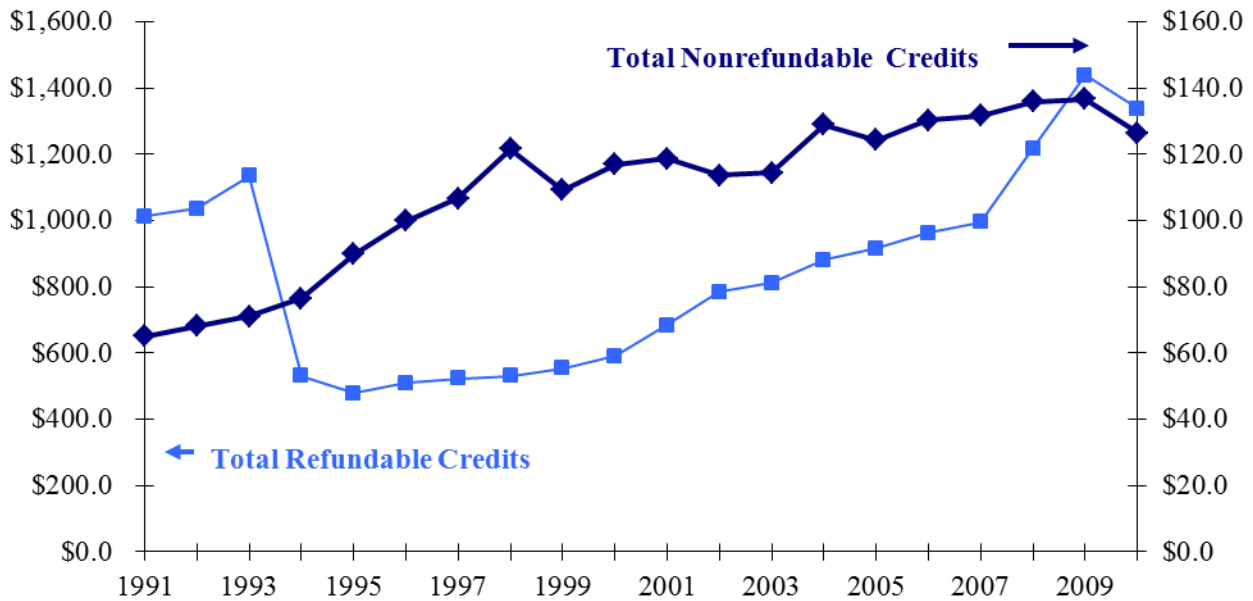
* Tax rate equals 4.0% through June 2004, then it decreases to 3.9%.

**Tax rate equals 3.9% through September 2007, then it increases to 4.35% thereafter.

***Tax rate equals 4.35% through September 2012, then it decreases to 4.25% thereafter.

The Michigan individual income tax is a flat rate tax. The Michigan Constitution prohibits graduated income tax rates. Proposals to allow graduated rates were defeated by voters in 1968, 1972, and 1976. However, a degree of progressivity is achieved with exemptions and credits, such as the homestead property tax and home heating credits, and the Michigan EITC. These provisions help to make the tax less burdensome on low income taxpayers. Except in 1994, when property tax reductions enacted as a part of school finance reform led to reduced property tax credits, both refundable and nonrefundable credits paid and claimed have steadily increased over the years. Exhibit 2 provides information on the total amount of refundable and nonrefundable credits paid since 1991. For tax year 2010, a total of \$1,337.9 million was paid in refundable credits, and an additional \$126.4 million was paid in nonrefundable credits. For a complete list of credits available in tax year 2010 see Chapter V on page 23.

**Exhibit 2
Individual Income Tax Credits
(millions)**



A portion of income tax revenues is earmarked to the School Aid Fund (SAF) with the remainder distributed as General Fund/General Purpose (GF/GP) revenues. Beginning in fiscal year 1994-95, 14 percent of gross income tax collections was statutorily allocated to the SAF with the remainder of net income tax revenue allocated to GF/GP. For fiscal year 1996-97, the SAF allocated percentage increased to 23 percent, where it remained until tax year 1999. For tax years 2000 and after, the percentage of gross income tax collections earmarked to the SAF changed to equal 1.012 percent divided by the income tax rate. The inverse relationship between the income tax rate and the percent allocated to the SAF has resulted on a steady increase of the earmarking percentage for tax years 2000 through 2007, from 24.1 to 25.95 percent, and a recent decline on that percentage to 25.24 percent in 2007, and 23.26 percent for tax years 2008 and 2009. Exhibit 3, on page 10, summarizes the income tax revenue earmarking to the SAF and GF/GP since 1995.

USE TAX PAYMENTS

Taxpayers owe use tax when they purchase tangible personal property, either for use, consumption, or storage in Michigan, from companies that do not collect Michigan sales or use tax. This includes mail order and Internet purchases, as well as purchases made while traveling in other states or foreign countries. In those cases, compliant Michigan taxpayers must submit a use tax form, remitting the use tax owed on the total price (including shipping and handling charges) of all taxable items purchased from the out-of-state retailer who does not collect Michigan tax. An out-of-state business that does not have a store, warehouse, or employees in Michigan does not have to register and collect Michigan use tax. However, many out-of-state businesses voluntarily collect use tax for their customers.

Starting in tax year 1999, Michigan taxpayers were able to remit use tax payments while filing their income tax return, instead of filing separate use tax forms. This alternative simplifies the tax compliance process for the taxpayer. In tax year 2010, 104,700 taxpayers remitted \$5.2 million in use tax (see Exhibit 4 below).

Exhibit 3
Earmarking of Income Tax Revenue

<u>Tax Years</u>	<u>Average Tax Rate</u>	<u>Earmarking Percentages</u>	
		<u>SAF</u>	<u>GF/GP</u>
1995	4.40%	14.00 %	86.00 %
1996 - 1999	4.40%	23.00	77.00
2000 - 2001	4.20%	24.10	75.90
2002	4.10%	24.68	75.32
2003	4.00%	25.30	74.70
2004	3.95%	25.62	74.38
2005 - 2006	3.90%	25.95	74.05
2007	4.01%	25.24	74.76
2008 - 2011	4.35%	23.26	76.74

Exhibit 4
Use Tax Liability Reported on Income Tax Returns

<u>Tax Year</u>	<u>Number Of Returns</u>	<u>Use Tax Amount</u>	<u>Average Per Return</u>
1999	64,650	\$2,895,475	\$44.79
2000	79,627	2,976,223	37.38
2001	72,913	2,877,459	39.46
2002	70,619	2,872,252	40.67
2003	79,684	3,302,217	41.44
2004	86,774	4,041,439	46.57
2005	82,691	3,409,451	41.23
2006	81,360	3,346,874	41.14
2007	104,836	4,086,157	38.98
2008	103,637	4,056,857	39.14
2009	100,779	4,984,597	49.46
2010	104,707	5,232,886	49.98

Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury

IV. INCIDENCE OF THE INDIVIDUAL INCOME TAX

For tax year 2010, about 4.5 million MI-1040 returns were filed, 64,000 more than for 2009 (see Exhibit 5 below). An additional 140,500 “credit-only” returns were filed for 2010. These “credit-only” returns refer to returns from taxpayers who did not file a MI-1040 form, but who did claim a refundable tax credit, such as a property tax credit or a home heating credit by filing the appropriate forms. Of those “credit-only” returns, 38,300 claimed only a home heating credit, 23,300 claimed only a property tax credit, and 39,400 claimed both refundable credits.

The personal income tax generated \$5.3 billion in net revenue for tax year 2010, which is total revenue after all credits and refunds are paid. Income tax revenues increased \$381.3 million (7.8%) from 2009, reflecting recoveries in the number of returns and taxable income amount compared to the prior year, and \$101.3 million decrease in refundable credits compared to 2009.

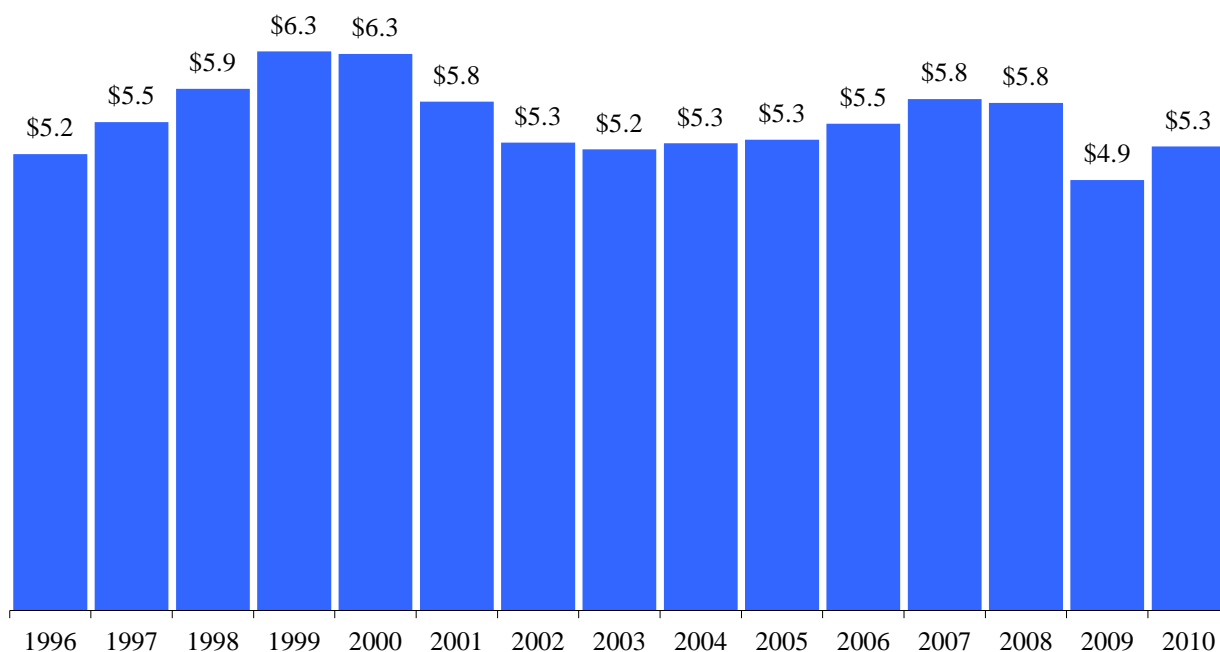
Exhibit 5
Fifteen-Year History of Income Tax Rates and Revenue

<u>Year</u>	<u>Number of 1040s Filed</u>	<u>Adjusted Gross Income</u>	<u>Average AGI</u>	<u>Nominal Rate</u>	<u>Average Effective Rate</u>	<u>Revenue</u>
1996	4,260,200	180,087,338,060	42,272	4.40%	2.88%	5,177,919,400
1997	4,308,575	190,806,002,405	44,285	4.40%	2.90%	5,540,653,500
1998	4,350,006	205,229,640,000	47,179	4.40%	2.88%	5,919,624,100
1999	4,414,720	222,092,788,315	50,307	4.40%	2.86%	6,343,222,500
2000	4,511,561	235,714,626,207	52,247	4.20%	2.68%	6,313,315,900
2001	4,456,031	222,960,889,578	50,036	4.20%	2.59%	5,774,007,800
2002	4,405,687	213,455,154,939	48,450	4.10%	2.49%	5,309,790,100
2003	4,369,995	223,070,894,889	51,046	4.00%	2.35%	5,232,779,200
2004	4,390,300	241,419,608,339	54,989	3.95%	2.20%	5,301,966,200
2005	4,424,662	260,604,722,102	58,898	3.90%	2.05%	5,341,831,700
2006	4,487,257	272,454,940,745	60,717	3.90%	2.03%	5,521,426,800
2007	4,560,672	292,321,301,678	64,096	4.01%	1.99%	5,803,415,000
2008	4,481,511	257,476,490,543	57,453	4.35%	2.24%	5,757,103,800
2009	4,395,979	240,741,775,266	54,268	4.35%	2.03%	4,883,682,400
2010	4,459,933	254,568,181,316 ²	57,079	4.35%	2.07%	5,264,953,200

²The AGI above is reduced by returns reporting a negative AGI totaling a negative \$7.1 billion. AGI data for these returns were not available prior to 1997. The data for negative AGI returns are included throughout this report unless otherwise noted.

The number of income tax returns and tax revenues both generally increase when the economy expands and decrease during a recession. Changes in AGI reflect both economic growth and changes in the definition of federal AGI. Exhibit 6 below provides a graphical representation of Michigan individual income tax annual collections since 1995.

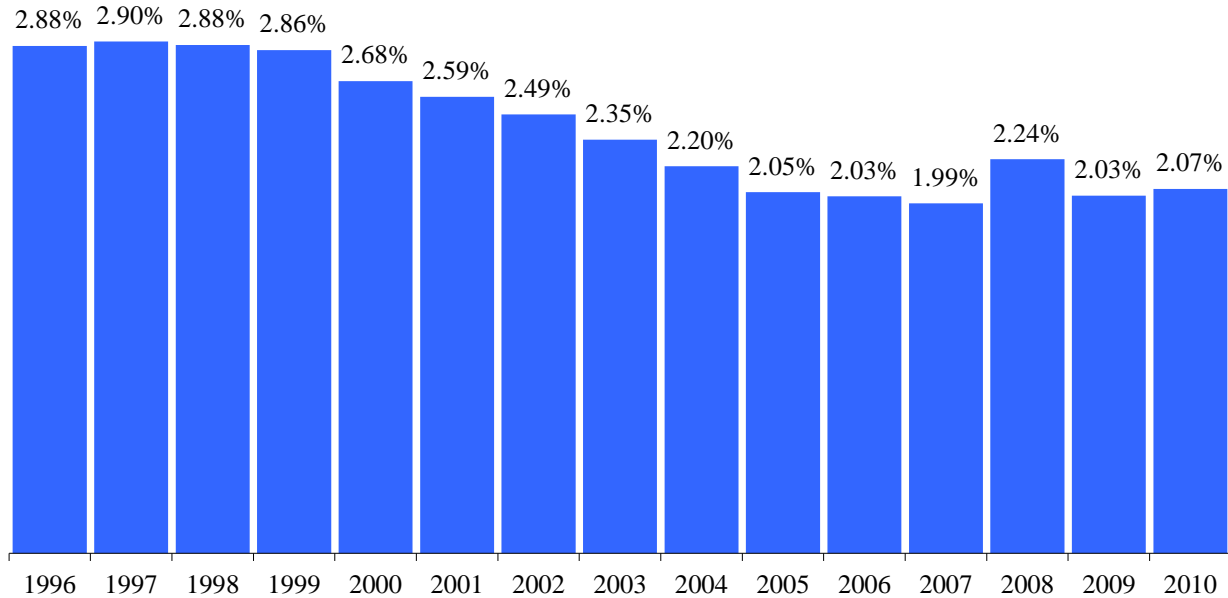
Exhibit 6
Annual Collections from Michigan Individual Income Tax
(billions of dollars)



Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury.

Even though the nominal Michigan personal income tax is levied at a flat 4.35 percent rate, exemptions and credits help to lessen the relative burden on taxpayers with lower AGIs. As a result, the average effective tax rate is considerably lower than the nominal flat rate. As shown in Exhibit 7, the average effective tax rate for 2010 was 2.07 percent, lower than the calculated average of 2.88 percent for the 1995-1999 period, when the tax rate was kept at 4.4 percent. Over the 1995-2009 period, the highest average effective rate was 2.90 percent for 1997, and the lowest average was 1.99 percent for 2007. The overall decrease in the average effective rate over past years resulted from a combination of generalized increase in exemptions amounts due to inflation indexing, expansion of refundable credits, and decrease in the nominal tax rate (except for 2007, when the average nominal rate increased from 3.9 percent to 4.01 percent).

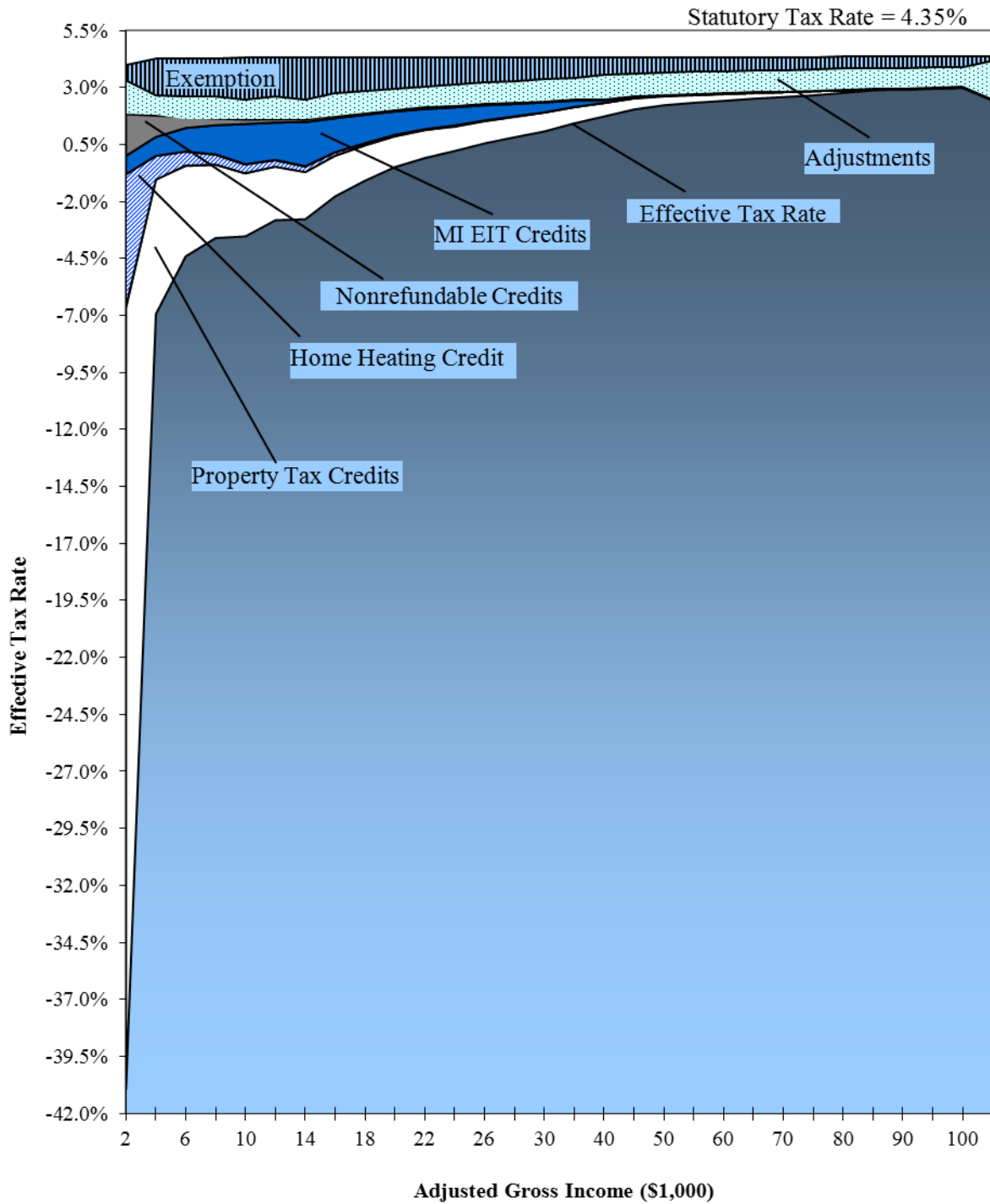
Exhibit 7
Individual Income Tax
Effective Tax Rate



Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury.

As shown in Exhibits 8, 27 and 28 (see pages 14, 45 and 46, respectively), the effective tax rate in 2009 varied from negative 40.94 percent for taxpayers in the \$1 - \$2,000 AGI group, to positive 3.38 percent for taxpayers with an AGI between \$300,001 and \$400,000. Taxpayers with AGIs of less than \$20,000 on average received net payments from the state, mostly due to the refundable credits for property taxes, home heating expenses, and the Michigan EITC. The effective rate for taxpayers with an AGI above \$1,000,000 was 0.83 percent, lower than the peak of 3.38 percent. The reason for this lower rate is because the above \$1,000,000 AGI group includes a large number of nonresidents with relatively low Michigan income compared to their total AGI, affording them large subtractions for income not taxable in Michigan and consequently lower taxable income and effective rate. Resident taxpayers included in that AGI group are also more likely than resident taxpayers in other AGI groups to have part of their income from business activities outside of Michigan, resulting in their Michigan tax base being lower than their AGI. Overall, the effective tax rate was 2.07 percent rather than the nominal rate of 4.35 percent. The effective rates in Exhibits 27 and 28 were calculated before taking into account the adoption and stillbirth credits, because the distribution of these credits by AGI is not available. In 2010, adoption credits totaled \$712,900, and the stillbirth credit totaled \$50,800. Subtracting these credits minimally reduces the overall effective rate of 2.07 percent.

**Exhibit 8
Effective Income Tax Rates, 2010**



Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury.

Exhibit 8 reveals the influence of the various exemptions and credits on the effective tax rate and illustrates the data in Exhibit 27 (see page 45). Exhibit 27 details the effects of the personal exemption, various adjustments and credits on the distribution of the Michigan income tax burden. As a percentage of income, the \$3,600 personal exemption and the property tax credit benefit lower income taxpayers the most, while reducing the effective tax rate for most taxpayers. The personal exemption, property tax credit, home heating credit, and the Michigan EITC make Michigan's income tax more progressive, since these provisions decline as a percentage of AGI as income increases. The nonrefundable credits, which include the city income tax, college tuition, and college contribution credits, have a more proportional effect on income.

The Michigan tax data overstate the aggregate effective tax rate, since taxpayers who itemize deductions on their federal returns may deduct their state income tax payments. Federal data for tax year 2010 show that 31.6 percent of Michigan taxpayers itemized deductions on their federal income tax returns.³ With federal deductibility, taxpayers offset part of their state income tax with a lower federal tax liability. For example, taxpayers in the 28 percent federal income tax bracket who itemized would have up to 28 percent of their state income tax offset by lower federal income tax liability. Federal deductibility provides greater benefits to taxpayers with higher incomes, since higher income people are both more likely to itemize their deductions and face higher marginal tax rates. For 2010, 87.8 percent of Michigan taxpayers reporting an AGI of \$100,000 or more itemized their deductions, while 14.2 percent of taxpayers with an AGI up to \$50,000 itemized. While providing relief for some taxpayers, federal deductibility reduces the progressivity of the Michigan income tax.

Michigan taxpayers claimed about 8.9 million personal exemptions for 2010. Since the total exemption amount for some taxpayers is greater than their income, not all exemptions were used at lower income levels. In the lowest income groupings, the exemptions and child deductions offset all income. As noted in Exhibit 27 (see page 45), there were an estimated 7.0 million effective personal exemptions, i.e., exemptions that actually offset income. The effective exemptions for 2010 were calculated assuming all personal exemptions, special exemptions, and all child deductions were equally likely to offset taxable income.

Michigan taxpayers claimed over 1.5 million special exemptions for tax year 2010. About 75.5 percent of the special exemptions were claimed by senior citizens. Michigan families claimed 2.3 million deductions for children age 18 and under. Exhibits 30 and 31 (see pages 49 through 51) present distributions of all the exemptions claimed for tax year 2010 by income group. The number of special exemptions or child deductions that actually offset taxable income for each income group can be estimated by dividing the number of effective exemptions listed for that income group in Exhibit 27 (see page 45) by the number of claimed exemptions, and then multiplying that quotient by the number of exemptions/deductions in Exhibit 31 (see page 51). For example, the number of effective deductions for children age 18 and under in the \$30,001 to \$35,000 income group would be estimated by dividing 351,594 by 429,441 and then multiplying the result (0.8187) by 115,964. The result is an estimate of 94,940 effective deductions.

³Data on itemized deductions was obtained from the Internal Revenue Service, Statistics of Income Division, Individual Master File System, December 2011.

The Michigan income tax is paid almost exclusively by Michigan residents. Non- or part-year residents pay about 3.2 percent of the income tax. Exhibit 9 below summarizes the distribution of Michigan returns and net tax liability by residency. While nonresidents report \$39.7 billion in AGI, they claim subtractions totaling \$35.6 billion, mostly for income not taxable in Michigan.

Exhibit 9
2010 Income Tax Returns Distribution by Residency

<u>Residency</u>	<u>Number of Returns</u>	<u>Adjusted Gross Income</u>	<u>Total Tax Liability</u>
Resident	4,273,699	\$209,831,918,658	\$5,255,709,796
Part-year resident	87,767	4,997,305,665	75,541,211
Nonresident	98,467	39,738,956,994	99,255,422
Totals	4,459,933	\$254,568,181,316	\$5,430,506,429

Married taxpayers filing jointly reported 69.1 percent of AGI and paid 73.9 percent of the Michigan income tax. Married couples tend to be older and earn higher wages, due to greater accumulated human capital. Human capital includes formal education plus skills acquired through work experience and on-the-job training. Couples also have an additional potential worker. The Michigan income tax does not have a “marriage penalty” or “marriage bonus” as potentially exists with the federal income tax. Exhibit 10 depicts the distribution of Michigan returns and net tax liability by filing status. Note that the total tax liability does not include refundable credits claimed by taxpayers not required to file a Michigan income tax return.

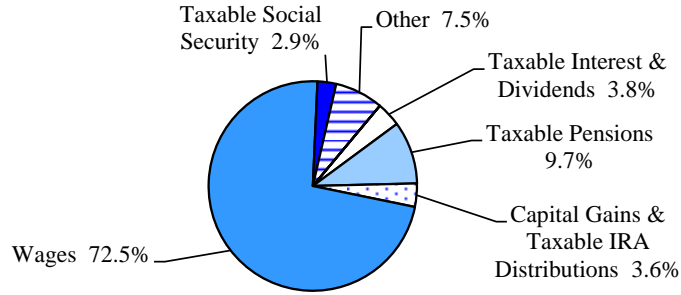
Exhibit 10
2010 Income Tax Returns Distribution by Filing Status

<u>Filing Status</u>	<u>Number of Returns</u>	<u>Adjusted Gross Income</u>	<u>Total Tax Liability</u>
Single	2,585,684	\$74,515,288,842	\$1,335,349,827
Married filing jointly	1,804,186	175,864,307,030	4,013,858,696
Married filing separately	66,715	4,090,084,505	79,429,594
Status not reported	3,348	98,500,939	1,868,313
Totals	4,459,933	\$254,568,181,316	\$5,430,506,429

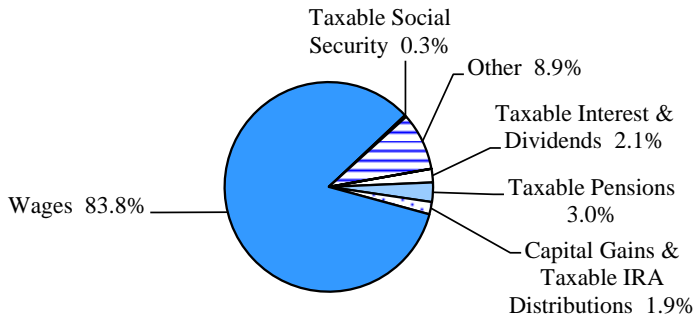
The starting point for the Michigan individual income tax is federal AGI, which is total federal income less adjustments. Federal total income is comprised of wage income, taxable pensions, interest and dividends, capital gains and some Social Security income, but excludes most Social Security and social service assistance. Using tax year 2009 detailed federal data for Michigan taxpayers we can see how the composition of federal total income varied across age groups (see Exhibit 11 on page 17).

Exhibit 11
2009 Michigan Federal Total Income Categories by Age Group

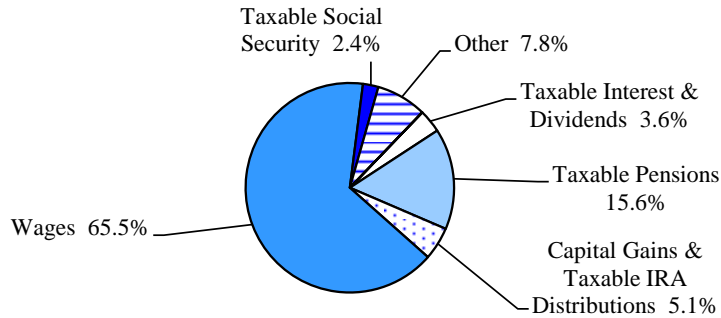
All Taxpayers



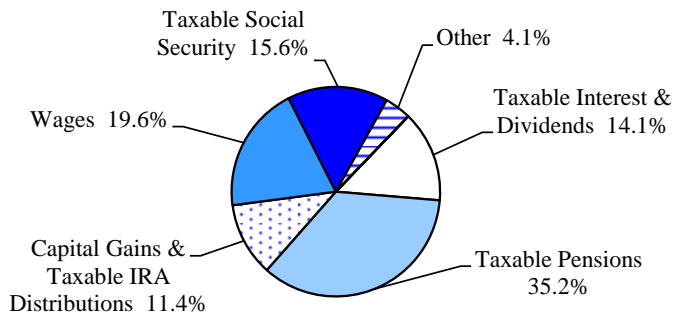
Taxpayers in Age Group 45 years to 54 years



Taxpayers in Age Group 55 years to 64 years



Taxpayers in Age Group 65 years old and above



Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury.

In 2009, wage income comprised the largest part of income for all taxpayers (74.5 percent), representing 83.8 percent of total income for taxpayers in age group 45 to 54 years, and 19.6 percent of total income for those 65 and older. Federal adjustments to income provided an average reduction of 1.3 percent of taxpayers' total income (see Exhibit 12). The reduction of the total income varies across age group, ranging from a low of 0.2 percent reduction for filers in the 85 and over age group to 1.6 percent reduction for those in the 55 to 64 year group.

Exhibit 12
2009 Adjustments to Income for all Michigan Taxpayers by Age Group

<u>Age Group</u>	<u>Nr of Returns</u>	<u>(A) Total Income</u>	<u>(B) Adjustments to Income</u>	<u>(C) = (A) - (B) AGI</u>	<u>Percentage Change C)/(A) - 1</u>
Under 25 Yrs	675,307	\$7,437,773,927	(\$93,247,537)	\$7,344,526,390	-1.3%
25 to 34 Yrs	743,458	\$26,582,593,663	(\$317,299,460)	\$26,265,294,203	-1.2%
35 to 44 Yrs	739,659	\$43,784,089,578	(\$478,063,893)	\$43,306,025,685	-1.1%
45 to 54 Yrs	842,868	\$57,886,863,205	(\$800,192,864)	\$57,086,670,341	-1.4%
55 to 64 Yrs	691,180	\$47,192,654,534	(\$752,216,813)	\$46,440,437,721	-1.6%
65 to 74 Yrs	400,690	\$19,391,072,222	(\$216,626,836)	\$19,174,445,386	-1.1%
75 to 84 Yrs	253,860	\$8,717,998,342	(\$45,675,973)	\$8,672,322,369	-0.5%
85 and Over	114,343	\$3,122,197,269	(\$6,862,930)	\$3,115,334,339	-0.2%
Missing Age	<u>29,157</u>	<u>\$1,922,743,858</u>	<u>(\$35,519,342)</u>	<u>\$1,887,224,516</u>	-1.8%
Totals	4,490,522	\$216,037,986,598	(\$2,745,705,648)	\$213,292,280,950	-1.3%

Certain types of income are added back to federal AGI to determine the Michigan income tax base. Principal additions include interest on obligations (bonds) issued by other states, and the federal deduction of self-employment tax. Tax base subtractions include mainly income from U.S. Government bonds, military pay, social security benefits, most pension income, and income attributable to another state.

For 2010, private pension income was exempted up to \$45,120 (single)/\$90,240 (joint) return, and all pension income earned from the State of Michigan, Michigan local governmental units, federal civil service and military retirement pay were exempt from the Michigan income tax. Out-of-state government pensions were not fully exempt but qualified for the private pension deduction. Filers who were 65 or older could also deduct interest, dividend and capital gains income up to the statutory limits. For 2010 this exclusion was for up to \$10,058 (single)/\$20,115 (joint) per return and it was reduced by any pension income deducted by the taxpayer. The favorable treatment of pension income and interest, dividends and capital gains resulted in filers with similar income facing significantly different tax burden, with younger filers shouldering a heavier tax burden than older filers. Exhibits 13, 14, and 15 on pages 19 and 20 provide information by age group on AGI, total additions, and total subtractions.

Exhibit 13
2010 Total AGI, Additions and Subtractions by Age Group
(millions of dollars)

<u>Age Group</u>	<u>Number of Returns</u>	<u>Total AGI</u>	<u>Total Additions</u>	<u>Additions</u>		<u>Subtractions</u>	
				<u>As a % of AGI</u>	<u>Total Subtractions</u>	<u>As a % of AGI</u>	
Under 25 Yrs	635,321	\$7,253.5	\$38.5	0.5%	\$458.5	6.3%	
25 to 34 Yrs	735,997	\$26,914.6	\$158.7	0.6%	\$1,535.2	5.7%	
35 to 44 Yrs	698,883	\$42,983.9	\$508.6	1.2%	\$1,992.8	4.6%	
45 to 54 Yrs	804,482	\$56,981.5	\$1,033.0	1.8%	\$3,532.3	6.2%	
55 to 64 Yrs	695,330	\$47,905.1	\$1,409.4	2.9%	\$11,237.6	23.5%	
65 to 74 Yrs	399,174	\$20,287.4	\$1,061.7	5.2%	\$12,859.7	63.4%	
75 to 84 Yrs	247,551	\$8,918.6	\$491.4	5.5%	\$6,793.4	76.2%	
85 and Over	116,462	\$3,098.4	\$171.3	5.5%	\$2,290.1	73.9%	
Missing Age	126,717	\$40,225.1	\$2,966.1	7.4%	\$41,138.9	102.3%	
Totals	4,459,917	\$254,568.1	\$7,838.8	3.1%	\$81,838.6	32.1%	

In 2010, total additions represented about 3.1 percent of total AGI, varying from 0.6 percent for taxpayers in age group under 35, up to 5.3 percent for those 65 and older (see Exhibit 13). Total subtractions represented about 32.1 percent of total AGI.

Exhibit 14
2010 Total Additions Detail by Age Group
(millions of dollars)

<u>Age Group</u>	<u>Total Additions</u>	<u>Interest & Dividends</u>	<u>Self Employment</u>		<u>Losses Attributable to Other States</u>	<u>Net Loss from Fed Column</u>	
			<u>Taxes and Other Taxes</u>	<u>Gains from MI 1040D & MI 4797</u>		<u>MI 1040D or MI 4797</u>	<u>Other</u>
Under 25 Yrs	\$38.5	\$2.3	\$16.4	\$1.7	\$5.3	\$1.6	\$11.2
25 to 34 Yrs	\$158.7	\$3.8	\$64.0	\$6.4	\$18.7	\$4.4	\$61.4
35 to 44 Yrs	\$508.6	\$16.0	\$111.1	\$12.3	\$53.8	\$17.2	\$298.3
45 to 54 Yrs	\$1,033.0	\$58.3	\$146.2	\$61.7	\$129.7	\$31.2	\$605.9
55 to 64 Yrs	\$1,409.4	\$120.5	\$126.1	\$114.2	\$171.8	\$46.6	\$830.3
65 to 74 Yrs	\$1,061.7	\$112.1	\$41.0	\$65.2	\$129.5	\$32.9	\$681.0
75 to 84 Yrs	\$491.4	\$96.1	\$8.7	\$41.6	\$51.9	\$18.6	\$274.5
85 and Over	\$171.3	\$66.9	\$1.2	\$26.6	\$16.1	\$4.6	\$55.9
Missing Age	<u>\$2,966.1</u>	<u>\$99.1</u>	<u>\$6.0</u>	<u>\$5.6</u>	<u>\$2,684.5</u>	<u>\$1.3</u>	<u>\$169.5</u>
Total	\$7,838.8	\$575.3	\$520.6	\$335.2	\$3,261.2	\$158.5	\$2,988.0
% of Total Additions	100.0%	7.3%	6.6%	4.3%	41.6%	2.0%	38.1%

The largest components of total additions were the add back of losses attributable to other states (41.6 percent of total additions), followed by the add back of interest and dividend income (7.3 percent of total additions, see Exhibit 14).

Exhibit 15
2010 Total Subtractions Detail by Age Group
(millions of dollars)

<u>Age Group</u>	<u>Total Subtractions</u>	<u>Income from US Gov't Bonds</u>	<u>Military Pay</u>	<u>Gains from MI 1040D and MI 4797</u>	<u>Income Attributable to Other States</u>	<u>Retirement/ Pension Incl. in MI-1040</u>	<u>Dividend/ Interest/ Capital Gain Exemption</u>
Under 25 Yrs	\$458.5	\$8.0	\$150.1	\$2.4	\$240.7	\$6.0	\$0.0
25 to 34 Yrs	\$1,535.2	\$7.1	\$193.9	\$9.1	\$1,098.0	\$45.4	\$0.0
35 to 44 Yrs	\$1,992.8	\$8.3	\$117.7	\$40.6	\$1,203.6	\$102.0	\$0.1
45 to 54 Yrs	\$3,532.3	\$26.9	\$60.5	\$92.6	\$1,345.4	\$1,074.0	\$1.3
55 to 64 Yrs	\$11,237.6	\$53.6	\$14.7	\$163.3	\$1,252.8	\$7,702.5	\$18.1
65 to 74 Yrs	\$12,859.7	\$54.3	\$2.2	\$105.0	\$649.8	\$7,793.0	\$358.5
75 to 84 Yrs	\$6,793.4	\$67.2	\$1.3	\$68.7	\$209.7	\$4,468.0	\$256.3
85 and Over	\$2,290.1	\$63.1	\$0.4	\$54.8	\$61.4	\$1,393.1	\$199.4
Missing Age	<u>\$41,138.9</u>	<u>\$15.3</u>	<u>\$214.4</u>	<u>\$10.2</u>	<u>\$39,836.0</u>	<u>\$98.2</u>	<u>\$21.0</u>
Totals	\$81,838.6	\$303.7	\$755.4	\$546.7	\$45,897.4	\$22,682.3	\$854.8
% of Total Subtractions	100.0%	0.4%	0.9%	0.7%	56.1%	27.7%	1.0%

<u>Age Group</u>	<u>Social Security Benefits</u>	<u>Income from Renaissance Zones</u>	<u>State and Local IIT Refunds</u>	<u>MESP Subtraction</u>	<u>MET Subtraction</u>	<u>Miscellaneous Subtraction</u>
Under 25 Yrs	\$1.0	\$1.7	\$2.4	\$0.4	\$0.3	\$45.5
25 to 34 Yrs	\$9.2	\$15.0	\$44.3	\$9.4	\$2.5	\$101.3
35 to 44 Yrs	\$51.2	\$15.1	\$112.2	\$58.3	\$18.5	\$265.3
45 to 54 Yrs	\$190.8	\$15.2	\$150.1	\$61.5	\$17.6	\$496.2
55 to 64 Yrs	\$1,243.5	\$14.0	\$139.5	\$17.2	\$4.6	\$614.0
65 to 74 Yrs	\$3,325.2	\$4.1	\$66.0	\$11.0	\$2.4	\$488.2
75 to 84 Yrs	\$1,474.5	\$1.1	\$30.7	\$4.8	\$1.0	\$210.2
85 and Over	\$447.4	\$0.4	\$11.8	\$0.9	\$0.5	\$56.7
Missing Age	<u>\$67.2</u>	<u>\$0.5</u>	<u>\$9.0</u>	<u>\$0.7</u>	<u>\$0.3</u>	<u>\$866.1</u>
Totals	\$6,810.0	\$67.0	\$566.0	\$164.2	\$47.7	\$3,143.4
% of Total Subtractions	8.3%	0.1%	0.7%	0.2%	0.1%	3.8%

In 2010, the largest components of total subtractions were income attributable to other states (56.1 percent of total subtractions) and retirement or pension benefits exemption (27.7 percent of total subtractions, see Exhibit 15). The average AGI reduction for taxpayers 35 to 44 years old was 4.6 percent, and 67.9 percent for taxpayers 65 or older (see Exhibit 13).

Exhibit 16 on page 21 presents estimates of the growth of Michigan personal income from 2009 to 2010 prepared by the U.S. Bureau of Economic Analysis. Personal income increased 3.3 percent overall in 2010, with strong growth in proprietor's income (15.5 percent), followed by growth in adjustment for residence (5.3 percent and transfer payments (5.0 percent).

Exhibit 16
Growth in Michigan Income from 2009 to 2010
(thousands)

		<u>2009</u>	<u>2010</u>	<u>Percentage</u> <u>Change</u>
Labor Earnings				
Wage and salary disbursements		\$170,635,945	\$173,570,616	1.7%
Other labor income		28,530,807	28,791,025	0.9%
Proprietors' income		<u>19,675,157</u>	<u>22,725,930</u>	15.5%
Total labor earnings	(A)	\$218,841,909	\$225,087,571	2.9%
Adjustments				
Personal contributions for social insurance		-\$15,016,565	-\$15,244,025	1.5%
Adjustment for residence		<u>1,502,090</u>	<u>1,582,087</u>	5.3%
Total adjustments	(B)	-\$13,514,475	-\$13,661,938	1.1%
Net Michigan labor earnings	(C)=(A)-(B)	\$205,327,434	\$211,425,633	3.0%
Dividends, interest, and rent	(D)	\$49,483,956	\$50,317,429	1.7%
Transfer payments	(E)	<u>77,268,053</u>	<u>81,130,605</u>	5.0%
Michigan Personal Income	(C)+(D)+(E)	\$332,079,443	\$342,873,667	3.3%

Source: Bureau of Economic Analysis, U.S. Department of Commerce, March 28, 2012 update.

Michigan income tax revenues are slightly income inelastic. Elasticity is a concept economists use to describe the responsiveness of one variable, in this case net tax revenues, to changes in another variable, in this case income. The income elasticity of tax revenue is equal to the percentage change in tax revenues divided by the percentage change in income. If tax revenues are inelastic, revenues on average grow at a slower rate than income. An inelastic tax is also less volatile than the business cycle and thus provides a more stable source of financing for government operations than an elastic tax.

A flat rate income tax like Michigan's, with no exemptions or credits, should theoretically have an income elasticity equal to exactly one (exemptions and credits result in the measured elasticity being potentially higher or lower than one). Generally, a flat rate tax will be less elastic than a graduated-rate tax like the federal income tax. With a flat rate tax, tax liability for most taxpayers increases proportionally as income increases. With increasing marginal tax rates, tax liability increases faster than income as income begins to be taxed at progressively higher rates.

A simple calculation will clarify the concept of elasticity. In Exhibit 5 (see page 11), net tax revenues increased by 7.16 percent from 1998 to 1999, and total AGI increased by 8.22 percent for the same period. This resulted in an elasticity estimate of 0.871 (7.16 divided by 8.22), meaning that a 10 percent increase/decrease in income will, on average, increase/decrease tax

revenues by 8.71 percent. However, this method of calculating income elasticity is not suitable when changes in other important variables that affect tax revenues are also present (e.g., tax rate, or exemption amounts). Using 1999 and 2000 data, the reported changes of net income tax revenues and of AGI would result in a calculated elasticity of -0.077, suggesting that a 10 percent increase in income will lead, on average, to tax revenues declining 0.7 percent. The problem with this estimate is that the drop in tax revenue in 2000 reflected not only the change in AGI, but also the decrease in the tax rate and the increase in the exemption amount, which cannot be accounted for using this simple method. Using 2000 and 2001 data, the simple method yields an income elasticity estimate of 1.58, suggesting that a 10 percent increase in income will increase tax revenues by, on average, 15.8 percent. Here, the strong responsiveness of tax revenues to income suggested by the elasticity estimate results from the fact that the simple calculation method does not properly account for the large drop in capital gains, which was concentrated among taxpayers with high marginal rates.

Regression analysis provides a more thorough method of estimating the income elasticity of net income tax revenues. It allows the investigator to isolate the effect of changes in income on tax revenues by controlling for other variables that influence tax collections, such as changes in the personal exemption or tax rate. Regression analysis of Michigan income tax collections from the fourth quarter of 1978 through the fourth quarter of 2011 results in an estimated elasticity of 0.947, suggesting that a 10 percent increase in income will increase tax revenue by, on average, 9.47 percent. This estimate is based on net quarterly income tax collections and quarterly personal income as reported by the Bureau of Economic Analysis (BEA), the latter increased by annual capital gains realizations estimates from the Congressional Budget Office (CBO).⁴

⁴ The Michigan income tax is based on federal AGI. However, quarterly AGI data are not available. Therefore, quarterly personal income is used as proxy for AGI. BEA's personal income figure does not include capital gains. This omission understates the absolute value of the income growth rate. Capital gains tend to be more volatile than other income sources (e.g., wages, interest, and pensions) so their exclusion will make the growth of the personal income variable lower than the growth in AGI in good times and higher in bad times. In order to remedy this situation, the CBO's estimate of capital gains realizations was added to the personal income data.

V. INCOME TAX CREDITS

For tax year 2010, Michigan's personal income tax offered 16 different credits to taxpayers: seven refundable credits (homestead property tax, farmland preservation property tax, home heating credit, Michigan earned income tax (EITC), adoption credit, the stillbirth credit, and the energy efficient home improvement credit), and nine nonrefundable credits (city income tax credit, college contribution credit, community foundation credit, homeless shelter/food bank credit, college tuition and fees credit, other state income tax credit, Michigan historic preservation credit, vehicle donation credit, and the renewable energy surcharge credit). The credits convert the flat rate Michigan income tax into a more progressive tax structure.

REFUNDABLE CREDITS

Homestead Property Tax Credit

Michigan's property tax credit is designed to provide property tax relief through the income tax. When property taxes exceed specific income thresholds, the credit provides relief to taxpayers. For tax year 2010, taxpayers with household income less than \$82,650 may claim a property tax credit, and the computed credit is reduced by 10 percent for every \$1,000 that household income exceeds \$73,650.

For tax year 2010, most homeowners and renters received credits equal to 60 percent of the amount by which homestead property taxes (or 20 percent of rent for renters) are greater than 3.5 percent of income. Senior citizens, paraplegic, hemiplegic, quadriplegic, totally and permanently disabled, deaf, or blind filers received a credit for 100 percent of their property taxes above the following percentages of income:⁵

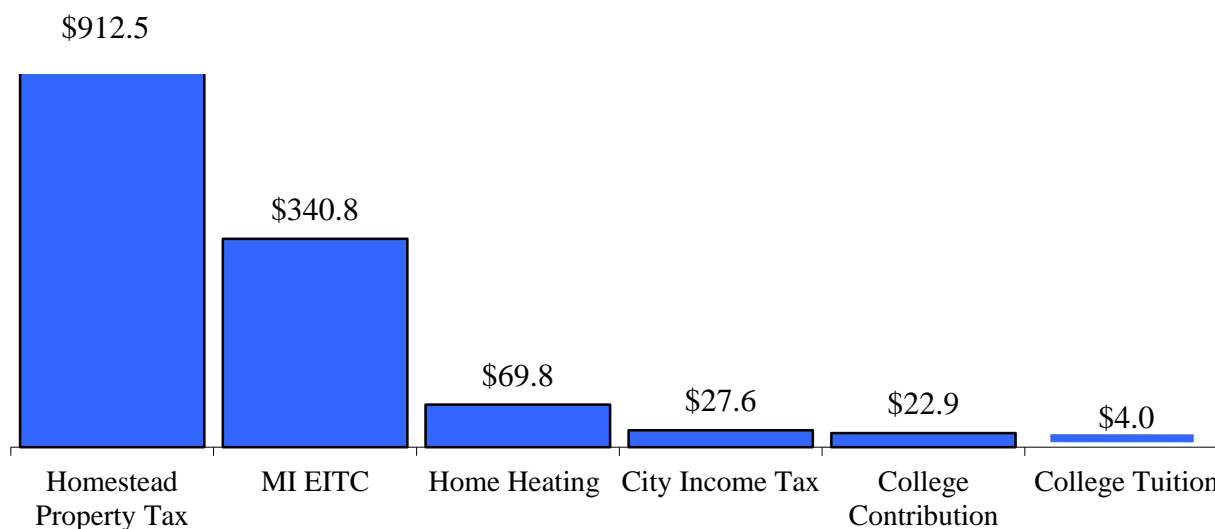
<u>Income</u>	<u>Percent Not Refundable</u>
\$ 0 - \$3,000	0.0%
\$3,001 - \$4,000	1.0%
\$4,001 - \$5,000	2.0%
\$5,001 - \$6,000	3.0%
Over \$6,000	3.5%

About 1.6 million Michigan taxpayers received \$872.8 million of homestead property tax credits and \$39.7 million in farmland preservation property tax credits for tax year 2010. Michigan's

⁵PA 41 of 2001 increased the Homestead Property Tax Credit for taxpayers who are deaf, blind, or totally and permanently disabled. Prior to tax year 2000, deaf filers received the same credit as other homeowners and renters, while blind, or totally and permanently disabled filers received 60 percent of the credit calculated for senior citizens and paraplegic, hemiplegic, or quadriplegic.

property tax credit program is one of the largest property tax relief programs in the country. The \$872.8 million in total 2010 homestead property tax credits represented a decrease of \$83.8 million (8.8 percent) from the prior year, and 71,700 fewer taxpayers received assistance. Senior citizens received \$345.9 million of the credits, a \$29.0 million decrease from 2009. Exhibit 17 illustrates the amount of money paid to taxpayers for property tax credits compared to other credits.

Exhibit 17
2010 Individual Income Tax Credits
(millions of dollars)



Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury.

The average 2010 homestead property tax credit was \$558.53 (excluding the farmland credit), a \$26.77 decrease from the tax year 2009 average. Senior citizens' credits averaged \$755.09, a \$31.62 decrease from 2009 (see Exhibit 32 on page 52). Exhibit 18, on page 25, provides a summary of the number of credits received by taxpayers, according to AGI levels.

Exhibits 18 and 29 (on pages 25 and 47) confirm that the homestead property tax credit is a progressive element in the state income tax structure. Credits as a fraction of AGI decline continuously as incomes rise. While accounting for only 4.4 percent of total AGI, taxpayers with incomes between \$10,001 and \$20,000 received 23.2 percent of the total homestead credits. On the other hand, taxpayers with AGIs over \$50,000 accounted for 80.3 percent of total 2010 Michigan AGI, but received only 12.6 percent of total homestead credits. Exhibits 34 through 36 (see pages 55 through 57) provide the distribution of property tax credits by income group.

Exhibit 18
2010 Homestead Property Tax Credits
(Excludes Farmland Credit)

<u>AGI Range</u>	<u>Number of Credits Allowed</u>	<u>Dollar Amount of Credit</u>	<u>Average Credit</u>
Under \$10,000	400,575	\$267,280,558	\$667.24
\$10,001 - \$20,000	358,415	202,060,118	563.76
\$20,001 - \$50,000	577,002	293,281,414	508.28
Over \$50,000	226,638	110,153,823	486.03
Total	1,562,630	\$872,775,913	\$558.53

The farmland preservation program, originally PA 116 of 1974 which was replaced by PA 451 of 1994 (part 361 of chapter 1, article III of the Natural Resources and Environmental Protection Act), provides additional property tax relief for farmers. Under the farmland program, farmers may receive additional property tax relief by entering into an agreement with the state not to convert the farmland to other uses for at least seven years. The program benefited over 8,000 farms in 2010, providing credits of \$39.7 million for an average credit of \$4,948.79. Including the farmland preservation credit, the average property tax credit was \$580.95 in tax year 2010. For 5,900 farmers claiming both a farmland credit and homestead property tax credit, the combined credits averaged about 85.7 percent of total property taxes paid. Those taxpayers paid \$35.9 million in property taxes, receiving \$24.5 million in farmland credits, and \$6.3 million in homestead property tax credits.

PA 269 of 1982 provided a special tax credit for senior citizens with high rent burdens equal to the amount of rent paid that exceeds 40 percent of household income. For 2010, 10,100 senior citizens claimed an additional \$4.7 million using this alternate homestead property tax credit calculation, representing an increase of about \$1.8 million from 2009 with about 890 more people receiving the additional credit. The amount of this credit is included in the senior citizens' homestead property tax credit statistics, but shown separately in Exhibit 32 (see page 52).

Qualified blind, or veteran filers are also eligible for special alternate homestead property tax credit calculation, and may claim the largest of the standard or alternate credits. For these qualified filers, the alternate credit equals the property tax amount paid times the ratio of the specific statutorily allowable taxable value with respect to the filer's homestead taxable value. Statistics for these alternate credits amount are shown separately in Exhibit 32 (see page 52).

Home Heating Credit

The home heating credit program, designed to help low-income taxpayers with the cost of heating their homes, is financed almost exclusively with federal funds. The credit is based both on the number of exemptions for which the household is eligible and on the household income level.

Senior citizens as well as individuals who are disabled, deaf, blind, or have received unemployment compensation greater than 50 percent of their AGI are entitled to extra exemptions.

Home heating credits for tax year 2010 totaled \$69.8 million, with 491,400 households qualifying. This represented a \$19.0 million decrease from the previous year regular credit amount, with 6,700 additional households receiving assistance. Prior to 1991, recipients of Aid to Families with Dependent Children or General Assistance were not eligible for this credit, but were provided comparable benefits from other state and local programs. Senior citizens received \$10.5 million of the total home heating credits claimed for tax year 2010 (see Exhibit 19). Exhibit 37 (see page 58) provides information on the distribution of the home heating credit by household income.

**Exhibit 19
2010 Home Heating Credits**

	Number of Credits <u>Allowed</u>	Dollar Amount of Credit	Average Credit
Senior Citizens	82,078	\$10,503,686	\$127.97
General	362,462	52,472,780	144.77
Disabled	46,448	6,719,382	144.66
Veteran	458	62,319	136.07
Total	491,446	\$69,758,167	\$141.94

About 74,300 taxpayers used the alternative calculation based on energy consumption claiming credits worth \$23.8 million. The average credit under the standard calculation was \$106.00 compared to \$320.42 under the alternative calculation.

Michigan Earned Income Tax Credit

Starting in tax year 2008, eligible taxpayers were able to claim the Michigan EITC against their income tax. The Michigan credit follows the same requirements as the federal earned income tax credit, and is calculated as a percentage of the total federal credit for which the taxpayer is eligible in a given tax year. The federal credit was established in 1975 to offset the impact of the Social Security tax on low-income, working families. In 2008, the first year the Michigan credit became effective, the state credit was 10 percent of the federal credit, and increased to 20 percent of the federal credit for tax year 2009.

Over 783,400 taxpayers claimed about \$340.8 million in Michigan EITC in 2010, resulting in an average credit of \$435.08 per taxpayer. Exhibit 20 below provides information on the distribution of credit recipients by AGI.⁶

Exhibit 20
2010 Michigan Earned Income Tax Credits

<u>AGI Range</u>	<u>Number of Credits Allowed</u>	<u>Dollar Amount of Credit</u>	<u>Average Credit</u>
Under \$10,000	231,761	\$56,356,171	\$243.17
\$10,001 - \$15,000	168,266	90,205,821	\$536.09
\$15,001 - \$20,000	103,526	73,127,649	\$706.37
\$20,001 - \$25,000	84,408	53,752,131	\$636.81
\$25,001 - \$30,000	71,654	35,170,675	\$490.84
\$30,001 - \$40,000	98,215	28,699,349	\$292.21
Over \$40,000	25,533	3,517,639	\$137.77
Total	783,363	\$340,829,435	\$435.08

Adoption Credit

Effective with tax year 2001, the adoption credit is available to persons who claimed the federal adoption expenses credit under Section 23 of the Internal Revenue Code for the same tax year. The credit equals the amount of qualified expenses that exceed the amount of the federal adoption credit or \$1,200 per child, whichever is less. Qualified adoption expenses refer to those expenses eligible for the federal credit. For 2010, about 500 taxpayers claimed total credits of \$712,900, resulting in an average credit of \$1,305.61 per taxpayer.

Stillbirth Credit

Under PA 319 of 2006, taxpayers receiving a Certificate of Stillbirth from the Department of Community Health may take a credit equal to 4.5 percent of a single personal exemption amount for the tax year, rounded up to the nearest \$10 increment. The new credit became effective in tax year 2006, and equaled \$150 in its first year. The credit amount increased in subsequent years, and in 2010 it was \$170. About 300 taxpayers claimed \$50,800 in stillbirth credits in tax year 2010 (see Exhibit 32 on page 52).

⁶For Additional information on the characteristics of claimants of the Michigan EITC, see Office of Revenue and Tax Analysis, *Earned Income Tax Credit, Tax Year 2010*, February 2012, at http://www.michigan.gov/treasury/0,1607,7-121-44402_44404---,00.html.

Energy Efficient Home Improvement Credit

Enacted under PA 287 of 2008, this credit provides a credit for tax years 2009 through 2011 equal to 10 percent of the amount spent on the purchase and installation of qualified home improvements that met Energy Star energy efficiency guidelines. Limited to taxpayers with AGI up to \$37,500 (single or married filing separately – MFS) or \$75,000 (married filing jointly – MFJ), the credit was limited to \$75 (single, MFS) or \$150 (MFJ). 132,000 filers claimed a total of \$14.0 million in credit for tax year 2010.

NON-REFUNDABLE CREDITS

City Income Tax Credit

Partial credit for taxpayers who paid income taxes to Michigan cities was allowed in tax year 2010. The credit was based on the amount of tax paid less any refunds received during the tax year, as follows:

<u>City Income Tax</u>		<u>Credit</u>
Under	\$100	20 Percent
\$101 -	\$150	\$20.00 + 10 percent of excess over \$100
Over	\$150	\$25.00 + 5 percent of excess over \$150

In tax year 2010, \$27.6 million in city income tax credits were claimed (see Exhibit 21 below and Exhibit 33 on pages 53 and 54). That represented a \$1.8 million decrease from 2009 credit amount, with 25,400 fewer taxpayers claiming the credit. Exhibit 21 lists the number of city income tax credits, total credits received, and the average city income tax credit for taxpayers at different levels of AGI. In 2010, 22 cities in Michigan levied an income tax (see Exhibit 22).

**Exhibit 21
2010 City Income Tax Credits**

<u>Adjusted Gross Income</u>	<u>Number of Credits Allowed</u>	<u>Dollar Amount of Credit</u>	<u>Average Credit</u>
Under \$10,000	80,659	\$961,275	\$11.92
\$10,001 - \$20,000	112,824	2,442,629	21.65
\$20,001 - \$50,000	233,156	7,827,110	33.57
Over \$50,000	320,092	16,418,327	51.29
Totals	746,731	\$27,649,340	\$37.03

Exhibit 22
Michigan Cities that Levy an Income Tax

<u>County</u>	<u>City</u>	<u>Year Adopted</u>	<u>TY 2011 Rates</u>	
			<u>Residents</u>	<u>Non-residents</u>
Calhoun	Albion	1972	1%	0.5%
Calhoun	Battle Creek	1967	1	0.5
Calhoun	Springfield	1989	1	0.5
Crawford	Grayling	1972	1	0.5
Genesee	Flint	1965	1	0.5
Ingham	Lansing	1968	1	0.5
Ionia	Ionia	1994	1	0.5
Ionia	Portland	1969	1	0.5
Jackson	Jackson	1970	1	0.5
Kent	Grand Rapids	1967	1.5	0.75
Kent	Walker	1988	1	0.5
Lapeer	Lapeer	1967	1	0.5
Lenawee	Hudson	1971	1	0.5
Mecosta	Big Rapids	1970	1	0.5
Muskegon	Muskegon	1993	1	0.5
Muskegon	Muskegon Heights	1990	1	0.5
Oakland	Pontiac	1968	1	0.5
Saginaw	Saginaw	1965	1.5	0.75
St. Clair	Port Huron	1969	1	0.5
Wayne	Detroit	1962	2.5	1.25
Wayne	Hamtramck	1962	1	0.5
Wayne	Highland Park	1966	2	1

Public Contribution Credit

Taxpayers claimed partial credits for contributions to Michigan colleges and universities, public libraries, museums, and public broadcasting stations in tax year 2010. The credit was equal to 50 percent of the amount contributed up to a maximum credit of \$200 for a joint return (\$100 on a single return). For 2010, 253,300 taxpayers received \$22.9 million in credits (see Exhibit 32 on page 52). Credits decreased by about \$822,700 from the prior year, when 263,600 taxpayers received \$23.7 million in credits.

Community Foundation Credit

The community foundation credit, implemented in tax year 1989, is a partial credit for donations to certified community foundations. The credit equaled 50 percent of the donation up to a maximum credit of \$200 for a joint return (\$100 on a single return). For tax year 2010, 34,900

taxpayers claimed \$3.3 million in community foundation credits. This was a decrease of about 1,100 taxpayers claiming about \$100,000 less credits than in 2009 (see Exhibit 32 on page 52).

Homeless Shelter/Food Bank Credit

The homeless shelter/food bank credit provides a partial credit for cash donations to a qualifying homeless shelter, food bank, or food kitchen whose primary purpose was to provide accommodations or food to indigent persons. The credit equaled 50 percent of the donation up to a maximum credit of \$200 for a joint return (\$100 on a single return). For tax year 2010, 228,600 taxpayers claimed \$18.6 million in food bank credits. This represented a decrease of 5,500 taxpayers and \$246,100 less credits claimed from the previous tax year (see Exhibit 32 on page 52).

College Tuition and Fees Credit

Created by Public Act 7 of 1996, the college tuition and fees credit allows resident taxpayers with AGIs of less than \$200,000 to claim a credit equal to a percentage of tuition and fee payments made on behalf of the taxpayer or any other student to a qualified Michigan college or university. To qualify, the school must have certified that tuition and fees would not increase by more than the rate of inflation. The amount of the credit was the lesser of 8 percent of the tuition and fees paid or \$375 for each student for tax year 2010. The credit could not be claimed for more than 4 years for any one student. For tax year 2010, 14,700 taxpayers claimed the credit, 84,100 fewer than in 2009. The \$4.0 million in credits for 2010 represented a \$12.8 million decrease from tax year 2009 (see Exhibit 32 on page 52). In order to qualify for tax year 2010, institutions had to maintain for the 2010-2011 academic year the same tuition and fee charged over the 2009-2010 academic year. One public university, and two community colleges qualified for tax year 2010.

Historic Preservation Credit

The Michigan historic preservation credit provides tax incentives for homeowners, commercial property owners and businesses to rehabilitate historic commercial and residential resources located in the State of Michigan. The credit was created by Public Acts 534 and 535 of 1999, and equaled 25 percent of the qualified expenditures. If the credit exceeds the taxpayer's tax liability, the balance may be carried forward up to 10 years. However, taxpayers who were issued a credit certificate for a tax year beginning after December 31, 2008 and for a credit amount allowed less than \$250,000 may forego the credit carryforward and receive a refund of 90 percent of the amount of the credit that exceeds the tax liability. For tax year 2010, 700 taxpayers claimed a total of \$859,000 in historic preservation credits (see Exhibit 32 on page 52).

Credit for Income Paid to Another State

For tax year 2010, 46,800 Michigan residents received a total of \$44.8 million in credits for income tax paid to another state on income also subject to tax in Michigan, resulting in an average

credit of \$958.37. This credit was designed so that taxpayers were not taxed twice (in two states) for the same income (see Exhibit 32 on page 52).

Credit for Vehicle Donation

The vehicle donation credit was created by Public Act 313 of 2004. It provides a nonrefundable credit equal to 50 percent of the fair market value of certain automobile donations to qualified charitable organizations. The credit was limited to a maximum of \$50 for single filers or \$100 for joint filers, and the donated automobile must be transferred by the charity to an individual for employment purposes. For tax year 2010, 1,100 taxpayers received a total of \$80,100 in vehicle donation credits, resulting in an average credit of \$72.04 (see Exhibit 32 on page 52).

Renewable Energy Surcharge Credit

This credit was created jointly with the Energy Efficient Home Improvement credit under PA 287 of 2008. Effective for tax years 2009 through 2011, this credit equals a percentage of the additional utility charges paid that were imposed on Michigan utility customers so that the electric utilities would meet newly enacted renewable energy standards. The credit was restricted to eligible taxpayers with AGI up to \$65,000 (single, MFS), or \$130,000 (MFJ), only for those where the surcharge appears on the taxpayer's monthly utility bill. For tax year 2010, 532,900 taxpayers received a total of \$4.3 million in renewable energy surcharge credits, resulting in an average credit of \$8.10 (see Exhibit 32 on page 52).

VI. DESIGNATED CONTRIBUTIONS

For tax year 2010, Michigan taxpayers could make 11 separate designations on their tax returns: the State Campaign Fund, the Children's Trust Fund, the Military Family Relief Fund, the Children of Veterans Tuition Grant Program, the Animal Welfare Fund, the Children's Hospital of Michigan Fund, the Children's Miracle Network Fund, The Foster Care Trust Fund, the Michigan Council for the Arts Fund, the Renewable Fuels Fund, and the United Way Fund. Unlike contributions to the State Campaign Fund that result in a designated portion of the taxpayers' tax liability to be deposited in the campaign fund, contributions to all other funds either reduce taxpayers' refund or increase their tax liability. For tax year 2010, contribution amounts to any designated fund excluding the State Campaign Fund, were subject to a \$5 minimum, \$10, or more.

State Campaign Fund

For the 2010 tax year, taxpayers were able to designate \$3 of their tax liability for the State Campaign Fund. Revenues from this fund are disbursed only to gubernatorial candidates, regardless of political party, who agree to limit campaign spending and meet the campaign fund requirements. For 2010, 339,700 taxpayers contributed \$1.0 million to the State Campaign Fund (see Exhibit 23a on page 33). On average, there was one designation for every 13 returns.

Children's Trust Fund

The Children's Trust Fund was first created by PA 211 of 1982. Contributions to the fund are dedicated to the prevention of child abuse. PA 291 of 2000 appropriated amounts to fully fund both the Non-Game Wildlife Fund⁷ and the CTF, and both were removed from the tax form. However, PA 160 of 2005 reinstated the CTF checkoff on the income tax form. For tax year 2010, 6,800 taxpayers contributed a total of \$82,300 to the fund (see Exhibit 23a on page 33).

Military Family Relief Fund

The Military Family Relief Fund benefits qualifying families of military members in either the Michigan National Guard who are serving in the U.S. Armed Forces or those reserve forces called to active duty by the federal government. About \$115,200 was contributed by 6,900 taxpayers for 2010 to the Military Family Relief Fund (see Exhibit 23a on page 33).

⁷ Prior to tax year 2000, taxpayers could donate a portion of their income tax refund or increase their liability to support the Non-Game Wildlife Fund. The Michigan Non-Game Wildlife Fund was created by PA 189 of 1983. Contributions were used for research and management of non-game fish and wildlife.

Children of Veterans Tuition Grant Program

Starting tax year 2007, taxpayers may designate moneys to fund the Children of Veterans Tuition Grant Program. The Program provides undergraduate tuition assistance to eligible Michigan veteran children older than 16 and less than 26 years of age who have been a Michigan resident for the 12 months prior to grant application. About \$66,300 was contributed by over 5,400 taxpayers to fund this program for tax year 2010 (see Exhibit 23a).

Exhibit 23a Returns Designating Contributions 1990 – 2010

Tax Year	Number of 1040's Filed	State Campaign Fund		Children's Trust Fund		Military Family Relief Fund		Children of Veterans Tuition Grant Program	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount
1990	4,022,300	741,900	1,483,800	138,294	959,428	--	--	--	--
1991	4,011,600	653,000	1,306,000	119,468	858,263	--	--	--	--
1992	3,984,600	593,000	1,186,000	86,430	923,018	--	--	--	--
1993	4,034,000	491,333	1,474,000	72,458	807,617	--	--	--	--
1994	4,123,200	473,600	1,420,800	63,375	697,414	--	--	--	--
1995	4,214,300	437,200	1,311,600	62,971	779,471	--	--	--	--
1996	4,260,200	459,400	1,378,200	57,251	650,323	--	--	--	--
1997	4,308,575	469,000	1,407,000	54,639	629,652	--	--	--	--
1998	4,350,006	429,632	1,288,896	70,496	859,000	--	--	--	--
1999	4,414,720	393,111	1,179,333	78,242	938,300	--	--	--	--
2000	4,511,561	496,840	1,490,520	--	--	--	--	--	--
2001	4,456,031	534,955	1,604,865	--	--	--	--	--	--
2002	4,405,687	506,120	1,518,360	--	--	--	--	--	--
2003	4,369,995	492,625	1,477,875	--	--	--	--	--	--
2004	4,390,300	467,503	1,402,509	--	--	53,541	\$1,233,661	--	--
2005	4,424,662	425,526	1,276,578	28,613	\$390,695	34,484	549,167	--	--
2006	4,487,257	406,646	1,219,938	28,587	325,337	36,603	553,021	22,970	\$212,110
2007	4,560,672	399,482	1,198,446	35,043	333,912	46,849	473,501	34,226	252,582
2008	4,481,511	366,911	1,100,733	35,448	318,945	46,019	415,611	34,524	242,270
2009	4,395,979	347,147	1,041,441	17,021	183,319	22,162	264,733	14,965	124,312
2010	4,459,933	339,663	1,018,989	6,817	82,233	6,919	115,167	5,406	66,339

Notes:

. The State Campaign Fund checkoff was increased from \$2 to \$3 in 1993.

Other Funds

Of the remaining funds available for taxpayer voluntary contributions on tax year 2010, one fund has been available since 2008 (the Animal Welfare Fund), while the others have been available starting in 2009 (the Children's Hospital of Michigan Fund, the Children's Miracle Network Fund, the Foster Care Trust Fund, the Michigan Council for the Arts Fund, the Renewable Fuels Fund, and the United Way Fund).

Legislation that instituted these funds also established that contribution designations that fail to raise \$100,000 in any tax year for two consecutive tax years may cease to be included on the Michigan income tax form. Based on contributions levels for tax year 2010, the Children's Hospital of MI Fund, the Children's Miracle Network Fund, the Foster Care Trust Fund, the MI Council for the Arts Fund, and the Renewable Fuels Fund will be eliminated from the roster of funds available for next tax years' contributions (see Exhibit 23b).

Exhibit 23b
Returns Designating Additional Contributions 2008 – 2010

	<u>TY 2008</u>		<u>TY 2009</u>		<u>TY 2010</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
Amanda's Fund for Breast Cancer Prevention and Treatment	9,626	\$76,783	3,803	\$39,916	n.a.	n.a.
Animal Welfare Fund	15,429	142,358	7,982	103,162	10,855	\$148,766
Michigan Housing and Community Development Fund	4,352	35,474	1,637	18,718	n.a.	n.a.
Prostate Cancer Research Fund	7,171	55,646	2,959	30,752	n.a.	n.a.
MI Law Enforcement Officers Memorial Monument Fund	7,517	62,655	2,500	27,477	n.a.	n.a.
Children's Hospital of MI Fund	n.a.	n.a.	5,833	63,940	7,403	87,537
Children's Miracle Network Fund	n.a.	n.a.	3,533	36,963	4,719	57,989
Foster Care Trust Fund	n.a.	n.a.	2,491	25,444	3,432	37,077
MI Council For the Arts Fund	n.a.	n.a.	2,692	29,280	3,348	34,443
Renewable Fuels Fund	n.a.	n.a.	2,225	18,828	2,598	24,798
United Way Fund	n.a.	n.a.	5,934	256,740	7,824	407,369

Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury.

VII. INTERSTATE COMPARISONS

In 2010, Michigan along with five other states (Colorado, Illinois, Indiana, Massachusetts, and Pennsylvania) had a flat rate income tax. Seven states (Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming) had no state personal income tax. Two states (New Hampshire and Tennessee) taxed only dividend and interest income. The remaining 35 states had income taxes with graduated rates. A state-by-state comparison of the income tax burden per person and tax revenue as a percent of personal income is shown in Exhibit 24 (see page 36). Exhibits 25 and 26 (see page 37) compare Michigan's income tax to that of other states in the Great Lakes region.

For fiscal year 2010, Michigan ranked seventh lowest in state income taxes as a percent of personal income among the 41 states with a general income tax, with New York ranking highest. Michigan's income tax as a percent of personal income was 1.62 percent, 17.3 percent below the U.S. average, and 33.7 percent below the average of the 41 states with a general income tax. This is a slight increase from the results in 2009, when Michigan's income tax as a percent of personal income was 1.60 percent. The above calculations use estimates of quarterly state personal income, released by the U.S. Bureau of Economic Analysis on March 2012, and compiled by the Office of Revenue and Tax Analysis for each state's fiscal year. Because personal income does not include capital gains but tax revenues include the tax on realized gains, and capital gains are not uniformly distributed among states, the calculated ratios are skewed.

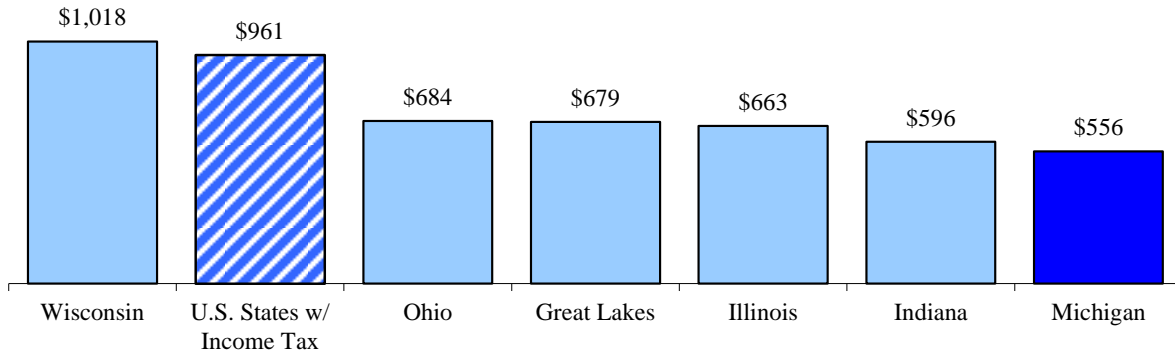
Michigan ranked seventh lowest in income taxes per person among the 41 states with a general income tax, and New York ranked highest. In fiscal year 2010, the average collections of \$556 per person in Michigan were still lower than the average of \$750 in fiscal year 1999, when the tax rate was 4.4 percent. National average income tax collections per person were \$770, and for the 41 states with an income tax, average income tax collections per person were \$961. (For Michigan income tax rates from 1968 to present, see Exhibit 42 on page 65.) The income tax burden in Michigan has been declining relative to that in other states over the FY 1994-2010 period. In fiscal year 1994, Michigan ranked 11th highest in per capita income taxes and 14th highest in income taxes as a percent of personal income. For fiscal year 2010, Michigan ranked 35th highest in both categories.

Exhibit 24
State Individual Income Taxes for FY 2010
Per Person and Percentage of Personal Income

<u>State</u>	<u>Per Person Individual Income Taxes</u>	<u>Rank</u>	<u>Income Taxes as a Percent of Personal Income</u>	<u>Rank</u>
Alabama	\$541	36	1.63%	34
Alaska	No Tax	N/A	No Tax	N/A
Arizona	377	41	1.11%	40
Arkansas	716	28	2.23%	20
California	1,223	5	2.96%	5
Colorado	810	20	1.97%	28
Connecticut	1,613	2	3.03%	4
Delaware	948	14	2.43%	14
Florida	No Tax	N/A	No Tax	N/A
Georgia	722	25	2.13%	23
Hawaii	1,121	8	2.76%	8
Idaho	680	30	2.19%	21
Illinois	663	31	1.61%	36
Indiana	596	32	1.79%	32
Iowa	869	16	2.34%	17
Kansas	940	15	2.47%	13
Kentucky	726	24	2.28%	18
Louisiana	503	37	1.40%	39
Maine	982	12	2.70%	10
Maryland	1,072	10	2.24%	19
Massachusetts	1,545	3	3.08%	3
Michigan	556	35	1.62%	35
Minnesota	1,216	6	2.93%	6
Mississippi	455	39	1.50%	37
Missouri	722	26	2.00%	26
Montana	721	27	2.12%	24
Nebraska	828	18	2.15%	22
Nevada	No Tax	N/A	No Tax	N/A
New Hampshire	63	42	0.15%	42
New Jersey	1,173	7	2.34%	16
New Mexico	463	38	1.43%	38
New York	1,792	1	3.81%	1
North Carolina	955	13	2.79%	7
North Dakota	450	40	1.11%	41
Ohio	684	29	1.93%	29
Oklahoma	592	33	1.74%	33
Oregon	1,288	4	3.63%	2
Pennsylvania	735	23	1.85%	30
Rhode Island	864	17	2.10%	25
South Carolina	576	34	1.82%	31
South Dakota	No Tax	N/A	No Tax	N/A
Tennessee	27	43	0.08%	43
Texas	No Tax	N/A	No Tax	N/A
Utah	758	22	2.40%	15
Vermont	781	21	1.99%	27
Virginia	1,079	9	2.50%	12
Washington	No Tax	N/A	No Tax	N/A
West Virginia	821	19	2.62%	11
Wisconsin	1,018	11	2.73%	9
Wyoming	No Tax	N/A	No Tax	N/A
U.S. Average	\$770		1.96%	
U.S. Average for States W/ General Income Tax	\$961		2.44%	

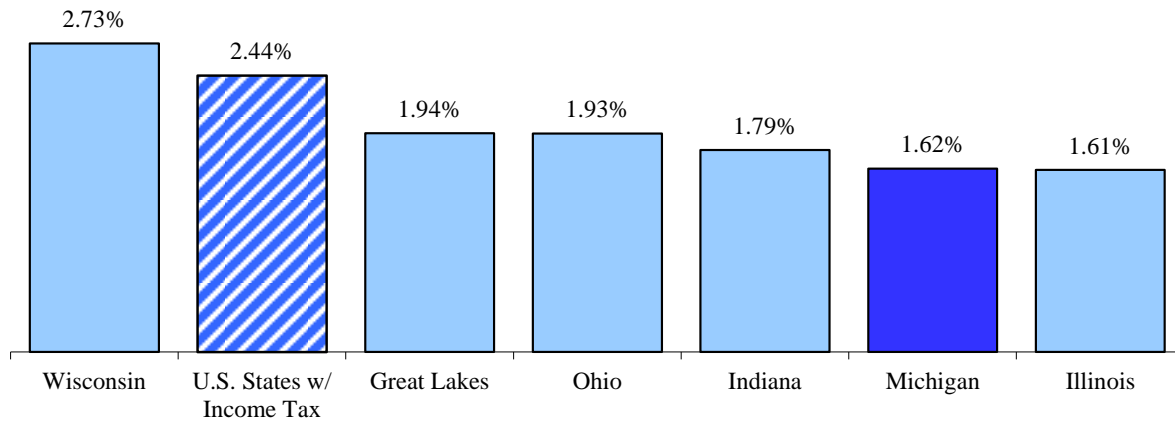
Sources: Census Bureau and Bureau of Economic Analysis, U.S. Department of Commerce.

Exhibit 25
State Income Taxes Per Person
Great Lakes Region – FY 2010



Sources: Census Bureau and Bureau of Economic Analysis, U.S. Dept of Commerce.

Exhibit 26
State Income Taxes
Percentage of Personal Income
Great Lakes Region – FY 2010



VIII. GEOGRAPHIC PATTERN OF TAX AND CREDITS

Exhibit 38 (see pages 59 and 60) reports the distribution of income tax collections, property tax and home heating credits, and the Michigan EITC by county. Since farms receive special treatment for the homestead property tax credit and the separate farmland credit, rural counties benefit substantially from these programs.

Exhibit 39 (see pages 61 and 62) provides a ranking by county of average AGI, average income tax before and after credits, credits as a percentage of income tax before credits, ratio of property tax credits to returns filed, and average property tax credit. A summary of Exhibit 33 is provided below.

Exhibits 40 and 41 (see pages 63 and 64) compare the average AGI and property tax credit for each Michigan county.

County-level statistics are compiled using the zip code provided on each tax return. Adjustments were made to the zip code database in 1999 to more accurately identify the county of residence. While the change is relatively small in magnitude, the reader should exercise caution when comparing the information in this report to similar statistics contained in reports from prior years.

Personal Income Tax County Data Summary

	<u>State Average</u>	<u>Highest County</u>	<u>Lowest County</u>
Average AGI	\$57,079	\$69,112 Oakland	\$28,796 Lake
Average Income Tax Before Credits	\$1,513	\$2,383 Oakland	\$683 Lake
Average Income Tax After Credits	\$1,184	\$2,058 Oakland	\$377 Lake
Income Tax Credits as a Percent of Tax Before Credits	21.7%	58.9% Huron	12.1% Midland
Ratio of Property Tax Credits to 1040s Filed	35.2%	45.4% Wayne	16.1% Keweenaw
Average Property Tax Credit	\$581	\$1,363 Huron	\$270 Luce

Note: Property tax credits include farmland preservation credits.

IX. FEDERAL INCOME TAX INTERACTION

The starting point for calculating the Michigan income tax is federal AGI. Thus, Michigan income tax revenues can be influenced by changes in federal tax law that modify the calculation of AGI. For example, a change in federal tax law requiring self-employed individuals and rental property owners to depreciate their assets over a longer time period would expand the Michigan tax base and increase tax revenues. Conversely, a change in federal tax law increasing the amount a taxpayer can contribute each year to a tax-deferred retirement account would reduce the Michigan tax base, thus lowering revenues.

The Michigan income tax base increased due to significant changes in federal tax law contained in the Tax Reform Act of 1986 (TRA-86). Almost all of the changes to federal law during the 1990s caused AGI to become narrower, thus reducing the Michigan tax base. The changes in the 1990s pale, however, in comparison to the scope of the expansions brought about by TRA-86. Changes observed since 2000 in the federal tax law have been numerous and significant. While they continued the 1990s trend to narrow the AGI (like increases in deduction limits, and temporarily generous depreciation allowances), the most significant federal tax changes have provided sizable federal tax relief mainly via targeted new credits and lower tax rates (and brackets). Those mechanisms, however, have no direct effect on the calculation of the federal AGI, and therefore, the Michigan income tax base.

Changes in AGI at the federal level can be offset or reinforced at the state level. Expansions in the tax base can be offset with tax cuts. In response to TRA-86, the Michigan personal exemption was increased steadily from \$1,500 in 1986 to \$2,100 for 1990, and the Michigan special exemptions for senior citizens, blind, disabled persons, and those taxpayers with 50 percent or more of their AGI attributable to unemployment compensation were created in 1987. For 2010, the Michigan personal exemption was \$3,600, and Michigan special exemptions were \$2,300.

Summary of Federal Tax Law Changes Passed Before 2012

Significant federal tax law changes affecting Michigan's tax base are discussed below. The changes are grouped based on when they first became effective. For changes prior to 2010, see Appendix A on page 67.

2010

Starting with tax years beginning in 2010, farming losses as a reduction to income of a taxpayer (other than a C corporation) receiving qualified subsidies will be limited to the greater of \$300,000 or the taxpayer's total net farm income from the prior five taxable years. Losses resulting from disease or drought, or from a fire, storm or other casualty, though, are disregarded for purposes of calculating the limitation.

For tax year 2010, the limit of qualified adoption expenses paid or reimbursed by an employer under an adoption assistance program eligible for exclusion from the gross income of an employee was increased from \$12,170 per eligible child to \$13,170 (indexed by inflation), and the period the eligible excludable expenses must occur was extended from 2010 through 2011.

Effective for taxable years beginning in 2010, the amount of start-up expenditures a taxpayer may elect to deduct was increased from \$5,000 to \$10,000, where the limit amount is reduced (but not below zero) by the amount by which the cumulative cost of start-up expenditures exceeds \$60,000 (\$50,000 previously).

2011 and beyond

The cost of over-the-counter medicines not prescribed by a physician and reimbursed through a health Flexible Spending Account, a health reimbursement arrangement, a health savings account, or an Archer medical savings account are no longer excluded from taxable income starting in 2011.

Beginning in 2014, eligible businesses are allowed to elect to recognize cancellation of indebtedness income over five years for specified types of business debt repurchased by the business in 2009 or 2010.

X. MICHIGAN PUBLIC ACTS – INCOME TAX

For changes prior to 2009, see Appendix A on page 75.

2010

Public Act 6 amended the Michigan Education savings Program Act to permit a corporation or a State or local government agency or instrumentality to establish an education savings account, and permit these entities and nonprofit organizations to defer naming a beneficiary for an account. The Act also allowed distributions from accounts to be made in the form of an electronic funds transfer to an account specified by the designated beneficiary or account holder, and disallowed contributions to accounts to be made by money orders.

Public Act 214 amended the Income Tax Act to allow taxpayers who are customers of municipally owned electric utility to claim a credit for charges imposed to cover the cost of the utility's compliance with the renewable energy standard in the Clean, Renewable, and Efficient Energy Act. Prior to this law, credit could be taken by all customers of entities whose distribution of electricity is regulated by the Public Service Commission, but it did not include a municipal utility. This change is effective for the life of the credit, which is effective for tax years 2010 and 2011.

Public Act 235 amended the Income Tax Act to create the Venture Investment credit, which allows a taxpayer to claim a nonrefundable credit equal to 25 percent of a qualified investment made in a qualified business during tax years 2011 and 2012. The new credit may be carried forward for up to 15 years. Qualified investment must be certified by the Michigan Strategic Fund (MSF) and the total amount of certified credits is limited to \$10 million in one year.

Public Acts 346 and 347 amended the Income Tax Act to allow taxpayers to contribute towards the newly created Girl Scouts of Michigan Fund via a checkoff on the income tax form, starting in tax year 2011.

2011

Public Act 38 amended the Income Tax Act to adjust the income tax rate for future years, eliminate and reduce several exemptions, deductions, and tax credits, and impose a new 6 percent tax on taxable corporate income effective January 1, 2012.

PA 38 delayed until 2013 the rate cut to 4.25 percent, repealed future cuts to 3.9 percent, and adopted 100 percent sales factor apportionment for business income reported by individuals.

The special exemptions for seniors, children age 18 and under, unemployment compensation greater than 50 percent of AGI were eliminated, as well as the deductions for political donations, prizes won in state-regulated bingo, raffle, or charity games, and charitable gifts from retirement plans.

Credits for the following were eliminated: city income taxes; public contributions; contributions to homeless shelters, food banks, and community foundations; contributions to a medical savings account; donations to Family Development Program; film wage withholding; automobile donations; college tuition and fees; historic rehabilitation plan certificated after 2011; excess adoption expenses; and stillbirth certificates. Also effective for tax year 2012, the MI earned income tax credit is reduced from 20 percent to 6 percent of the federal credit.

PA 38 makes several reductions to homestead property tax credits. Homeowners are not eligible if their home has a taxable value of more than \$135,000. Seniors claimants with total household resources of \$21,000 or less remain entitled to a credit equal to 100 percent of taxes greater than 3.5 percent (or less) of income. But the 100 percent is reduced by 4 percent for each additional \$1,000 in total household resources until \$30,000 is reached and senior claimants receive 60 percent of the credit. Also starting in tax year 2012, the credit phase-out for all homestead property tax credit claimants begins at \$41,001 of total household resources, reduced from \$73,651 of household income under prior law. The credit is reduced by 10 percent for each \$1,000 increase for all claimants, so for total household resources above \$50,000 there is no credit. Business losses no longer offset other income for purpose of calculating total household resources, unlike the calculation of household income.

P.A. 38 reduces the deduction for pension and retirement benefits by limiting the deduction for taxpayers born between 1946 and 1952 to \$20,000 on a single return and \$40,000 on a joint return, and eliminating the deduction for taxpayers born after 1952⁸.

The new 6 percent corporate income tax was enacted to replace the Michigan business tax (MBT) that was eliminated for most taxpayers by Public Act 39 of 2011. New and updated requirements for flow-through income withholding were also implemented by the new law.

More detail on the tax changes for tax year 2012 is available on the website for the Department of Treasury (www.michigan.gov/treasury).

Public Acts 41 through 45 amended the State Employees' Retirement Act, the Public School Employees Retirement Act, the Michigan Legislative Retirement System Act, Public Act 339 of 1927 (public libraries), and the Judges Retirement Act, respectively, to repeal the full exemption for pension and retirement benefits received from public sources. After repeal of the exemption in each of these acts, any exemption for pension and retirement benefits is now governed by the provisions of the Income Tax Act. Under the Income Tax Act, benefits from public sources will be treated the same as benefits from private sources for taxpayers born after 1945.

Public Acts 56 and 57 amended the City Income Tax and City Utility Users Tax Acts, respectively, to lower the population thresholds in these Acts that apply to the City of Detroit to 600,000. The previous threshold in each Act was 750,000. The threshold in the City Income Tax

⁸ A chart with detailed information on Retirement Benefits Changes can be found at http://www.michigan.gov/documents/taxes/Tax_Change_Summaries_-_Retirement_Exemptions_359799_7.pdf

Act allows Detroit to have a different tax rate than other cities and, based on population, Detroit is the only city to levy the utility users tax

Public Acts 172, 174, 177, 178 and 180 amended the Income Tax Act to clarify portions of the individual income tax and correct certain technical issues that were identified or had arisen since the passage of P.A. 38. Changes were made to the definition of total household resources, the calculation of the homestead property tax credit, and the effective date of the new apportionment formula to align the statute with the original intent.

Public Acts 188 and 192 through 194 amended the Income Tax Act to correct and clarify the withholding provisions in the Act. These new Acts amended provisions related to withholding from pension and retirement benefits and income from flow-through entities.

Public Act 273 amended the Income Tax Act to allow taxpayers to exclude the portion of a parcel of real property that is unoccupied and classified as agricultural when calculating the taxable value of property for purposes of eligibility for the homestead property tax credit (effective 2012, credit only applies to homesteads with a taxable value up to \$135,000).

Public Act 314 amended the Income Tax Act to restore the deduction for income earned by residents of a qualified renaissance zone for tax years beginning in or after 2012. The deduction is limited to residents of the portions of a renaissance zone that were designated as a renaissance zone before January 1, 2012.

XI. EXHIBITS 27 THROUGH 42

Exhibit 27
Effective Rate of the Michigan Individual Income Tax, 2010

Adjusted Gross Income Group	Number of Returns Filed⁽¹⁾	Adjusted Gross Income	Effective Personal Exemptions⁽²⁾	Claimed Exemptions	Subtractions Minus Additions	Total Credits⁽³⁾	Effective Tax	Effective Tax as a % of Income
Less than \$1 ⁽⁴⁾	213,518	(\$7,088,847,861)		105,955	(\$4,009,548,998)	\$99,077,137	(\$100,037,375)	
\$ 1 - 2,000	170,544	146,747,893	4,062	149,987	50,260,746	62,768,663	(60,076,308)	-40.94%
2,001 - 4,000	160,543	482,104,334	32,958	126,306	96,572,510	41,962,488	(33,422,357)	-6.93%
4,001 - 6,000	158,475	792,165,388	62,252	152,406	156,061,644	48,435,310	(34,850,786)	-4.40%
6,001 - 8,000	158,278	1,109,164,148	90,380	181,387	243,129,923	58,157,758	(39,931,462)	-3.60%
8,001 - 10,000	171,114	1,542,733,054	142,400	233,400	311,969,439	79,035,554	(54,376,608)	-3.52%
10,001 - 12,000	165,012	1,815,631,884	159,021	248,614	412,006,414	80,413,635	(51,148,805)	-2.82%
12,001 - 14,000	169,986	2,207,849,149	207,421	293,471	462,491,825	96,668,186	(61,296,596)	-2.78%
14,001 - 16,000	154,841	2,321,423,999	193,575	268,809	515,082,085	81,851,950	(41,109,900)	-1.77%
16,001 - 18,000	142,577	2,421,318,493	186,631	251,887	526,110,701	72,272,779	(26,218,003)	-1.08%
18,001 - 20,000	133,624	2,538,265,926	182,789	241,034	524,940,983	64,308,535	(12,362,006)	-0.49%
20,001 - 22,000	128,108	2,685,119,059	184,458	237,134	530,354,183	60,339,485	(2,441,564)	-0.09%
22,001 - 24,000	113,600	2,611,834,794	170,508	215,364	536,518,684	51,998,943	5,754,052	0.22%
24,001 - 26,000	106,385	2,658,967,175	162,865	204,364	547,101,243	46,389,352	14,632,788	0.55%
26,001 - 28,000	100,106	2,701,775,156	156,847	194,978	563,087,214	41,195,865	22,195,871	0.82%
28,001 - 30,000	95,201	2,760,099,102	147,596	187,190	589,281,801	36,786,050	29,691,930	1.08%
30,001 - 35,000	214,956	6,975,073,796	351,594	429,441	1,475,882,738	73,500,049	99,776,891	1.43%
35,001 - 40,000	193,551	7,253,083,201	320,261	391,677	1,716,413,254	55,580,302	125,887,647	1.74%
40,001 - 45,000	168,512	7,152,945,630	293,249	351,814	1,588,277,645	41,971,835	146,100,473	2.04%
45,001 - 50,000	150,725	7,154,585,387	279,835	323,865	1,540,504,415	33,632,867	159,279,338	2.23%
Over 50,000	1,530,732	204,326,141,609	3,664,245	4,084,978	65,623,216,024	201,296,412	5,179,968,898	2.54%
Totals	4,600,388	\$254,568,181,316	6,992,946	8,874,061	\$73,999,714,473	\$1,427,643,157	\$5,266,016,118	2.07%

⁽¹⁾Includes 140,455 credit-only returns.

⁽²⁾Since the value of some taxpayers' exemptions exceed their income, "effective exemptions" are defined as those personal exemptions that offset income.

⁽³⁾Does not include Farmland Preservation Credit, Adoption Tax Credit, Stillbirth Credit, or Energy Efficient Home Improvement Credit.

⁽⁴⁾The less than \$1 category includes tax returns reporting a negative AGI.

Exhibit 28
Breakdown of Upper Income Filers
Individual Income Tax, 2010

Adjusted Gross Income Group	Number of Returns Filed	Adjusted Gross Income	Effective Personal Exemptions⁽¹⁾	Claimed Exemptions	Subtractions Minus Additions	Total Credits⁽²⁾	Effective Tax	Effective Tax as a % of Income
\$50,001 - 55,000	141,388	\$7,418,495,171	272,461	313,607	\$1,601,632,811	\$30,097,643	\$172,940,313	2.33%
55,001 - 60,000	131,533	7,559,857,796	267,559	302,699	1,619,221,037	26,485,862	182,906,120	2.42%
60,001 - 65,000	122,080	7,626,920,738	260,288	290,737	1,592,103,245	23,268,095	191,664,380	2.51%
65,001 - 70,000	113,079	7,628,328,477	251,140	277,669	1,566,277,250	20,465,251	197,150,894	2.58%
70,001 - 75,000	103,686	7,514,021,075	237,346	263,216	1,517,904,635	17,452,122	199,824,943	2.66%
75,001 - 80,000	94,736	7,340,040,021	222,431	246,127	1,499,304,891	11,265,702	203,302,621	2.77%
80,001 - 85,000	85,807	7,074,483,192	207,073	227,914	1,420,321,935	5,501,068	203,598,306	2.88%
85,001 - 90,000	76,806	6,716,812,565	190,145	208,773	1,336,646,793	3,662,650	196,497,632	2.93%
90,001 - 95,000	68,274	6,312,551,285	172,468	189,262	1,221,077,287	3,456,329	187,468,487	2.97%
95,001 - 100,000	60,752	5,920,530,620	156,521	171,028	1,116,435,167	3,203,610	177,597,299	3.00%
100,001 - 110,000	102,157	10,707,179,028	271,808	294,553	1,916,692,782	5,927,012	328,292,232	3.07%
110,001 - 120,000	79,006	9,068,452,919	215,731	232,654	1,544,593,469	4,975,445	284,001,425	3.13%
120,001 - 130,000	60,427	7,538,488,543	167,692	179,952	1,249,617,908	4,370,235	239,314,962	3.17%
130,001 - 140,000	47,287	6,373,870,061	134,124	142,758	999,891,032	3,750,553	206,388,362	3.24%
140,001 - 150,000	36,694	5,313,247,615	103,898	111,203	837,769,042	3,135,666	172,855,419	3.25%
150,001 - 160,000	29,688	4,595,287,810	82,999	90,651	720,527,979	2,685,850	151,082,390	3.29%
160,001 - 170,000	23,225	3,827,845,032	65,774	70,892	595,784,104	2,297,924	126,710,869	3.31%
170,001 - 180,000	18,535	3,240,504,942	52,072	56,601	514,527,489	1,905,470	107,375,875	3.31%
180,001 - 190,000	14,930	2,759,585,798	40,701	45,236	434,442,666	1,685,314	92,298,812	3.34%
190,001 - 200,000	12,372	2,410,761,882	34,436	37,665	390,526,754	1,527,013	80,200,019	3.33%
200,001 - 300,000	57,463	13,717,442,894	151,993	174,835	2,268,257,995	8,385,043	462,239,427	3.37%
300,001 - 400,000	18,826	6,461,047,576	47,238	58,358	1,154,862,315	3,914,344	218,088,433	3.38%
400,001 - 500,000	9,395	4,177,834,510	20,207	29,435	855,410,380	2,288,747	138,640,214	3.32%
500,001 - 750,000	10,150	6,100,068,821	20,166	31,921	1,409,681,603	3,206,568	197,247,268	3.23%
750,001 - 1,000,000	3,946	3,391,701,817	5,098	12,226	971,985,177	1,415,857	102,879,034	3.03%
Over \$1,000,000	8,490	43,530,781,421	12,874	25,006	35,267,720,278	4,967,039	359,403,162	0.83%
Totals for AGI over \$50,000	1,530,732	\$204,326,141,609	3,664,245	4,084,978	\$65,623,216,024	\$201,296,412	\$5,179,968,898	2.54%

⁽¹⁾Since the value of some taxpayers' exemptions exceed their income, "effective exemptions" are defined as those exemptions that offset income.

⁽²⁾Does not include Adoption Tax Credit, or Stillbirth Credit.

Exhibit 29
Tax Base Deductions as a Percentage of AGI
Individual Income Tax, 2010

Adjusted Gross Income Group	Total Effective Exemptions	Subtractions Minus Additions	Nonrefundable Credits⁽¹⁾	Property Tax Credits	Home Heating Credits	Michigan Earned Income Tax Credits
Less than \$1						
\$ 1 - 2,000	15.1%	34.2%	42.0%	788.3%	134.4%	18.6%
2,001 - 4,000	36.6%	20.0%	21.5%	136.2%	23.3%	19.2%
4,001 - 6,000	39.1%	19.7%	11.2%	91.1%	14.5%	23.8%
6,001 - 8,000	38.5%	21.9%	6.7%	74.0%	10.4%	29.4%
8,001 - 10,000	41.8%	20.2%	4.5%	63.5%	9.2%	40.6%
10,001 - 12,000	39.2%	22.7%	3.3%	54.2%	6.6%	37.7%
12,001 - 14,000	41.1%	20.9%	2.6%	47.8%	5.7%	44.6%
14,001 - 16,000	36.5%	22.2%	2.3%	41.0%	3.5%	34.3%
16,001 - 18,000	33.5%	21.7%	2.1%	35.6%	2.2%	28.7%
18,001 - 20,000	31.2%	20.7%	2.1%	31.2%	1.4%	23.5%
20,001 - 22,000	29.7%	19.8%	2.2%	28.2%	1.0%	20.3%
22,001 - 24,000	27.7%	20.5%	1.7%	25.2%	0.6%	18.3%
24,001 - 26,000	25.8%	20.6%	1.6%	22.8%	0.4%	15.3%
26,001 - 28,000	24.3%	20.8%	1.4%	20.8%	0.2%	12.5%
28,001 - 30,000	22.2%	21.4%	1.4%	19.2%	0.1%	10.0%
30,001 - 35,000	20.8%	21.2%	1.3%	16.4%	0.1%	6.5%
35,001 - 40,000	18.0%	23.7%	1.1%	13.6%	0.0%	2.9%
40,001 - 45,000	16.6%	22.2%	1.1%	11.4%	0.0%	1.0%
45,001 - 50,000	15.8%	21.5%	1.1%	9.6%	0.0%	0.1%
50,001 - 55,000	14.8%	21.6%	1.1%	8.2%	0.0%	0.0%
55,001 - 60,000	14.2%	21.4%	1.1%	7.0%	0.0%	0.0%
60,001 - 65,000	13.7%	20.9%	1.1%	5.9%	0.0%	0.0%
65,001 - 70,000	13.2%	20.5%	1.1%	5.1%	0.0%	0.0%
70,001 - 75,000	12.6%	20.2%	1.1%	4.2%	0.0%	0.0%
75,001 - 80,000	12.1%	20.4%	1.1%	2.4%	0.0%	0.0%

Exhibit 29 (cont.)

<u>Adjusted Gross Income Group</u>	<u>Total Effective Exemptions</u>	<u>Subtractions Minus Additions</u>	<u>Nonrefundable Credits⁽¹⁾</u>	<u>Property Tax Credits</u>	<u>Home Heating Credits</u>	<u>Michigan Earned Income Tax Credits</u>
80,001 - 85,000	11.7%	20.1%	1.1%	0.7%	0.0%	0.0%
85,001 - 90,000	11.3%	19.9%	1.2%	0.1%	0.0%	0.0%
90,001 - 95,000	10.9%	19.3%	1.2%	0.0%	0.0%	0.0%
95,001 - 100,000	10.5%	18.9%	1.2%	0.0%	0.0%	0.0%
100,001 - 110,000	10.1%	17.9%	1.2%	0.0%	0.0%	0.0%
110,001 - 120,000	9.4%	17.0%	1.2%	0.0%	0.0%	0.0%
120,001 - 130,000	8.8%	16.6%	1.3%	0.0%	0.0%	0.0%
130,001 - 140,000	8.3%	15.7%	1.3%	0.0%	0.0%	0.0%
140,001 - 150,000	7.7%	15.8%	1.3%	0.0%	0.0%	0.0%
150,001 - 160,000	7.1%	15.7%	1.3%	0.0%	0.0%	0.0%
160,001 - 170,000	6.8%	15.6%	1.4%	0.0%	0.0%	0.0%
170,001 - 180,000	6.3%	15.9%	1.3%	0.0%	0.0%	0.0%
180,001 - 190,000	5.8%	15.7%	1.4%	0.0%	0.0%	0.0%
190,001 - 200,000	5.7%	16.2%	1.4%	0.0%	0.0%	0.0%
200,001 - 300,000	4.4%	16.5%	1.4%	0.0%	0.0%	0.0%
300,001 - 400,000	2.9%	17.9%	1.4%	0.0%	0.0%	0.0%
400,001 - 500,000	1.9%	20.5%	1.3%	0.0%	0.0%	0.0%
500,001 - 750,000	1.3%	23.1%	1.2%	0.0%	0.0%	0.0%
750,001 - 1,000,000	0.6%	28.7%	1.0%	0.0%	0.0%	0.0%
Over \$1,000,000	0.1%	81.0%	0.3%	0.0%	0.0%	0.0%
Overall Percent	10.1%	29.1%	1.3%	7.9%	0.6%	3.1%

⁽¹⁾Nonrefundable credits, home heating credits, property tax credits, and earned income tax credits are divided by the tax rate (4.35%) to determine the equivalent income tax deduction. Nonrefundable credits for 2010 are: the city income tax credit, the public contribution credit, the homeless shelter/food bank contribution credit, the community foundation credit, the other state tax credit, the tuition tax credit, the Michigan historic preservation credit, the vehicle donation credit, and the renewable energy surcharge credit.

Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury.

Exhibit 30
Distribution of Personal Exemptions
Claimed on 2010 Individual Income Tax Returns⁽¹⁾

Adjusted Gross Income Group	Exemptions Claimed							Total	Total
	Zero	One	Two	Three	Four	Five	Six or More	Returns	Exemptions⁽²⁾
Zero Income	7,069	41,274	17,205	3,125	2,476	1,203	711	73,063	105,955
\$ 1 - 2,000	59,031	85,589	18,758	3,981	1,928	786	471	170,544	149,987
2,001 - 4,000	69,216	67,847	16,416	4,194	1,933	623	314	160,543	126,306
4,001 - 6,000	51,976	76,278	20,426	5,956	2,557	897	385	158,475	152,406
6,001 - 8,000	36,559	82,980	25,633	7,966	3,479	1,150	511	158,278	181,387
8,001 - 10,000	25,111	87,452	40,195	11,406	4,738	1,548	664	171,114	233,400
10,001 - 12,000	16,668	87,761	35,611	15,195	6,733	2,097	947	165,012	248,614
12,001 - 14,000	10,987	85,237	35,811	22,681	10,667	3,160	1,443	169,986	293,471
14,001 - 16,000	6,871	79,906	36,662	17,578	9,215	3,139	1,470	154,841	268,809
16,001 - 18,000	4,179	74,164	35,487	15,514	8,746	3,093	1,394	142,577	251,887
18,001 - 20,000	2,525	69,241	34,607	14,331	8,190	3,142	1,588	133,624	241,034
20,001 - 22,000	1,728	65,507	33,318	14,005	8,304	3,481	1,765	128,108	237,134
22,001 - 24,000	1,184	56,591	30,222	12,731	7,684	3,458	1,730	113,600	215,364
24,001 - 26,000	775	52,501	28,644	11,886	7,414	3,447	1,718	106,385	204,364
26,001 - 28,000	503	48,774	27,439	10,997	7,266	3,309	1,818	100,106	194,978
28,001 - 30,000	356	45,897	26,389	10,497	6,912	3,337	1,813	95,201	187,190
30,001 - 35,000	529	100,210	62,698	23,430	16,012	7,521	4,556	214,956	429,441
35,001 - 40,000	403	88,018	58,161	20,360	15,350	6,978	4,281	193,551	391,677
40,001 - 45,000	159	72,001	52,863	18,221	14,712	6,658	3,898	168,512	351,814
45,001 - 50,000	124	59,415	49,523	17,564	14,347	6,470	3,282	150,725	323,865
50,001 - 55,000	61	50,884	48,544	17,578	14,894	6,332	3,095	141,388	313,607
55,001 - 60,000	55	42,328	47,339	17,062	15,228	6,526	2,995	131,533	302,699
60,001 - 65,000	38	34,887	45,346	16,838	15,795	6,384	2,792	122,080	290,737
65,001 - 70,000	31	28,534	43,313	16,393	15,946	6,244	2,618	113,079	277,669
70,001 - 75,000	42	22,524	40,994	15,529	15,850	6,256	2,491	103,686	263,216
75,001 - 80,000	39	18,000	38,224	15,008	15,324	5,814	2,327	94,736	246,127

Exhibit 30 (cont.)

Adjusted Gross Income Group	Exemptions Claimed							Total Returns	Total Exemptions⁽²⁾
	<u>Zero</u>	<u>One</u>	<u>Two</u>	<u>Three</u>	<u>Four</u>	<u>Five</u>	<u>Six or More</u>		
80,001 - 85,000	37	14,571	35,056	13,522	14,794	5,650	2,177	85,807	227,914
85,001 - 90,000	32	11,098	31,966	12,317	14,111	5,313	1,969	76,806	208,773
90,001 - 95,000	26	8,904	28,127	11,249	13,165	4,962	1,841	68,274	189,262
95,001 - 100,000	19	7,167	24,828	10,236	12,225	4,671	1,606	60,752	171,028
100,001 - 110,000	37	10,575	40,800	17,605	21,869	8,405	2,866	102,157	294,553
110,001 - 120,000	19	7,067	31,223	13,542	17,912	6,917	2,326	79,006	232,654
120,001 - 130,000	23	4,965	23,466	10,470	14,348	5,416	1,739	60,427	179,952
130,001 - 140,000	20	3,546	17,992	8,349	11,543	4,425	1,412	47,287	142,758
140,001 - 150,000	16	2,710	13,946	6,369	9,037	3,483	1,133	36,694	111,203
150,001 - 160,000	12	2,214	11,112	5,061	7,365	2,949	975	29,688	90,651
160,001 - 170,000	6	1,784	8,645	3,946	5,764	2,318	762	23,225	70,892
170,001 - 180,000	6	1,409	6,867	3,253	4,519	1,872	609	18,535	56,601
180,001 - 190,000	7	1,143	5,679	2,517	3,638	1,495	451	14,930	45,236
190,001 - 200,000	3	952	4,618	2,090	3,106	1,219	384	12,372	37,665
200,001 - 300,000	42	4,789	21,600	9,245	13,792	6,011	1,984	57,463	174,835
300,001 - 400,000	18	1,660	6,851	2,920	4,347	2,181	849	18,826	58,358
400,001 - 500,000	3	862	3,381	1,361	2,150	1,169	469	9,395	29,435
500,001 - 750,000	15	966	3,641	1,385	2,293	1,302	548	10,150	31,921
750,001 - 1,000,000	3	427	1,401	529	914	475	197	3,946	12,226
Over \$1,000,000	<u>20</u>	<u>1,147</u>	<u>3,300</u>	<u>1,057</u>	<u>1,584</u>	<u>961</u>	<u>421</u>	<u>8,490</u>	<u>25,006</u>
Totals	296,583	1,711,756	1,274,327	497,049	430,176	174,247	75,795	4,459,933	8,874,061

⁽¹⁾ Values in this table are based on 4,459,933 MI-1040 tax returns on file.

⁽²⁾ Total exemptions calculation assumes 7 exemptions for each return listing 6 or more exemptions.

Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury.

Exhibit 31
Distribution of Special Exemptions and Child Deductions
Claimed on 2010 Individual Income Tax Returns⁽¹⁾

Adjusted Gross Income Group	Age Exemptions	Deaf/Blind/ Disabled Exemptions	Unemployed Exemptions	Disabled Veteran Exemptions	Child 18 and Under Exemptions	Claimed as Dependent Exemptions	Total
Zero Income	32,467	10,529	1,499	520	14,964	6,628	66,607
\$ 1 - 2,000	50,444	25,081	1,332	725	19,103	59,497	156,182
2,001 - 4,000	32,940	7,843	4,428	373	20,604	69,428	135,616
4,001 - 6,000	35,205	7,764	7,005	454	28,108	52,098	130,634
6,001 - 8,000	39,449	7,877	7,829	444	38,009	36,619	130,227
8,001 - 10,000	41,866	8,642	11,418	510	58,882	25,114	146,432
10,001 - 12,000	45,887	7,890	12,281	504	67,815	16,666	151,043
12,001 - 14,000	46,372	7,512	12,816	508	94,392	10,960	172,560
14,001 - 16,000	45,213	6,838	13,010	538	79,502	6,858	151,959
16,001 - 18,000	40,911	6,055	13,376	535	72,292	4,150	137,319
18,001 - 20,000	35,818	5,640	15,396	501	67,889	2,473	127,717
20,001 - 22,000	32,290	5,526	17,264	529	67,613	1,697	124,919
22,001 - 24,000	29,480	4,726	9,191	441	61,526	1,160	106,524
24,001 - 26,000	27,273	4,316	6,874	420	58,533	763	98,179
26,001 - 28,000	25,926	3,896	4,780	427	55,096	489	90,614
28,001 - 30,000	24,578	3,595	3,383	389	51,967	351	84,263
30,001 - 35,000	53,981	7,989	5,451	946	115,964	498	184,829
35,001 - 40,000	45,266	7,027	3,114	923	100,411	383	157,124
40,001 - 45,000	39,304	6,026	1,052	808	89,944	138	137,272
45,001 - 50,000	35,001	4,986	537	739	82,051	99	123,413
50,001 - 55,000	33,225	4,731	307	723	79,504	60	118,550
55,001 - 60,000	30,671	4,504	164	684	77,672	47	113,742
60,001 - 65,000	28,141	4,195	91	638	75,516	29	108,610
65,001 - 70,000	25,867	3,896	54	620	72,157	23	102,617
70,001 - 75,000	23,681	3,453	32	624	69,281	32	97,103
75,001 - 80,000	22,277	2,946	19	557	64,702	29	90,530
80,001 - 85,000	20,923	2,567	8	458	60,436	18	84,410
85,001 - 90,000	19,114	2,245	5	428	55,754	21	77,567
90,001 - 95,000	16,654	1,933	2	401	51,027	11	70,028
95,001 - 100,000	14,672	1,633	2	301	46,784	8	63,400
Over \$100,000	<u>124,357</u>	<u>9,901</u>	<u>27</u>	<u>2,076</u>	<u>451,037</u>	<u>167</u>	<u>587,565</u>
Totals	1,119,253	191,762	152,747	18,744	2,348,535	296,514	4,127,555

⁽¹⁾ Values in this table are based on 4,459,933 MI-1040 tax returns on file.

Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury.

Exhibit 32
Four-Year Comparison of Individual Income Tax Credits
(Number and Amount in Thousands)

	2007			2008			2009			2010		
	Number	Amount	Average	Number	Amount	Average	Number	Amount	Average	Number	Amount	Average
Property Tax Credits												
General	1,053.4	\$522,632.5	\$496.14	1,058.5	\$527,589.2	\$498.44	1,062.9	\$525,396.4	\$494.32	1,006.0	\$470,006.9	\$467.19
Senior Citizen ⁽¹⁾												
Total	429.5	321,563.9	748.76	453.2	\$349,153.1	770.39	476.5	\$374,894.9	786.71	458.0	345,861.5	755.09
Low Income Rent	9.4	2,976.4	315.96	9.6	\$2,998.0	312.36	9.2	\$2,835.3	308.49	10.1	4,665.4	462.98
Veteran	9.0	1,207.7	133.84	9.0	\$1,215.5	135.62	9.3	\$1,141.7	122.23	9.9	1,199.9	120.79
Blind	1.3	178.8	133.47	1.3	\$182.5	135.59	1.3	\$156.4	117.17	1.4	176.1	122.95
Disabled	79.1	50,087.6	633.06	80.8	\$52,516.7	650.34	84.2	\$54,975.2	652.63	87.2	55,531.6	636.88
Farmland	8.0	33,763.8	4,230.52	7.9	\$35,920.5	4,518.86	8.1	\$39,864.1	4,930.63	8.0	39,694.3	4,948.79
Total Property Tax Credits	1,580.3	\$929,434.3	\$588.13	1,610.7	\$966,577.6	\$600.10	1,642.4	\$996,428.8	\$606.70	1,570.7	\$912,470.2	\$580.95
Home Heating Credit Total	444.6	\$64,587.0	\$145.26	450.1	\$106,018.3	\$235.55	484.8	\$88,755.5	\$183.09	491.4	\$69,758.2	\$141.94
HHC regular credit		\$64,587.0	\$145.26		\$84,271.7	\$187.23		\$88,755.5	\$183.09		\$69,758.2	\$141.94
HHC supplemental		n.a.	n.a.		\$21,746.7	\$48.32		n.a.	n.a.		n.a.	n.a.
Adoption Credit	0.8	\$979.2	\$1,250.53	0.6	\$757.2	\$1,241.37	0.5	\$667.0	\$1,265.69	0.5	\$712.9	\$1,305.61
StillBirth Credit	0.6	\$39.6	\$70.35	0.2	\$39.2	\$170.43	0.3	\$62.4	\$182.96	0.3	\$50.8	\$188.26
MI Earned Income Tax Credit	n.a.	n.a.	n.a.	711.1	\$145,205.0	\$204.18	782.6	\$338,043.4	\$431.97	783.4	\$340,829.4	\$435.08
Energy Efficient Home Improvement Credit	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	140.2	\$15,188.5	108.3	132.0	\$14,037.1	\$106.35
City Income Tax Credit	853.6	\$32,430.1	\$37.99	823.6	\$31,057.9	\$37.71	772.1	\$28,828.7	\$37.34	746.7	\$27,649.3	\$37.03
Public Contribution Credit	274.9	\$24,940.9	\$90.74	273.3	\$24,699.6	\$90.37	263.6	\$23,694.8	\$89.87	253.3	\$22,872.1	\$90.28
Credit for Income Tax Paid to Another State	49.4	\$42,671.5	\$864.06	49.7	\$44,386.0	\$893.11	44.6	\$40,077.9	\$897.70	46.8	\$44,807.6	\$958.37
Community Foundation Credit	35.6	\$3,335.2	\$93.70	35.2	\$3,275.6	\$93.03	36.0	\$3,351.0	\$93.06	34.9	\$3,251.0	\$93.06
Homeless/Food Bank Credit	225.0	\$18,062.6	\$80.29	234.1	\$19,032.8	\$81.29	234.1	\$18,820.2	\$80.40	228.6	\$18,574.1	\$81.26
College Tuition Credit	63.5	\$9,526.0	\$150.13	83.0	\$12,087.7	\$145.58	98.8	\$16,751.1	\$169.52	14.7	\$3,991.5	\$271.96
Historic Preservation Credit	0.2	\$553.6	\$2,241.20	0.3	\$1,314.6	\$4,580.50	0.2	\$1,208.2	\$5,141.25	0.7	\$859.0	\$1,244.92
Vehicle Donation Credit	3.0	\$154.6	\$52.20	2.2	\$126.3	\$56.31	1.4	\$100.9	\$72.48	1.1	\$80.2	\$72.04
Renewable Energy Surcharge Credit	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	499.5	3,932.9	7.9	532.9	\$4,316.9	\$8.10

⁽¹⁾The low-income rent credit amount represents an amount over the standard senior credit. Therefore, the number of filers listed and the credit amount for the total senior credit includes the low-income rent credit recipients, and the number of low-income rent credits is not included (again) in the total number and amount of property tax credits.

Exhibit 33
Distribution of Credits
Individual Income Tax, 2010⁽¹⁾

Adjusted Gross Income Group	MI-1040s Filed		General Property Tax Credit ⁽²⁾			City Income Tax Credit			College Contribution Credit		
	Number	% of Total ⁽²⁾	Number	% of Property	Credit Amount	Number	AGI Group %	Credit Amount	Number	AGI Group %	Credit Amount
			Claiming Credit	Tax Credits Filed		Claiming Credit	of MI-1040s Filed		Claiming Credit	of MI-1040s Filed	
Less than \$1	73,063	1.6%	17,124	1.7%	\$14,610,954	1,873	0.3%	\$45,677	1,353	0.5%	\$112,468
\$ 1 - 2,000	170,544	3.8%	16,711	1.7%	8,783,630	6,417	0.9%	30,030	832	0.3%	42,098
2,001 - 4,000	160,543	3.6%	16,747	1.7%	7,901,090	14,851	2.0%	108,927	1,344	0.5%	66,801
4,001 - 6,000	158,475	3.6%	22,296	2.2%	10,400,283	16,718	2.2%	181,571	1,717	0.7%	93,314
6,001 - 8,000	158,278	3.5%	29,247	2.9%	13,667,830	18,943	2.5%	249,298	2,164	0.9%	123,253
8,001 - 10,000	171,114	3.8%	42,617	4.3%	20,606,673	21,857	2.9%	345,772	2,529	1.0%	157,479
10,001 - 12,000	165,012	3.7%	44,009	4.4%	21,220,715	22,012	2.9%	401,835	2,563	1.0%	157,055
12,001 - 14,000	169,986	3.8%	52,833	5.3%	25,834,098	23,862	3.2%	472,924	3,078	1.2%	199,064
14,001 - 16,000	154,841	3.5%	48,633	4.9%	23,617,234	23,079	3.1%	502,315	2,921	1.2%	186,714
16,001 - 18,000	142,577	3.2%	46,824	4.7%	22,394,075	22,506	3.0%	532,526	3,002	1.2%	197,387
18,001 - 20,000	133,624	3.0%	46,107	4.6%	21,701,716	21,365	2.9%	533,029	2,985	1.2%	204,077
20,001 - 22,000	128,108	2.9%	46,120	4.6%	21,608,182	21,035	2.8%	569,790	3,250	1.3%	220,957
22,001 - 24,000	113,600	2.5%	40,743	4.1%	18,725,196	20,411	2.7%	576,538	2,980	1.2%	205,100
24,001 - 26,000	106,385	2.4%	38,300	3.8%	17,533,400	19,152	2.6%	567,400	3,060	1.2%	207,738
26,001 - 28,000	100,106	2.2%	36,057	3.6%	16,259,734	18,190	2.4%	565,458	3,109	1.2%	218,941
28,001 - 30,000	95,201	2.1%	34,172	3.4%	15,289,088	17,720	2.4%	608,009	3,111	1.2%	217,932
30,001 - 35,000	214,956	4.8%	77,401	7.7%	34,181,558	40,288	5.4%	1,382,936	7,878	3.1%	564,388
35,001 - 40,000	193,551	4.3%	67,714	6.8%	30,104,122	35,242	4.7%	1,246,603	8,177	3.2%	595,496
40,001 - 45,000	168,512	3.8%	55,417	5.5%	24,737,937	31,535	4.2%	1,169,066	8,146	3.2%	596,583
45,001 - 50,000	150,725	3.4%	46,208	4.6%	20,750,324	29,583	4.0%	1,141,310	8,212	3.2%	603,310
50,001 - 55,000	141,388	3.2%	39,826	4.0%	18,206,475	28,034	3.8%	1,126,382	8,553	3.4%	652,944
55,001 - 60,000	131,533	2.9%	33,965	3.4%	15,704,711	26,546	3.6%	1,108,459	8,984	3.5%	700,656
60,001 - 65,000	122,080	2.7%	28,354	2.8%	13,461,443	25,295	3.4%	1,080,830	9,013	3.6%	711,023
65,001 - 70,000	113,079	2.5%	24,292	2.4%	11,796,364	23,873	3.2%	1,037,821	9,082	3.6%	731,131
70,001 - 75,000	103,686	2.3%	20,550	2.1%	10,002,244	21,796	2.9%	961,514	8,923	3.5%	736,089
75,001 - 80,000	94,736	2.1%	16,993	1.7%	5,700,960	19,573	2.6%	871,117	8,617	3.4%	730,294
80,001 - 85,000	85,807	1.9%	8,921	0.9%	1,522,331	17,738	2.4%	801,056	8,630	3.4%	747,938
85,001 - 90,000	76,806	1.7%	649	0.1%	202,578	16,058	2.2%	735,840	8,263	3.3%	736,223

Exhibit 33 (cont.)

Adjusted Gross Income Group	MI-1040s Filed		General Property Tax Credit ⁽²⁾			City Income Tax Credit			College Contribution Credit		
	Number	% of Total ⁽²⁾	Number	% of Property	Credit Amount	Number	AGI Group %	Credit Amount	Number	AGI Group %	Credit Amount
			Claiming Credit	Tax Credits Filed		Claiming Credit	of MI-1040s Filed		Claiming Credit	of MI-1040s Filed	
90,001 - 95,000	68,274	1.5%	151	0.0%	63,561	14,491	1.9%	676,075	7,816	3.1%	707,662
95,001 - 100,000	60,752	1.4%	83	0.0%	46,957	13,265	1.8%	623,523	7,302	2.9%	677,416
100,001 - 110,000	102,157	2.3%	112	0.0%	73,875	22,646	3.0%	1,112,142	13,453	5.3%	1,279,793
110,001 - 120,000	79,006	1.8%	72	0.0%	45,346	17,603	2.4%	912,951	11,431	4.5%	1,124,515
120,001 - 130,000	60,427	1.4%	48	0.0%	31,700	13,609	1.8%	728,872	9,654	3.8%	978,701
130,001 - 140,000	47,287	1.1%	43	0.0%	29,489	10,514	1.4%	586,132	8,145	3.2%	844,511
140,001 - 150,000	36,694	0.8%	42	0.0%	32,560	8,140	1.1%	470,734	6,781	2.7%	727,342
150,001 - 160,000	29,688	0.7%	25	0.0%	21,141	6,354	0.9%	383,305	5,767	2.3%	621,853
160,001 - 170,000	23,225	0.5%	15	0.0%	13,157	5,069	0.7%	319,212	4,819	1.9%	540,888
170,001 - 180,000	18,535	0.4%	12	0.0%	11,156	3,871	0.5%	248,931	3,883	1.5%	448,656
180,001 - 190,000	14,930	0.3%	8	0.0%	6,436	3,161	0.4%	212,133	3,247	1.3%	389,710
190,001 - 200,000	12,372	0.3%	10	0.0%	6,249	2,543	0.3%	175,673	2,839	1.1%	341,696
200,001 - 300,000	57,463	1.3%	47	0.0%	39,119	11,189	1.5%	901,661	13,657	5.4%	1,732,107
300,001 - 400,000	18,826	0.4%	11	0.0%	9,326	3,459	0.5%	375,686	4,798	1.9%	657,176
400,001 - 500,000	9,395	0.2%	6	0.0%	4,171	1,791	0.2%	220,946	2,438	1.0%	347,411
500,001 - 750,000	10,150	0.2%	3	0.0%	3,545	1,816	0.2%	281,551	2,623	1.0%	393,285
750,001 - 1,000,000	3,946	0.1%	1	0.0%	1,200	600	0.1%	114,221	972	0.4%	144,956
Over \$1,000,000	8,490	0.2%	0	0.0%	0	1,058	0.1%	351,560	1,245	0.5%	198,012
Totals	4,459,933	18.5%	999,519	1.0%	\$466,963,933	746,731	23.4%	\$27,649,340	253,346	50.4%	\$22,872,143

⁽¹⁾ Values in this table are based on 4,459,933 MI-1040 tax returns on file.

⁽²⁾ 6,514 general property tax credits totaling \$3,042,953 were claimed on MI-1040CR returns that were filed without an MI-1040.

Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury.

Exhibit 34
Distribution of Property Tax Credits Claimed
Individual Income Tax, 2010 ⁽¹⁾

Adjusted Gross Income Group	General			Senior Citizens ⁽²⁾			Veterans			Disabled ⁽³⁾		
	Number	% of Total	Credit	Number	% of Total	Credit	Number	% of Total	Credit	Number	% of Total	Credit
	of Credits Allowed	Allowed	Amount	of Credits Allowed	Allowed	Amount	of Credits Allowed	Allowed	Amount	of Credits Allowed	Allowed	Amount
Zero Income ⁽⁴⁾	22,688	2.3%	\$17,208,762	58,484	12.8%	\$44,905,222	700	7.0%	\$105,744	26,435	29.8%	\$16,458,605
\$ 1 - 2,000	16,752	1.7%	8,801,189	36,398	7.9%	30,014,040	438	4.4%	66,640	16,953	19.1%	11,437,575
2,001 - 4,000	16,784	1.7%	7,920,642	22,389	4.9%	18,209,605	163	1.6%	21,443	3,694	4.2%	2,402,240
4,001 - 6,000	22,340	2.2%	10,419,877	23,189	5.1%	18,742,163	177	1.8%	23,908	3,455	3.9%	2,219,731
6,001 - 8,000	29,298	2.9%	13,692,066	24,984	5.5%	19,801,144	233	2.3%	31,876	3,385	3.8%	2,176,030
8,001 - 10,000	42,679	4.2%	20,641,175	25,206	5.5%	19,672,395	218	2.2%	27,553	3,533	4.0%	2,280,933
10,001 - 12,000	44,067	4.4%	21,253,139	25,657	5.6%	19,597,713	273	2.7%	35,528	3,055	3.4%	1,955,648
12,001 - 14,000	52,906	5.3%	25,868,443	24,207	5.3%	18,244,445	275	2.8%	34,330	2,793	3.2%	1,772,876
14,001 - 16,000	48,690	4.8%	23,641,068	21,867	4.8%	16,205,863	325	3.3%	39,744	2,343	2.6%	1,505,181
16,001 - 18,000	46,869	4.7%	22,413,754	18,595	4.1%	13,710,235	341	3.4%	40,601	2,107	2.4%	1,315,221
18,001 - 20,000	46,140	4.6%	21,721,364	15,730	3.4%	11,518,329	271	2.7%	32,948	1,904	2.1%	1,153,688
20,001 - 22,000	46,168	4.6%	21,628,468	13,765	3.0%	10,114,784	306	3.1%	37,430	1,835	2.1%	1,102,469
22,001 - 24,000	40,785	4.1%	18,740,803	12,283	2.7%	8,919,000	262	2.6%	30,521	1,531	1.7%	932,030
24,001 - 26,000	38,327	3.8%	17,548,176	11,009	2.4%	7,961,352	251	2.5%	30,908	1,339	1.5%	809,151
26,001 - 28,000	36,101	3.6%	16,274,596	10,274	2.2%	7,491,897	279	2.8%	33,536	1,146	1.3%	693,662
28,001 - 30,000	34,194	3.4%	15,296,318	9,564	2.1%	6,992,372	264	2.7%	30,898	1,096	1.2%	686,034
30,001 - 35,000	77,462	7.7%	34,208,371	19,512	4.3%	14,179,753	624	6.3%	73,602	2,333	2.6%	1,343,443
35,001 - 40,000	67,761	6.7%	30,125,773	15,866	3.5%	11,471,204	592	6.0%	70,593	2,029	2.3%	1,180,705
40,001 - 45,000	55,458	5.5%	24,754,574	13,167	2.9%	9,677,727	562	5.7%	67,777	1,605	1.8%	934,312
45,001 - 50,000	46,227	4.6%	20,757,714	11,273	2.5%	8,293,187	500	5.0%	57,154	1,252	1.4%	731,120
50,001 - 55,000	39,848	4.0%	18,215,441	10,393	2.3%	7,648,809	547	5.5%	65,514	1,120	1.3%	652,823
55,001 - 60,000	33,985	3.4%	15,716,248	8,875	1.9%	6,507,668	540	5.4%	66,331	980	1.1%	577,515
60,001 - 65,000	28,364	2.8%	13,466,708	7,624	1.7%	5,559,507	493	5.0%	57,066	836	0.9%	486,521
65,001 - 70,000	24,304	2.4%	11,804,732	6,464	1.4%	4,556,460	441	4.4%	48,740	666	0.8%	376,480
70,001 - 75,000	20,558	2.0%	10,007,879	5,256	1.1%	3,425,558	434	4.4%	44,483	529	0.6%	285,117
75,001 - 80,000	17,000	1.7%	5,703,246	4,031	0.9%	1,771,111	308	3.1%	19,984	443	0.5%	162,305
80,001 - 85,000	8,923	0.9%	1,522,657	1,568	0.3%	444,004	103	1.0%	4,125	172	0.2%	39,850
85,001 - 90,000	651	0.1%	202,944	236	0.1%	81,137	6	0.1%	222	20	0.0%	6,052
90,001 - 95,000	152	0.0%	64,747	53	0.0%	36,251	n.a.	0.0%	224	7	0.0%	4,803
95,001 - 100,000	84	0.0%	47,983	33	0.0%	28,356	n.a.	0.0%	80	6	0.0%	3,324
Over 100,000	468	0.0%	338,029	86	0.0%	80,181	4	0.0%	395	23	0.0%	22,213
Totals	1,006,033	100.0%	\$470,006,886	458,038	100.0%	\$345,861,472	9,934	100.0%	\$1,199,898	88,625	100.0%	\$55,707,657

⁽¹⁾ Values in this table are based on a sample of the 4,600,388 MI-1040 and MI-1040CR returns.

⁽²⁾ Includes Senior Citizen Low Income Rent Credits.

⁽³⁾ Includes blind, blind/deaf, paraplegic, quadriplegic, and totally disabled.

⁽⁴⁾ Represents those individuals who had no taxable income, but did receive a property tax credit.

Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury.

Exhibit 35
Distribution of Senior Citizen Property Tax Credits by Household Income
Individual Income Tax, 2010

<u>Household Income</u>	<u>Number of Returns</u>	<u>Property Tax Paid</u>	<u>Property Tax Credit</u>	<u>Property Tax Paid After Credit</u>
\$1,000 and below	2,580	\$9,724,222	\$2,825,150	\$6,899,072
1,001 - 2,000	367	618,605	316,926	301,679
2,001 - 3,000	484	784,329	429,978	354,351
3,001 - 4,000	735	1,068,889	627,954	440,935
4,001 - 5,000	1,059	1,387,291	872,655	514,636
5,001 - 6,000	1,577	2,124,529	1,299,778	824,751
6,001 - 7,000	2,486	3,243,105	2,056,349	1,186,756
7,001 - 8,000	3,893	4,783,031	3,108,768	1,674,263
8,001 - 9,000	9,042	9,730,110	6,775,015	2,955,095
9,001 - 10,000	6,230	7,755,453	4,782,495	2,972,958
10,001 - 11,000	7,392	9,682,772	5,718,222	3,964,550
11,001 - 12,000	8,624	11,720,710	6,720,554	5,000,156
12,001 - 13,000	9,907	13,942,259	7,779,132	6,163,127
13,001 - 14,000	9,762	14,148,253	7,680,292	6,467,961
14,001 - 15,000	10,013	15,268,912	8,023,445	7,245,467
15,001 - 16,000	10,076	15,733,972	8,042,641	7,691,331
16,001 - 17,000	10,376	16,663,905	8,336,202	8,327,703
17,001 - 18,000	10,646	17,680,816	8,513,449	9,167,367
18,001 - 19,000	10,996	18,491,021	8,784,950	9,706,071
19,001 - 20,000	11,140	19,199,484	8,835,117	10,364,367
20,001 - 21,000	10,930	19,213,066	8,656,026	10,557,040
21,001 - 22,000	11,080	19,919,379	8,746,638	11,172,741
22,001 - 23,000	11,109	20,197,000	8,735,560	11,461,440
23,001 - 24,000	11,185	20,937,219	8,770,110	12,167,109
24,001 - 25,000	10,900	20,482,510	8,484,910	11,997,600
25,001 - 26,000	10,628	20,475,011	8,175,485	12,299,526
26,001 - 27,000	10,587	20,630,436	8,199,601	12,430,835
27,001 - 28,000	10,160	20,706,712	7,812,154	12,894,558
28,001 - 29,000	10,137	20,728,299	7,829,060	12,899,239
29,001 - 30,000	10,063	20,621,342	7,643,715	12,977,627
30,001 - 35,000	45,346	99,006,376	34,169,889	64,836,487
35,001 - 40,000	39,008	91,927,503	28,708,199	63,219,304
40,001 - 45,000	33,025	84,035,184	23,884,553	60,150,631
45,001 - 50,000	27,206	74,234,698	19,598,598	54,636,100
50,001 - 60,000	38,663	117,327,424	27,943,003	89,384,421
60,001 - 70,000	23,604	84,169,211	17,587,075	66,582,136
70,001 - 80,000	14,351	57,182,882	8,958,556	48,224,326
Over 80,000	2,671	11,495,420	429,268	11,066,152
Totals	458,038	\$1,017,041,344	\$345,861,472	\$671,179,872

Source: Office of Revenue and Tax analysis, Michigan Department of Treasury.

Exhibit 36
Distribution of General Property Tax Credits by Household Income
Individual Income Tax, 2010

Household Income	Number of Returns	Property Tax Paid	Property Tax Credit	Property Tax Paid After Credit
\$1,000 and below	13,868	\$40,048,973	\$12,365,388	\$27,683,585
1,001 - 2,000	3,408	4,132,564	1,922,756	2,209,808
2,001 - 3,000	4,616	5,066,624	2,331,177	2,735,447
3,001 - 4,000	6,015	6,595,350	2,992,240	3,603,110
4,001 - 5,000	7,526	8,215,555	3,603,577	4,611,978
5,001 - 6,000	9,320	10,242,462	4,435,441	5,807,021
6,001 - 7,000	11,312	12,217,828	5,210,708	7,007,120
7,001 - 8,000	13,751	15,446,982	6,460,795	8,986,187
8,001 - 9,000	18,957	21,468,682	8,889,563	12,579,119
9,001 - 10,000	20,847	24,607,159	10,116,137	14,491,022
10,001 - 11,000	20,672	25,336,695	9,991,817	15,344,878
11,001 - 12,000	22,179	28,338,043	10,791,249	17,546,794
12,001 - 13,000	25,175	32,486,396	12,384,497	20,101,899
13,001 - 14,000	25,330	33,538,486	12,430,567	21,107,919
14,001 - 15,000	25,145	34,021,377	12,311,437	21,709,940
15,001 - 16,000	25,859	35,776,118	12,681,957	23,094,161
16,001 - 17,000	25,898	36,334,566	12,496,057	23,838,509
17,001 - 18,000	25,262	36,429,254	12,147,986	24,281,268
18,001 - 19,000	25,556	37,539,629	12,190,602	25,349,027
19,001 - 20,000	25,784	38,296,395	12,159,515	26,136,880
20,001 - 21,000	26,439	40,461,506	12,526,505	27,935,001
21,001 - 22,000	23,679	37,155,057	11,200,941	25,954,116
22,001 - 23,000	22,616	36,083,601	10,521,302	25,562,299
23,001 - 24,000	22,114	36,182,639	10,264,752	25,917,887
24,001 - 25,000	21,234	35,173,390	9,747,784	25,425,606
25,001 - 26,000	20,661	35,119,963	9,468,131	25,651,832
26,001 - 27,000	19,881	34,581,241	9,107,934	25,473,307
27,001 - 28,000	19,091	33,806,289	8,696,823	25,109,466
28,001 - 29,000	18,750	33,853,166	8,449,943	25,403,223
29,001 - 30,000	18,240	33,659,011	8,222,139	25,436,872
30,001 - 35,000	83,330	161,853,523	37,032,774	124,820,749
35,001 - 40,000	72,058	153,394,540	32,035,844	121,358,696
40,001 - 45,000	58,304	135,510,970	26,058,331	109,452,639
45,001 - 50,000	48,920	123,619,287	22,098,030	101,521,257
50,001 - 60,000	76,152	214,579,914	35,007,851	179,572,063
60,001 - 70,000	53,469	173,868,116	25,869,879	147,998,237
70,001 - 80,000	37,557	137,036,744	15,048,512	121,988,232
Over 80,000	7,058	27,759,988	735,945	27,024,043
Totals	1,006,033	\$1,969,838,082	\$470,006,886	\$1,499,831,196

Exhibit 37
Distribution of Home Heating Credits by Household Income
Individual Income Tax, 2010

Household Income	Senior Citizens		General		Disabled ⁽¹⁾		Veterans	
	Number of Returns	Home Heating Credit	Number of Returns	Home Heating Credit	Number of Returns	Home Heating Credit	Number of Returns	Home Heating Credit
Up to \$ 1,000	1,506	\$658,237	13,316	\$4,336,130	595	\$215,410	4	\$1,218
1,001 - 2,000	261	90,647	5,419	1,266,211	169	51,618	2	766
2,001 - 3,000	354	114,994	6,914	1,514,632	198	54,124	1	490
3,001 - 4,000	517	157,978	8,512	1,769,554	301	85,961	4	673
4,001 - 5,000	771	213,334	10,447	2,074,429	467	120,906	1	209
5,001 - 6,000	1,243	317,597	12,200	2,247,287	669	147,977	5	1,336
6,001 - 7,000	2,073	471,669	14,128	2,450,582	1,183	236,487	8	2,369
7,001 - 8,000	3,341	673,752	17,700	2,853,938	2,726	463,899	14	4,408
8,001 - 9,000	8,485	1,495,711	31,868	4,908,385	12,260	1,791,562	28	5,818
9,001 - 10,000	5,362	868,926	24,921	3,554,240	3,552	540,524	21	3,905
10,001 - 11,000	6,270	897,315	24,165	3,162,791	3,633	517,948	22	3,721
11,001 - 12,000	7,117	887,917	24,252	2,979,280	3,404	443,977	43	6,315
12,001 - 13,000	8,054	913,542	21,076	3,229,294	2,910	385,519	24	3,608
13,001 - 14,000	7,540	656,927	19,805	2,672,901	2,536	297,561	26	3,309
14,001 - 15,000	7,381	523,883	18,995	2,261,015	2,215	235,231	20	2,509
15,001 - 16,000	6,690	370,430	18,274	1,971,120	1,948	201,169	27	2,485
16,001 - 17,000	2,218	269,629	12,607	1,698,540	1,213	175,420	16	2,311
17,001 - 18,000	1,808	199,307	11,594	1,374,469	918	131,200	16	1,714
18,001 - 19,000	1,839	173,240	11,696	1,208,178	945	115,680	18	1,735
19,001 - 20,000	1,941	149,308	11,462	1,005,683	866	94,179	18	1,781
Over 20,000	<u>7,307</u>	<u>399,343</u>	<u>43,111</u>	<u>3,934,121</u>	<u>3,740</u>	<u>413,030</u>	<u>140</u>	<u>11,639</u>
Totals	82,078	\$10,503,686	362,462	\$52,472,780	46,448	\$6,719,382	458	\$62,319
Average Credit		\$127.97		\$144.77		\$144.66		\$136.07

⁽¹⁾Includes blind, blind/deaf, paraplegic, quadriplegic, and totally disabled persons.

Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury.

Exhibit 38
2010 Income Tax Collections by County

<u>County</u>	<u>Property Tax Credits</u>	<u>Home Heating Credits</u>	<u>MI EITC Credits</u>	<u>Tax After Credits</u>	<u>Percent of Total Tax</u>
ALCONA	\$577,701	\$122,660	\$291,073	\$2,336,801	0.0%
ALGER	383,150	75,810	237,422	3,125,810	0.1%
ALLEGAN	8,201,017	571,517	2,824,250	48,238,619	0.9%
ALPENA	1,827,067	303,443	940,895	11,082,334	0.2%
ANTRIM	1,806,610	211,724	810,442	8,853,696	0.2%
ARENAC	1,198,853	180,321	532,203	4,071,657	0.1%
BARAGA	270,317	56,950	251,960	2,174,176	0.0%
BARRY	3,716,090	275,753	1,342,677	26,024,029	0.5%
BAY	8,701,963	778,923	3,391,670	48,657,320	0.9%
BENZIE	1,043,439	129,760	514,911	6,467,225	0.1%
BERRIEN	11,234,412	1,351,401	6,705,323	81,850,133	1.6%
BRANCH	3,160,627	326,862	1,556,722	14,716,235	0.3%
CALHOUN	11,128,270	754,533	4,021,745	51,856,670	1.0%
CASS	3,125,239	284,426	1,439,017	16,525,194	0.3%
CHARLEVOIX	2,359,157	219,072	906,192	13,698,923	0.3%
CHEBOYGAN	1,321,313	266,565	910,061	8,141,968	0.2%
CHIPPEWA	1,477,881	276,890	1,226,066	11,169,317	0.2%
CLARE	1,457,599	439,461	1,281,508	8,683,119	0.2%
CLINTON	5,641,615	241,327	1,188,336	35,726,521	0.7%
CRAWFORD	605,027	118,492	431,858	3,186,465	0.1%
DELTA	2,121,883	318,270	1,075,352	17,039,545	0.3%
DICKINSON	1,585,230	185,416	765,113	13,813,925	0.3%
EATON	11,214,063	486,992	2,902,370	59,572,832	1.1%
EMMET	2,734,990	252,251	1,074,196	20,838,242	0.4%
GENESEE	29,254,655	3,676,171	18,689,231	172,576,925	3.3%
GLADWIN	1,516,997	276,094	836,845	7,750,682	0.1%
GOGEBIC	697,326	161,092	451,520	5,499,488	0.1%
GRAND TRAVERSE	8,803,728	458,548	2,431,050	53,883,295	1.0%
GRATIOT	4,223,901	366,932	1,494,919	14,963,864	0.3%
HILLSDALE	3,263,463	452,540	1,565,137	16,118,796	0.3%
HOUGHTON	1,242,630	286,904	875,820	13,883,372	0.3%
HURON	9,104,583	342,426	1,037,606	7,474,949	0.1%
INGHAM	29,786,323	1,687,962	8,759,966	143,691,244	2.7%
IONIA	4,231,514	393,666	1,855,227	25,637,622	0.5%
IOSCO	1,390,389	293,041	928,931	6,725,442	0.1%
IRON	534,138	121,498	335,946	3,896,439	0.1%
ISABELLA	5,045,651	434,471	1,793,673	41,818,253	0.8%
JACKSON	10,485,105	1,101,716	5,240,734	70,842,237	1.3%
KALAMAZOO	22,285,298	1,433,433	7,131,378	142,764,005	2.7%

Exhibit 38 (cont.)

<u>County</u>	<u>Property Tax Credits</u>	<u>Home Heating Credits</u>	<u>MI EITC Credits</u>	<u>Tax After Credits</u>	<u>Percent of Total Tax</u>
KALKASKA	\$842,344	\$167,679	\$697,656	\$5,878,179	0.1%
KENT	49,992,984	3,443,400	19,634,456	369,149,193	7.0%
KEWEENAW	61,266	16,344	49,276	780,932	0.0%
LAKE	531,263	173,901	366,978	1,386,142	0.0%
LAPEER	4,934,132	474,785	2,353,414	40,973,315	0.8%
LEELANAU	1,757,571	101,869	367,775	9,148,679	0.2%
LENAAWEE	9,999,486	564,997	2,924,178	39,716,182	0.8%
LIVINGSTON	9,220,419	362,604	2,081,448	91,536,211	1.7%
LUCE	105,576	56,184	195,532	2,104,393	0.0%
MACKINAC	597,490	98,426	339,434	4,299,486	0.1%
MACOMB	99,316,903	4,451,939	25,023,289	430,658,954	8.2%
MANISTEE	1,696,517	204,539	733,387	8,455,593	0.2%
MARQUETTE	2,780,142	351,703	1,487,249	34,817,100	0.7%
MASON	2,536,076	262,203	1,024,233	10,064,558	0.2%
MECOSTA	2,117,780	342,654	1,194,975	13,197,919	0.2%
MENOMINEE	1,030,702	200,209	694,855	9,799,130	0.2%
MIDLAND	5,063,162	434,823	2,013,867	62,487,698	1.2%
MISSAUKEE	1,072,598	148,795	482,183	3,371,068	0.1%
MONROE	9,375,864	637,479	3,662,420	76,742,088	1.5%
MONTCALM	4,669,846	606,978	2,337,869	20,647,189	0.4%
MONTMORENCY	448,471	126,590	350,098	2,320,162	0.0%
MUSKEGON	13,173,889	1,372,446	6,907,698	62,646,570	1.2%
NEWAYGO	3,238,679	407,967	1,479,925	13,615,658	0.3%
OAKLAND	120,611,450	4,459,789	23,874,802	1,075,002,855	20.4%
OCEANA	2,120,472	299,959	1,083,047	7,911,725	0.1%
OGEMAW	1,270,277	271,934	848,219	5,750,674	0.1%
ONTONAGON	254,405	65,733	159,674	2,268,819	0.0%
OSCEOLA	1,509,479	295,339	941,896	8,110,943	0.2%
OSCODA	181,574	75,107	227,586	1,910,360	0.0%
OTSEGO	1,013,961	164,904	794,249	9,571,253	0.2%
OTTAWA	21,216,324	939,717	6,311,831	167,513,527	3.2%
PRESQUE ISLE	764,756	177,874	424,580	4,307,649	0.1%
ROSCOMMON	1,704,702	272,410	851,090	6,358,483	0.1%
SAGINAW	12,666,939	1,660,729	7,703,383	73,846,881	1.4%
ST. CLAIR	13,078,449	1,005,880	4,908,725	78,507,336	1.5%
ST. JOSEPH	4,337,112	444,879	2,279,932	22,214,282	0.4%
SANILAC	4,760,591	452,737	1,543,149	12,235,866	0.2%
SCHOOLCRAFT	243,804	89,377	274,649	3,168,457	0.1%
SHIAWASSEE	5,813,296	512,823	2,321,229	31,489,430	0.6%
TUSCOLA	7,116,679	469,321	1,964,455	17,689,890	0.3%
VAN BUREN	6,712,244	678,432	2,928,244	35,136,765	0.7%
WASHTENAW	35,782,728	1,549,304	6,973,099	265,802,390	5.0%
WAYNE (excludes Detroit)	117,329,612	5,805,939	31,441,756	485,118,631	9.2%
WEXFORD	2,364,955	342,100	1,357,612	11,818,884	0.2%
OUTSIDE OF MICHIGAN	20,014,827	1,273,737	11,541,343	262,286,631	5.0%
DETROIT	<u>88,279,183</u>	<u>13,726,316</u>	<u>63,623,345</u>	<u>132,857,752</u>	<u>2.5%</u>
TOTAL	\$912,470,193	\$69,758,167	\$340,829,435	\$5,280,053,251	100.0%

Source: Office of Revenue and Tax analysis, Michigan Department of Treasury.

Exhibit 39
2010 Income Tax Data by County

<u>County</u>	2010	2010	Income Tax		Average		Average		Credits as a		Ratio of Property		Average		
	AGI	Average	Before	Rank	Income Tax	Rank	Income Tax	Rank	% of Tax	Rank	Tax Credits	Rank	Property Tax	Rank	
	(Millions)	AGI	Rank	Credits	Rank	Before Credits	Rank	After Credits	Rank	Before Credits	Rank	to 1040s Filed	Rank	Credit⁽¹⁾	Rank
ALCONA	\$161.6	\$35,491	74	\$3,392,091	76	\$745	81	\$513	80	31.1%	10	27.8%	61	\$457	54
ALGER	151.7	38,906	49	3,891,528	74	998	65	802	54	19.7%	60	24.3%	74	404	70
ALLEGAN	1,917.6	44,741	24	60,671,860	22	1,416	19	1,125	19	20.5%	59	33.2%	24	577	18
ALPENA	521.7	39,172	48	14,425,819	49	1,083	52	832	51	23.2%	42	31.2%	40	440	61
ANTRIM	469.8	44,354	27	11,975,398	53	1,131	45	836	49	26.1%	28	31.3%	38	545	30
ARENAC	225.7	35,461	75	6,066,706	68	953	67	640	74	32.9%	7	33.1%	25	569	21
BARAGA	113.3	37,315	63	2,790,713	79	919	73	716	66	22.1%	48	22.0%	78	405	69
BARRY	1,026.6	48,227	15	31,784,891	31	1,493	14	1,223	12	18.1%	68	31.1%	41	561	23
BAY	2,122.8	42,884	31	62,450,416	21	1,262	32	983	29	22.1%	49	33.6%	21	523	39
BENZIE	312.8	41,827	38	8,365,111	64	1,118	47	865	43	22.7%	44	29.9%	47	467	52
BERRIEN	3,386.5	46,658	18	103,790,941	11	1,430	17	1,128	17	21.1%	54	31.2%	39	496	46
BRANCH	681.1	38,901	50	20,112,613	40	1,149	40	841	46	26.8%	22	30.4%	43	594	15
CALHOUN	2,314.1	45,914	21	69,329,774	19	1,376	21	1,029	26	25.2%	31	37.9%	6	582	16
CASS	771.0	43,792	30	22,404,006	36	1,273	31	939	35	26.2%	27	29.1%	53	610	12
CHARLEVOIX	593.5	45,901	22	17,548,819	44	1,357	24	1,059	25	21.9%	50	32.9%	28	555	27
CHEBOYGAN	404.8	37,496	62	10,864,857	60	1,006	64	754	63	25.1%	32	29.0%	55	422	66
CHIPPEWA	586.8	38,371	55	14,402,359	50	942	72	730	65	22.4%	45	24.0%	75	402	73
CLARE	470.0	34,840	77	12,162,112	52	901	74	644	73	28.6%	17	27.0%	62	400	75
CLINTON	1,401.3	54,862	5	43,507,392	27	1,703	5	1,399	6	17.9%	70	33.1%	26	667	7
CRAWFORD	177.8	35,240	76	4,442,402	73	881	76	632	75	28.3%	19	30.0%	46	400	74
DELTA	721.5	41,578	39	20,819,383	39	1,200	38	982	30	18.2%	67	27.9%	59	438	63
DICKINSON	549.9	44,507	26	16,554,352	47	1,340	27	1,118	21	16.6%	74	28.1%	58	457	55
EATON	2,540.6	48,067	16	75,546,842	17	1,429	18	1,127	18	21.1%	53	36.8%	8	577	19
EMMET	820.4	49,524	13	25,483,475	35	1,538	13	1,258	10	18.2%	66	31.9%	35	518	41
GENESEE	8,136.7	43,879	29	228,457,349	6	1,232	34	931	37	24.5%	35	34.7%	15	455	57
GLADWIN	427.4	38,344	58	10,558,318	61	947	69	695	67	26.6%	25	30.5%	42	447	60
GOGEBIC	251.8	38,360	57	6,940,482	67	1,058	56	838	47	20.8%	58	25.8%	68	413	68
GRAND TRAVERSE	2,148.0	49,598	12	66,718,950	20	1,541	12	1,244	11	19.2%	62	36.6%	9	556	26
GRATIOT	702.1	40,665	42	21,348,676	38	1,237	33	867	42	29.9%	12	29.8%	48	821	3
HILLSDALE	748.3	38,764	52	21,962,088	37	1,138	44	835	50	26.6%	24	30.1%	45	562	22
HOUGHTON	572.4	39,441	47	16,579,240	46	1,142	43	957	31	16.3%	76	21.2%	79	403	72
HURON	620.4	38,022	59	18,190,837	43	1,115	48	458	82	58.9%	1	40.9%	4	1,363	1
INGHAM	5,995.6	49,434	14	188,518,044	8	1,554	9	1,185	14	23.8%	40	41.2%	2	596	14
IONIA	1,067.2	42,231	36	32,713,618	30	1,295	29	1,015	28	21.6%	51	29.3%	51	572	20
IOSCO	418.7	34,617	78	9,505,260	62	786	80	556	78	29.2%	14	29.0%	54	396	77
IRON	191.2	36,069	70	5,002,491	72	944	70	735	64	22.1%	47	25.0%	70	404	71
ISABELLA	1,672.8	51,712	8	50,042,770	24	1,547	11	1,293	9	16.4%	75	29.5%	49	530	36
JACKSON	2,934.7	44,780	23	89,473,083	15	1,365	22	1,081	23	20.8%	57	32.8%	29	488	48
KALAMAZOO	5,474.6	51,464	9	176,412,532	9	1,658	8	1,342	8	19.1%	63	38.6%	5	543	31
KALKASKA	282.2	37,911	60	7,734,399	66	1,039	57	790	55	24.0%	37	26.8%	65	422	65
KENT	13,716.9	50,724	11	452,618,310	4	1,674	7	1,365	7	18.4%	65	36.1%	13	512	42
KEWEENAW	38.0	42,311	35	953,387	83	1,060	54	869	40	18.1%	69	16.1%	83	423	64
LAKE	105.9	28,796	83	2,512,504	80	683	83	377	83	44.8%	2	34.5%	17	419	67
LAPEER	1,688.2	46,210	20	49,824,047	25	1,364	23	1,122	20	17.8%	71	27.0%	64	501	43

Exhibit 39 (cont.)

County	2010	2010	Income Tax		Average		Average		Credits as a		Ratio of Property		Average		
	AGI (Millions)	Average AGI	Rank	Before Credits	Rank	Income Tax Before Credits	Rank	Income Tax After Credits	Rank	Before Credits	Rank	to 1040s Filed	Rank	Credit ⁽¹⁾	Rank
LEELANAU	\$433.1	\$53,737	6	\$11,758,867	56	\$1,459	16	\$1,135	16	22.2%	46	32.8%	31	\$666	9
LENAWEE	1,873.2	44,166	28	55,372,690	23	1,306	28	936	36	28.3%	18	36.2%	11	650	10
LIVINGSTON	3,226.5	59,765	4	104,898,826	10	1,943	4	1,696	4	12.7%	82	29.4%	50	580	17
LUCE	96.3	39,729	46	2,502,337	81	1,032.74	60	869	41	15.9%	79	16.1%	82	270	83
MACKINAC	218.2	40,945	40	5,449,277	70	1,022	62	807	53	21.1%	56	24.6%	72	456	56
MACOMB	18,245.8	47,260	17	568,833,906	3	1,473	15	1,115	22	24.3%	36	41.1%	3	626	11
MANISTEE	422.6	38,816	51	11,277,746	58	1,036	59	777	60	25.0%	33	32.2%	34	484	50
MARQUETTE	1,343.8	46,548	19	39,952,319	29	1,384	20	1,206	13	12.9%	81	24.4%	73	395	78
MASON	498.1	38,714	53	14,144,602	51	1,099	49	782	58	28.8%	15	36.5%	10	540	32
MECOSTA	627.5	40,710	41	17,265,659	45	1,120	46	856	44	23.6%	41	28.3%	57	485	49
MENOMINEE	417.8	40,449	43	11,862,246	54	1,148	41	949	32	17.4%	73	22.7%	76	439	62
MIDLAND	2,240.8	61,628	3	71,103,054	18	1,955	3	1,719	3	12.1%	83	27.9%	60	499	44
MISSAUKEE	187.6	34,297	79	5,158,597	71	943	71	616	76	34.7%	6	29.1%	52	673	6
MONROE	3,299.0	50,832	10	100,736,260	12	1,552	10	1,182	15	23.8%	39	27.0%	63	535	35
MONTCALM	979.2	37,175	65	28,702,064	33	1,090	51	784	57	28.1%	20	33.0%	27	537	34
MONTMORENCY	159.3	33,897	80	3,302,130	77	703	82	494	81	29.7%	13	24.9%	71	384	80
MUSKEGON	2,849.7	39,916	44	85,975,167	16	1,204	37	878	39	27.1%	21	37.6%	7	490	47
NEWAYGO	662.5	37,902	61	19,076,891	42	1,091	50	779	59	28.6%	16	34.5%	18	538	33
OAKLAND	36,098.2	69,112	1	1,244,561,136	1	2,383	1	2,058	1	13.6%	80	34.6%	16	666	8
OCEANA	423.6	36,299	69	11,614,935	57	995	66	678	68	31.9%	9	32.5%	33	558	25
OGEMAW	323.4	33,648	81	8,258,968	65	859	77	598	77	30.4%	11	28.9%	56	458	53
ONTONAGON	108.8	36,848	67	2,812,880	78	953	68	769	61	19.3%	61	22.0%	77	391	79
OSCEOLA	396.8	37,024	66	11,065,649	59	1,032	61	757	62	26.7%	23	26.8%	66	526	37
OSCODA	96.3	32,599	82	2,433,802	82	824	78	646	72	21.5%	52	19.0%	80	324	82
OTSEGO	363.4	35,910	71	11,759,262	55	1,162	39	946	34	18.6%	64	25.2%	69	398	76
OTTAWA	6,115.4	52,166	7	199,450,177	7	1,701	6	1,429	5	16.0%	78	32.8%	30	552	28
PRESQUE ISLE	237.0	36,483	68	5,772,148	69	888	75	663	70	25.4%	30	26.3%	67	447	59
ROSCOMMON	416.6	35,791	73	9,354,041	63	804	79	546	79	32.0%	8	32.6%	32	449	58
SAGINAW	3,429.0	42,628	33	98,022,726	14	1,219	36	918	38	24.7%	34	31.6%	37	498	45
ST. CLAIR	3,276.1	44,645	25	99,527,178	13	1,356	25	1,070	24	21.1%	55	34.1%	19	522	40
ST. JOSEPH	1,012.9	38,714	54	30,005,223	32	1,147	42	849	45	26.0%	29	30.1%	44	550	29
SANILAC	669.3	35,880	72	19,325,822	41	1,036	58	656	71	36.7%	3	33.4%	22	765	4
SCHOOLCRAFT	150.3	39,741	45	3,844,287	75	1,016	63	838	48	17.6%	72	18.6%	81	346	81
SHIAWASSEE	1,403.0	42,165	37	40,798,136	28	1,226	35	946	33	22.8%	43	33.3%	23	524	38
TUSCOLA	1,003.2	38,371	56	27,697,513	34	1,059	55	677	69	36.1%	4	31.8%	36	855	2
VAN BUREN	1,464.0	42,630	32	46,135,812	26	1,343	26	1,023	27	23.8%	38	34.9%	14	560	24
WASHTENAW	9,549.9	65,084	2	317,275,065	5	2,162	2	1,811	2	16.2%	77	36.2%	12	674	5
WAYNE (including Detroit)	32,097.4	42,410	34	963,434,747	2	1,273	30	817	52	35.9%	5	45.4%	1	598	13
WEXFORD	558.2	37,300	64	16,099,197	48	1,076	53	790	56	26.6%	26	33.7%	20	470	51
OUTSIDE MICHIGAN	47,958.3	206,749		301,919,100		1,302		1,131		13.1%		14.0%		615	
DETROIT	11,044.0	33,817		311,321,583.8		953		407		57.3%		49.8%		543	
TOTALS	\$254,568.2	\$57,079		\$6,747,390,688		\$1,513		\$1,184		21.7%		35.2%		581	

⁽¹⁾Includes credits for blind/deaf, paraplegic, quadriplegic, and totally disabled persons.

Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury.

Exhibit 40
Average Adjusted Gross Income by County
2010

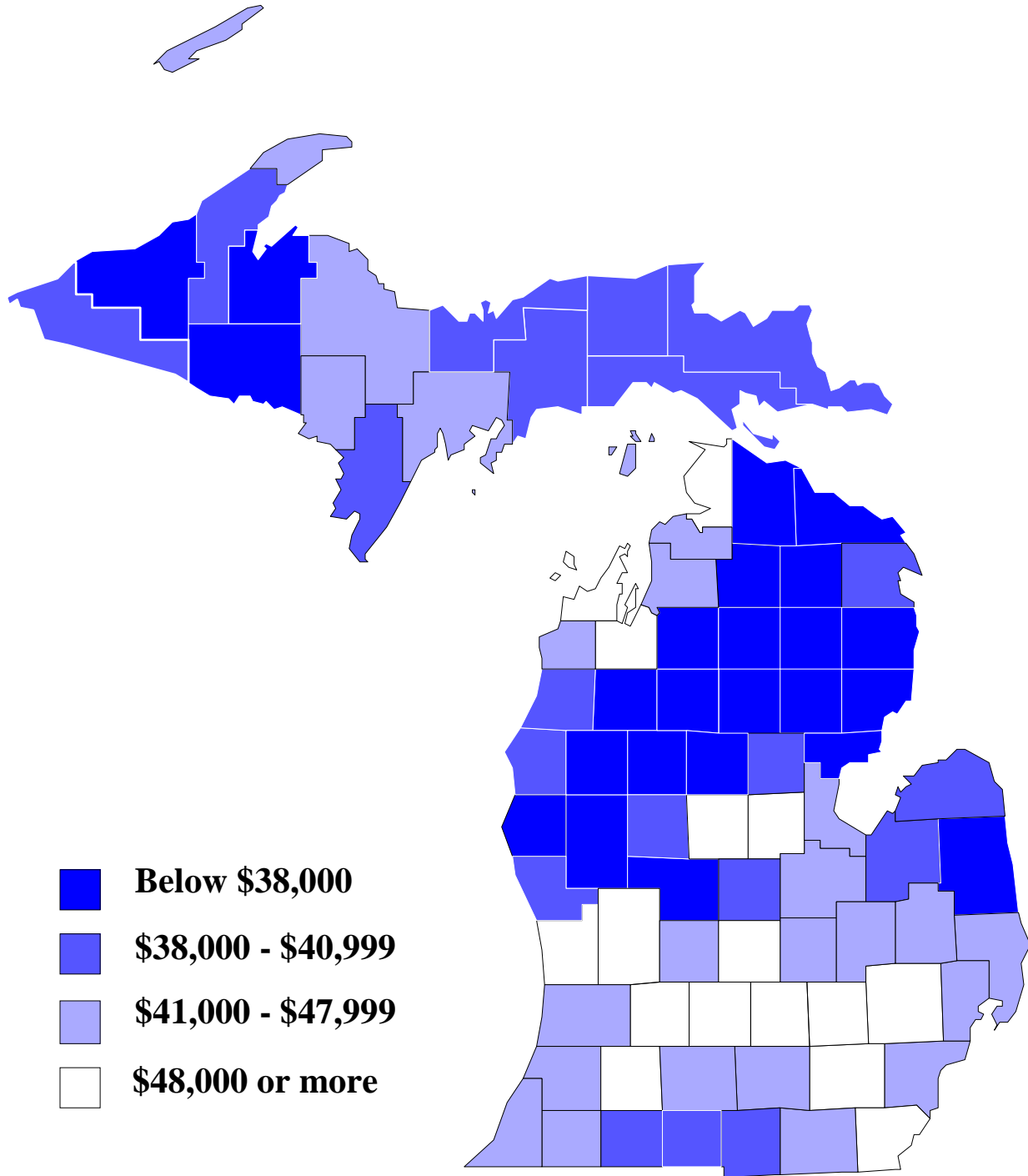


Exhibit 41
Average Property Tax Credits by County
2010

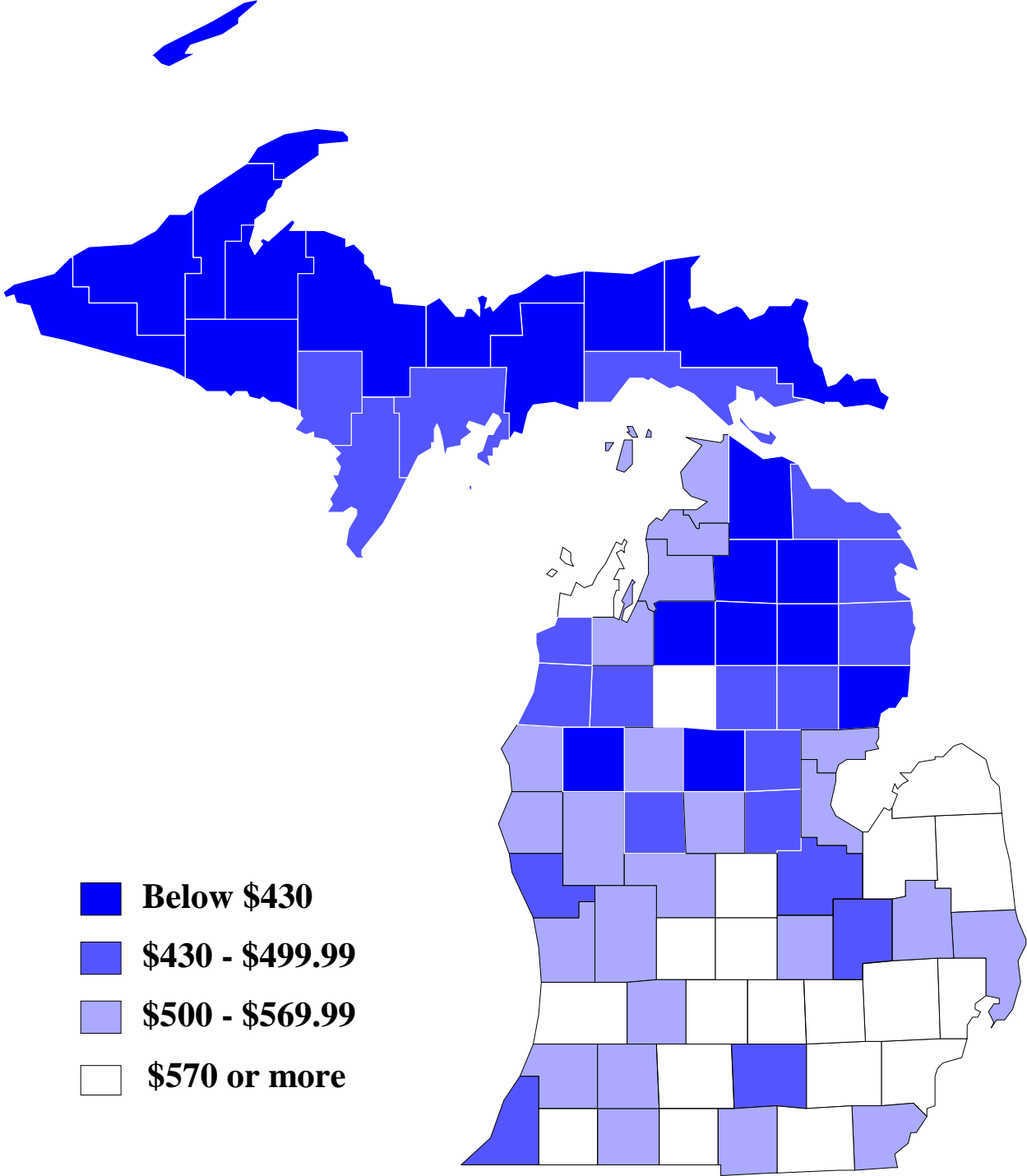


Exhibit 42
Average Annual Individual Income Tax Rates

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
1968	2.60%	1991	4.60%
1969	2.60%	1992	4.60%
1970	2.60%	1993	4.60%
1971	3.14%	1994	4.47%
1972	3.90%	1995	4.40%
1973	3.90%	1996	4.40%
1974	3.90%	1997	4.40%
1975	4.37%	1998	4.40%
1976	4.60%	1999	4.40%
1977	4.60%	2000	4.20%
1978	4.60%	2001	4.20%
1979	4.60%	2002	4.10%
1980	4.60%	2003	4.00%
1981	4.60%	2004	3.95%
1982	5.10%	2005	3.90%
1983	6.35%	2006	3.90%
1984	5.85%	2007	4.01%
1985	5.33%	2008	4.35%
1986	4.60%	2009	4.35%
1987	4.60%	2010	4.35%
1988	4.60%	2011	4.35%
1989	4.60%	2012	4.33%
1990	4.60%		

XII. APPENDIX A

FEDERAL TAX LAW CHANGES⁹ (from 2001 through 2009)

2001

Restitution payments received after 1999 by victims of Nazi persecution or their heirs became excludable from federal gross income.

For net operating losses (NOL) arising in taxable years ending in 2001 and 2002, the Job Creation and Worker Assistance Act of 2002 (JCWAA-02) extends the carryback period from two to five years, effectively expanding the possibility of federal AGI calculation decrease from previous tax years.

2002

Increased maximum annual contribution limits for education IRAs, traditional and Roth IRAs, and annual elective deferrals for qualified retirement plans were effective in 2002. While contributions to these accounts are not deductible, accumulated investment earnings are tax-deferred and withdrawals may be tax-free.

The maximum annual contribution limits to IRAs (both traditional and Roth) increased from \$2,000 to \$3,000 in 2002 through 2004, \$4,000 in 2005 through 2007, and up to \$5,000 in 2009, when the limit is adjusted for inflation for tax years thereafter. Individuals who are age 50 or older are also allowed to make additional “catch-up contributions” to an IRA. The dollar limit on annual elective deferrals under 401(k), 403(b) annuities and 408(k) salary reduction simplified employee pension (SEP) plans increased to \$11,000 in 2002, with \$1,000 annual increments until the limits reach \$15,000 in 2007 (limit indexed for inflation in \$500 increments for tax years thereafter). The maximum annual contribution for education IRAs (a.k.a. Coverdell education savings account) increased, from \$500 to \$2,000 per beneficiary in tax year 2002.

The AGI phase-out ranges for eligibility for the student loan interest deduction increased to \$50,000 through \$65,000 for single taxpayers and to \$100,000 through \$130,000 for married taxpayers filing joint returns.

Other provisions that also became effective in tax year 2002 are as follows:

- the additional 30 percent first-year depreciation deduction for eligible property;
- the extension of qualified medical savings accounts (Archer MSAs), scheduled to expire in 2002, through 2003;
- extension for two years both deductions for qualified clean-fuel vehicles (deduction is now available for vehicles placed in service in 2002 and 2003, begins to phase down in 2004, and is unavailable after 2007) and for qualified clean-fuel vehicle refueling property (deduction available for property placed in service prior to 2007, instead of 2006); and

⁹ For federal legislative changes from 1987 through 2000, see Office of Revenue and Tax Analysis, *Individual Income Tax 2007*, June 2009, at http://www.michigan.gov/treasury/0,1607,7-121-44402_44404---,00.html.

- new, above-the-line deductions for qualified expenses incurred by educators for classroom materials (up to \$250 in qualified out-of-pocket classroom expenses, and/or nonreimbursed expenditures for certain books, supplies and equipment related to classroom instruction qualify for the deduction) and for qualified higher education expenses (up to \$3,000 in expenses in tax year 2002, increased to \$4,000 in 2006 and repealed after tax year 2007).

2003

The Jobs and Growth Tax Relief Reconciliation Act of 2003 (JGTRRA-03) accelerated many of the federal individual income tax reductions provided in the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA-01). Those incentives comprised an additional 50 percent first-year "bonus" depreciation for eligible property (in lieu of the 30 percent additional deduction provided under the JCWA-02), with combined extension of acquisition deadline for property eligible to the 30 percent additional depreciation deduction from September 11, 2004 to January 1, 2007, and increased expensing limits for small businesses. Prior to the JGTRRA-03, in lieu of depreciation, small businesses could elect to deduct up to \$25,000 of the cost of qualifying property placed in service during the taxable year, where the expense amount was reduced by the amount by which the taxpayer's cost of qualifying property exceeded \$200,000. The Act increased the maximum deduction amount to \$100,000 for tax years beginning in 2003, 2004, and 2005, and raises the phase-out threshold from \$200,000 to \$400,000. Both the deduction and phase-out threshold are indexed annually for inflation for 2004 and 2005.

The Military Family Tax Relief Act of 2003 (MFTRA-03) provided a number of tax reductions to military personnel and their families, most of which will reduce the federal AGI calculation. Some provisions were made effective retroactively, like the special rules for the exclusion of gain on the sale of qualified principal residence, while others were made effective starting tax year 2003, like the new above-the-line deduction of qualified expenses for National Guard and Reserve members.

The provisions under the Act likely to affect Michigan individual income tax receipts are:

- the new above-the-line deduction for overnight travel expenses of National Guard and Reserve members. Effective for tax years after 2002, reservists who stay overnight more than 100 miles away from home while in service may deduct non-reimbursed travel expenses (transportation, meals and lodging), limited to the rates for such expenses authorized for federal employees, including per diem in lieu of subsistence;
- the expansion of military death benefit: the military death benefit was increased to \$12,000 and made it not taxable (it was \$6,000, with \$3,000 tax-free), effective for deaths occurring after September 10, 2001; and
- the new special election regarding sale of principal residence available for members of the uniformed services or the Foreign Service, which applies retroactively for home sales after May 6, 1997. Under current law, all taxpayers may exclude up to \$250,000 of gain from the sale or exchange of their principal residence (\$500,000 of gain for married filing jointly), if the taxpayer owned and used the property as a principal residence for two years or more during the five-year period that ends on the date of sale of the property. The new law allows uniformed and foreign service personnel called to active duty away from home to elect to suspend for up to ten years of such duty time the running of the five-year ownership-and-use

period before the sale of a residence. The election applies to only one property at a time, and was made permanent in 2009.

Other provisions in the MFTRA-03 likely to have a small impact on the Michigan personal income tax include:

- Clarification that dependent care assistance programs for military personnel are excludable benefits, therefore not included in a taxpayer's income. The exclusion is effective for tax years after 2002;
- Extension of the same tax benefits enjoyed by victims of terrorism under the Victims of Terrorism Act of 2001 to astronauts who lose their lives in the line of duty (death benefits are allowed to be excluded from income); and
- Exclusion from service members' taxable income of payments received under the Department of Defense Homeowners Assistance Program to offset the adverse effects on housing values of military base realignments or closures. The excludable amount is limited to the reduction in the fair market value of the property, and is effective for payments made after November 11, 2003.

2004

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MPDIMA-03) allowed eligible taxpayers to make tax-free contributions to a Health Savings Account (HSA). Employer contributions made to an HSA on behalf of the taxpayer (including contributions made through a cafeteria plan) are also excluded from gross income and wages for income and employment tax purposes to the extent that the contribution would be deductible if made by the employee. The maximum aggregate annual deductible contribution is the lesser of 100 percent of the annual deductible under the high-deductible plan, or the maximum deductible permitted under an Archer MSA high-deductible health plan, as adjusted for inflation. For 2004, the maximum contribution is \$2,600 (self-only plan), or \$5,150 (family coverage), where contributions to an Archer MSA reduce the annual contribution limit for HSAs. Taxpayers who have attained age 55 are allowed "catch-up" contributions, greater than the otherwise applicable limits by the following amounts: \$500 in 2004, \$600 in 2007, \$700 in 2007, \$800 in 2007, \$900 in 2009, and \$1,000 in 2009 and subsequent years. The Act also allows distributions from an HSA for qualified medical expenses of the individual, spouse, or dependents to be tax-free. As a result, the impact of HSAs in the Michigan personal income tax are two fold, since both contributions to, and distributions from HSAs are not included in the taxpayer's AGI.

Under the MPDIMA-03, employers providing prescription drug benefits to their retirees at least equivalent to the standard Medicare drug plan are eligible for a subsidy. The subsidy consists of 28 cents for every dollar between \$250 and \$5,000 spent on a drug benefit for an employee, and is excluded from the gross income of the employer.

The Working Families Tax Relief Act (WFTRA-04) instituted a new uniform definition of child to be used throughout the Tax Code and provided for the extension of two sets of expiring provisions: four accelerated tax cuts from the EGTRRA-01 and the JGTRRA-03 scheduled to expire on 12/31/2004, and a package of regularly expiring tax provisions that, for the most part,

had expired on 12/31/2003. Of the extensions provided by the Act, two provisions affected the federal AGI calculation: the teacher's classroom expense deduction, and the availability of Archer medical savings accounts, both of which were extended through tax year 2006.

Major provisions from the American Jobs Creation Act (AJCA-04) likely to have a direct impact on the Michigan individual income tax via federal AGI calculation in 2004 were:

- Extension through 2007 of the increased expensing for small business (from \$25,000 to \$100,000 in 2003, and inflation indexed starting in 2004) enacted under the JGTRRA-03;
- Limitation of the exclusion for gain on the sale or exchange of a principal residence (exclusion will not apply if the principal residence was acquired in a like-kind exchange in which any gain was not recognized within the prior 5 years); and
- Enactment of an above-the-line deduction for attorney's fees and court costs incurred in connection with an unlawful discrimination claim. (Prior to the law, itemized deductions of those costs were allowed.)

2005

The AJCA-04 provided a new above-the-line deduction for domestic production activities; and the new limitations on non-qualified deferred compensation plans.

The new above-the-line deduction for manufacturers replaced the Extraterritorial Income Exclusion (ETI). The new deduction will be completely phased-in by 2010, starting at a 3 percent rate in 2005 and 2006, increasing to 6 percent in 2007 through 2009, and reaching 9 percent in 2010. It allows, under certain limitations, deduction from taxable income of a percentage of net income attributable to qualified domestic production activity. The deduction is limited to 50 percent of the W-2 wages paid by the taxpayer during the tax year, and corporations, individuals, S corporations, partnerships, estates, trusts, and cooperatives can take advantage of it.

New restrictions provide that all amounts deferred under a nonqualified deferred compensation plan are to be included in the gross income of the individual earning the compensation when the amounts are not subject to a substantial risk of forfeiture and were not previously included in gross income. (Under previous law, the facts and circumstances of a non-qualified deferred compensation arrangement plan determined when the deferred amounts were includible in the gross income of the individual earning the compensation.)

The Energy Policy Act of 2005 (EPC-05) provided new amortization recapture rules that are likely to impact the calculation of the federal AGI for certain taxpayers. Under the Act, the same treatment applied to depreciation recapture for tangible personal property is extended to section 197 intangible property. In this case, multiple qualified section 197 intangibles sold in a single transaction or in a series of transactions after August 8, 2007 will be treated as a single asset for the purpose of calculating the amount of gain to be recaptured as ordinary income. This netting requirement generally will result in a higher amount of recapture than previously observed.

Michigan taxpayers who own property in the states affected by hurricanes Katrina, Rita and Wilma, may be impacted by the following provisions in the Katrina Emergency Tax Relief Act of 2005 (KETRA-05), and the Gulf Opportunity Zone Act (GOZA-05)¹⁰:

- The suspension of limitation on personal casualty losses related to hurricanes Katrina, Rita, and Wilma (under current law, those losses are deductible only to the extent they exceed 10 percent of the taxpayers' AGI, and \$100 limit);
- The extension from 2 to 5 years the replacement period for nonrecognition of gain for property in the Hurricane Katrina disaster area compulsorily or involuntarily converted, as a result of the hurricane;
- The provision that allows taxpayers who received a qualified distribution from a retirement plan (401(k), 403(b), or IRA) in order to purchase a home (first-time buyer) in the disaster area but were not able to do so on account of the hurricane, may recontribute to such plans, where the amount recontributed is treated as a rollover;
- Special additional 50 percent first-year depreciation allowance for qualified Gulf Opportunity (GO) zone property;
- For qualified GO zone property placed in service during the taxable year, increased expensing for small businesses by the lesser of \$100,000 or the cost of eligible, qualified property, and increased phase-out threshold investment amount by the lesser of \$600,000 or the cost of eligible, qualified property; and
- Special 5-year NOL carryback to the aggregate amount of the following deductions: qualified GO zone casualty losses, depreciation deductions with respect to qualified GO zone property for the taxable year the property is placed in service, and deductions for certain repair expenses resulting from Hurricane Katrina.

2006

The major provisions of the Pension Protection Act of 2006 (PPA-06) likely to affect Michigan's tax base are the following:

- Exclusion from gross income for otherwise taxable distributions from a traditional or a Roth IRA made directly to a qualified charitable organization. The exclusion may not exceed \$100,000 per taxpayer per taxable year, is applicable only to distributions made on or after the date the IRA owner attains age 70 ½, and is effective for distributions made in taxable years 2006 and 2007, and extended through 2009.

The Tax Relief and Health Care Act of 2006 (TRHCA-06) extended a number of expired or expiring tax provisions, modified health savings accounts, modified various trade measures, and made a number of other changes to tax law. The major provisions likely to impact Michigan's individual income tax are the following:

¹⁰ Hurricane tax relief under the GOZA-05 is distributed based on residency and activity in each designated area: Gulf Opportunity (GO) zone, Hurricane Katrina Disaster area, Rita GO zone, Hurricane Rita disaster area, Wilma GO zone, and Hurricane Wilma Disaster area.

- Extend the expiration of the above-the-line deduction of up to \$4,000 for qualified higher education expenses from TY 2005 through TY 2007. Further legislation extended this deduction for all expenses incurred in taxable years beginning before 2012.
- Extend the expiration of the above-the-line deduction for qualified out-of-pocket classroom expenses from TY 2005 through TY 2007. Further legislation extended this deduction for all expenses incurred before 2012.
- Extend the expiration of the reduced recovery period for qualified leasehold improvement property and qualified restaurant property, from 39 years to 15 years, for property placed in service by TY 2005, to property placed in service by TY 2007.

2007

Prior to 2007, the maximum allowed for the small businesses expensing deduction was \$100,000 in annual investment expenditures for qualifying property (which did not include off-the-shelf computer software expenses). This maximum amount that could be expensed was reduced by the amount by which the taxpayer's cost of qualifying property exceeded \$400,000. New legislation increased the deduction and annual investment limit to \$125,000 and \$500,000, respectively, included off-the-shelf computer software expenses, and indexed both limits for inflation.

The Mortgage Forgiveness Debt Relief Act of 2007 expanded the types of qualified discharges of indebtedness excluded from gross income to include up to \$2 million (\$1 million per spouse, if married filing separately) of qualified principal residence indebtedness discharged on 2007 through 2012 (extended year).

Eligible taxpayers are allowed an annual exclusion from gross income for up to \$3,000 in otherwise taxable distributions from eligible retirement plan of a qualified public safety officer for the payment of qualified health insurance premiums made directly to the insurer starting in 2007. Eligible retirement plan refers to a tax-sheltered annuity, an eligible deferred compensation plan maintained by a state or local government, or an IRA.

Various provisions set to expire were made permanent or extended: permanent higher dollar amount for IRA contributions (\$4,000 starting in 2007, \$5,000 in 2009, inflation adjusted thereafter); permanent higher dollar limits on defined contribution plans (\$44,000 in 2007), elective deferrals (including \$15,000 in 2007 for 401(k) plan deferrals, 457 plan deferrals (\$15,000 in 2007), SIMPLE plan contributions (\$10,000 in 2007) and compensation that may be taken into account under a plan; permanent catch-up contributions for older workers (\$1,000 after 2005 for IRAs, \$2,500 for SIMPLE plans, \$5,000 for 401(k) plans); permanent Roth 401(k) and 403(b)s; and extension of combat pay, which is otherwise excluded from gross income, to be treated as earned income for purposes of calculating the EITC.

2008

Beginning in 2008, taxpayers are allowed to direct rollovers from a qualified retirement plan, tax-sheltered annuity, or governmental plan directly to a Roth IRA, where the rollover is treated as a Roth conversion if all other conversion qualifications (e.g. income below the \$100,000 level

before 2010) are met. Prior to the law, taxpayers had first to roll over the amount to a traditional IRA, and then convert the traditional IRA to a Roth.

New legislation increases to \$500,000 the maximum amount of gain a surviving spouse can exclude from tax on the sale or exchange of a principal residence that occurs within two years of death of the spouse. For all other circumstances, the gain amount exclusion remains limited to \$250,000 (\$500,000 if married, filing jointly), provided the taxpayer owned and used the residence as a principal residence for at least two of the five years ending on the date of the sale or exchange.

For tax years beginning in 2008 through 2009, the small business expenses deduction and annual investment limit increased from \$125,000 and \$500,000 to \$250,000 and \$800,000, respectively. For tax year beginning in 2010 and 2011, the limits were further increased to \$500,000 and \$2,000,000, respectively, and the definition of qualifying property was expanded to include certain real property. However, the maximum amount of such real property is \$250,000. The first year additional 50 percent depreciation deduction was extended to include certain property acquired and placed in service in calendar year 2008 through 2012. Qualified property acquired and placed in service after September 8, 2010 and before January 1, 2012 are allowed increased additional first-year depreciation to 100 percent of the adjusted basis for the property.

The above-the-line deductions of up to \$4,000 for qualified higher education expenses, and up to \$250 for qualified out-of-pocket classroom expenses were reinstated for tax years beginning in 2008 and before 2011.

Victims of Midwestern severe storms, tornados and flooding in 2008 (Midwestern disaster area) were allowed: partial expensing for certain demolition and clean-up costs; expensing of certain environmental remediation costs; five-year carryback of certain NOLs; a temporary income exclusion for employer-provided lodging; suspension of limitations on personal casualty losses; exclusion from taxable income of mileage reimbursements received by charitable volunteers; exclusion from taxable income of certain cancellations of indebtedness; and an extended replacement period for non-recognition of gain on principal residences and business properties.

2009

Effective in 2009, eligible small businesses may elect to increase the carryback period for applicable NOLs from two years to five years, while the percentage of exclusion from tax for capital gains realized on the sale of certain small business stock held for more than five years increases from 50 to 75 percent for stock issues after February 17, 2009 through September 2010, and then 100 percent until December 2010.

Starting in 2009, the gain realized from the sale or exchange of a principal residence allocated to periods of nonqualified use of the property (period during which the property was not used by the taxpayer as a principal residence) can no longer be excluded from gross income.

The limit of 50 percent exclusion from tax for capital gains realized on the sale of certain small business stock held for more than 5 years was increased to the greater of \$10 million or 10 times the taxpayer's basis in the stock. The exclusion is limited to individual investments (not corporate). The limit is increased to 100 percent for qualified small business stock issued in 2011.

For tax year 2009 only, taxpayers may exclude up to \$2,400 of unemployment compensation from federal gross income.

MICHIGAN PERSONAL INCOME TAX LEGISLATIVE HISTORY (1967 – 2009)¹¹

1967

Public Act (PA) 281 instituted the Michigan Income Tax (both on personal and corporate income), and repealed the business activities and bank share taxes. As originally enacted, the Act provided for a distribution of 17 percent of net collections to local units on a per capita basis with one-half of the total amount being distributed to counties and one-half of the total amount being distributed to cities, villages, and townships, and the following provisions:

For personal income tax:

- Federal adjusted gross income (AGI), with several adjustments, as the base for the personal income tax
- Tax rate of 2.6 percent
- Personal exemption of \$1,200
- A sliding scale credit for city income taxes with a maximum credit of \$10,000
- A credit for property taxes paid and a renter's credit that allowed renters to impute their property tax liability
- Credit for income taxes paid to other states

For corporate income tax:

- Tax rate of 5.6 percent
- Tax rate of 7.0 on profits of financial institutions

The personal income tax became effective October 1, 1967. The income taxes on corporations and financial institutions became effective January 1, 1968.

1968

PA 132 made technical changes regarding the distribution of income tax proceeds.

PA 315 provided that if national banking associations are determined by judicial action to be exempt from the tax, then state banks would also be exempt.

1969

PA 332 made technical, clarifying, and administrative changes.

¹¹ Source for Public Acts from 1967 through 1994 from Michigan House Fiscal Agency, *State of Michigan: The Income Tax*, April 1999, at www.house.mi.gov/hfa/PDFs/inco_tax.pdf. Source for Public Acts after 1994 from Michigan Department of Treasury, *Michigan's Individual Income Tax Report*, various years.

1970

PA 101 reduced the property tax and city income tax credits, provided that for calendar year 1970 and fiscal year 1971, the tax credit is 12 percent of city income taxes or property taxes paid but not more than \$15.

PA 140 updated the reference to the United States Internal Revenue Code (IRC) to December 31, 1969; rewrote the definition of "taxable income" so that the language used is uniform as it applies to individuals, corporations, financial institutions, and resident estates or trusts; provided that income taxable both within and without the state, if purely personal services by an individual, is not allocated and apportioned as is such income from other business activity; and imposed a penalty payment of interest at the rate of 3/4 of 1 percent per month on deficiencies in quarterly estimated payments.

PA 233 corrected a problem which arose from language in 1970 PA 101 which was not clear on the method which fiscal year taxpayers would use in calculating their property and city income tax credits.

1971

PA 16 amended the Income Tax Act to redefine compensation as that defined in the IRC, and updated the reference to the IRC to December 31, 1970.

PA 25 accelerated the tax payment from July 31 to June 30 for all taxpayers other than individuals, estates, or trusts, and provided that 1/4 of the estimate must be paid at the time of filing a yearly estimate.

PA 76 increased the tax rate from 2.6 to 3.9 percent for individuals, from 5.6 to 7.8 percent for corporations, and from 7.0 to 9.7 percent for financial institutions, changed the property tax credit and city income tax credit to a form similar to that in effect in 1968, and also changed the method of determining allocation to local governments. The Act set the expiration for the Income Tax Act as August 1, 1972, unless constitutional amendments on property tax reduction for schools and a graduated income tax proposal were submitted to the people.

PA 150 created a deduction, not in excess of \$50 per year, for a contribution to a political party or candidate beginning 1972.

1972

PA 181 provided for continuation of the rate at 3.9 percent for personal income beyond August 1, 1972.

PA 332 provided a definition of what constitutes a college contribution.

1973

PA 20 increased the personal exemption from \$1,200 to \$1,500 beginning in 1974. The Act also granted all Michigan business firms a credit against their income tax equal to 25 percent of the property tax on the inventory portion of their personal property, and changed property tax relief provisions to relate the amount of taxes paid on a principal residence to total household income from all sources (homestead property tax credit).

1974

PA 12 allowed each blind spouse in a household to claim a blind homestead tax exemption, and provided additional property tax relief to paraplegic and quadriplegic persons.

PA 33 provided a more restrictive definition of bank holding companies for income tax purposes and clarified the definition and tax status of such companies.

PA 62 amended the Income Tax Act to make the employer trustee for the state with respect to income tax withholding.

PA 116, known as the Farmland and Open Space Preservation Act, provided a tax credit equal to the amount of property tax which exceeds 7 percent of household income to farmers who pledge to keep their land in agricultural production for ten years and to owners of certain non-farm, open-space lands.

PA 125 established a credit schedule for sales tax paid on food and prescription drugs by families with incomes less than \$15,000 a year. The inventory property tax credit was increased from 25 percent in tax year 1973 to 32 percent in 1974, 39 percent in 1975, and an additional 6 percent each year until the credit reached 75 percent in tax year 1981. The Act also allowed a credit equal to 20 percent of the corporate franchise fee for those businesses which have no inventories except materials and supplies valued at \$1,500 or less.

PA 156 redefined "senior citizen" under the property tax relief act of 1973 to include the unmarried remaining spouse of a person who was at least 65 years old at the time of death.

PA 211 allowed for advance payment of a property tax credit to low-income seniors, blind persons, and eligible servicemen, veterans, and widows.

PA 217 permitted recipients of private pension plans and disability benefits to deduct up to \$7,500 on a single tax return and \$10,000 on a joint return.

PA 290 allowed, for the years 1974 through 1980, a credit for a charitable contribution to a non-profit corporation, fund, foundation, or trust operated exclusively to benefit institutions of higher learning.

PA 308 required the state to pay a daily interest rate of 9 percent per annum for each day an income tax refund is delayed beyond June 30.

1975

PA 19 increased the personal tax rate from 3.9 to 4.6 percent beginning May 1, 1975. The tax rate was set to drop to 4.4 percent after July 1, 1997.

PA 94 increased the penalty for late payment of income taxes.

PA 98 required that income taxes withheld by employers accrue to the state on the last day of the month in which they are withheld.

PA 168 permitted paraplegics, quadriplegics, senior citizens, eligible servicemen or veterans, eligible widows, or blind persons with incomes less than \$10,000 to defer payment of summer homestead taxes until the following February 15.

PA 225 altered the distribution of state income taxes available to municipalities and counties under the State Revenue Sharing Act of 1971.

PA 233 repealed the financial institutions and corporate income taxes in conjunction with the enactment of the single business tax (1975 PA 228), created a tax credit for individuals subject to both the income and single business taxes, and repealed the credit for personal property tax paid on inventories.

PA 298 made administrative changes related to the statement of compensation paid and taxes withheld required of employers.

PA 320 increased the maximum allowable property tax credit from \$500 to \$1,200 beginning in 1976.

1976

PA 388 created the Campaign Finance Act which allowed taxpayers to designate \$2 (\$4 in the case of a joint return) of their tax liability toward the State Campaign Fund.

PA 78 amended the Farmland and Open Space Preservation Act to remove the requirement of an on-site appraisal by the state tax commission in order to qualify for the farmland development credit.

PA 379 allowed a property tax credit on a tax return 2 years after the year the credit is claimed.

PA 434 updated the reference to the federal IRC to November 15, 1976.

PA 435 amended the additional income tax exemption to include hemiplegics.

1977

PA 1 required submission of income tax forms to the Taxation Committee for format approval, and altered the definition of household income used in computing the property tax credit.

PA 44 maintained the tax rate at 4.6 percent, overriding the legislated July 1, 1977 decrease to 4.4 percent.

PA 163 required tax forms to include a summary of the state's tax revenues and expenditures by major category.

PA 291 eliminated the income tax credit based on single business taxes paid beginning with the 1978 tax year.

1978

PA 43 exempted state and federal energy assistance grants to low-income and senior citizen households.

PA 321 provided a tax credit for an eligible serviceman, veteran, or widow in the case that the individual rents a homestead.

PA 458 provided an income tax credit for the 1978 tax year to assist poor families with high home heating bills.

PA 503 made it a felony to file a false income tax return with the intent to defraud the state, imposed a penalty of up to two years in jail and a \$5,000 fine, and set a misdemeanor penalty for failing to file a return.

PA 554 increased the maximum allowable deduction for political contributions from \$50 to \$100 for married couples filing a joint return.

PA 589 permitted state residents who work in Canada to claim a credit for income taxes paid to a province and not claimed on the federal income tax form beginning in 1979.

PA 605 provided credits for the purchase and installation of solar, wind, or water energy conservation devices in residences.

1979

PA 30 allowed a retroactive credit for Canadian taxes paid in 1978.

PA 41 expanded the credit for the purchase and installation of energy conservation devices.

PA 126 allowed a credit for heating fuel costs for low-income homesteads for 1979 and 1980. The credit is based on a formula related to income and the number of exemptions claimed.

PA 132 provided for separate payment of the homestead property tax credit, and revised the computation of certain rental credits.

PA 199 allowed a credit for contributions to certain public broadcast stations, and removed the cutoff date on certain other contributions.

1980

PA 169 provided for administration under the Revenue Act of 1941, as amended.

PA 227 would have allowed an added credit for certain renters whose rent exceeds 40 percent of income but was tie-barred to SB 923 which was not enacted.

PA 250 updated the reference to the federal IRC to November 14, 1979. Would have temporarily increased the tax rate to 4.7 percent for the purpose of constructing new prisons but was contingent upon 1980 Ballot Proposal E which was rejected by voters on November 4, 1980 (For: 1,288,999, Against: 2,202,042).

PA 253 would have tied the personal exemption to inflation and provided a credit to low income senior citizens who are owners of homesteads but was contingent upon Ballot Proposal C (SJR X) which was rejected by voters on November 4, 1980 (For: 894,441; Against: 2,583,253).

PA 352 reduced the homestead property tax credit by the proportion of income received from Aid to Families with Dependent Children (AFDC) or General Assistance (GA) payments in 1980 and 1981 only.

PA 452 decreased payments to counties by \$7 million in fiscal year 1981 only.

PA 475 allowed a credit for artwork contributions to certain public and nonprofit entities.

PA 517 allowed for the deduction of public retirement system benefits from another state provided that the other state offers a reciprocal deduction.

1981

PA 43 would have ensured that senior citizens whose rent exceeds 40 percent of their income receive a tax credit equal to the difference but was contingent upon 1981 Ballot Proposal A (HJR G) which was rejected by voters on May 19, 1981 (For: 560,924; Against: 1,451,305).

PA 135 allowed a deduction for certain unemployment compensation benefits repaid to an employer in 1980 only.

PA 152 extended and enlarged the home heating credit through 1983. It also narrowed the homestead definition.

1982

PA 155 increased the tax rate to 5.6 percent over the time period of April 1, 1982 through September 30, 1982.

PA 169 made certain corporate officers personally liable for withholding payments due from a corporation, and required employers to furnish copies of exemption certificates for certain employees.

PA 208 added a credit for farmers who allowed produce to be gleaned and donated as food for tax years 1982 through 1984.

PA 211 allowed a taxpayer to designate up to \$2 of any refund (\$4 on a joint return) to the Children's Trust Fund.

PA 240 included in taxable income the federal "marriage penalty" deduction.

PA 269 reduced the property tax credit for households with income greater than \$65,000; extended the reduction of the property tax credit for households with public assistance income; and provided an added credit for senior citizens with rent over 50 percent of income in 1982, 45 percent in 1983, and 40 percent thereafter.

PA 387 updated the reference to the federal IRC to November 15, 1982.

PA 480 deleted the disallowance of homestead property tax credit for claimants' delinquent property taxes.

PA 515 allowed certain farmers and commercial fisherman to file annual estimates, and required payments therewith under certain conditions.

1983

PA 15 increased the tax rate to 6.35 percent retroactive from January 1, 1983 and dedicated 0.25 percentage points of the increase to a special fund (created by 1983 PA 14) to permit the state treasurer to allow several funds to operate under generally accepted accounting principles. The Act also required the rate increase to decline to a maximum of 1.5 percentage points on January 1, 1984, to a maximum of 0.75 percentage point on January 1, 1985, and to a maximum of 0.5 percentage point on October 1, 1986. The rate was required to decrease further if unemployment decreased at a rate sufficient to effectuate a formula equating 0.5 percent of the unemployment rate with 0.1 percent of the income tax rate.

PA 99 added language to the tax revenue sharing formula to take into account collections under the three income tax rates in effect successively during the last quarter of 1982 and the first quarter of 1983 in order to prevent local governments from losing \$10.7 million.

PA 189 authorized a taxpayer receiving a refund to credit \$2 or more of the refund to the Nongame Fish and Wildlife Fund.

PA 190 extended the credit for the purchase and installation of energy conservation devices. The act also increased the size of the credits.

1984

PA 36 restructured and extended the home heating tax credit through 1986.

PA 221 decreased the tax rate to 5.35 percent beginning September 1, 1984, and 4.6 percent beginning October 1, 1987.

PA 265 allowed for the transfer of up to \$46 million from the state accounting and fiscal responsibility account to the Counter-Cyclical Budget and Economic Stabilization Fund.

PA 283 updated the reference to the federal IRC to November 15, 1984.

PA 284 allowed taxpayers to deduct Social Security benefits from taxable income to the extent that the benefits are included in their federal adjusted gross income.

PA 285 continued through 1985 the reduction in property tax credits claimed by public assistance recipients; specified that child support payments from non-custodial parents may not be used to reduce property tax credits; and continued through 1984 the reduction in property tax credits for those earning more than \$65,000 a year.

PA 415 allowed deaf persons to claim a \$1,500 exemption in addition to the \$1,500 standard personal exemption beginning in 1985.

PA 417 extended the gleaning tax credit program for the period of December 31, 1984 through December 31, 1985.

PA 419 specified that only contributions to a public broadcast station located within in Michigan may be claimed as a tax credit, and provided that contributions made to a nonprofit organization, fund, foundation, trust, or association organized and operated exclusively for the benefit of the institutions of higher learning may be claimed as a tax credit only if the institution is located within the state.

1985

PA 145 allowed taxpayers to designate a portion of their income tax refunds through 1994 to the Nongame Fish and Wildlife Fund unless the fund's assets exceeded \$6 million beforehand. The nongame checkoff had been scheduled to end with the 1984 tax year.

PA 156 allowed taxpayers to designate that \$2 or more of their income tax refund should go to the Children's Trust Fund. The checkoff program had been limited to \$2 per refund.

PA 158 made credits for heating fuel costs in excess of certain percentages of household income comply with federal guidelines for minimum poverty standards.

PA 187 extended through 1986 provisions that reduce property tax credits claimed by recipients of public assistance and by persons who earn more than \$73,650 a year (increased from \$65,000).

PA 211 amended the Revenue Act to require the interception of a taxpayer's income tax refunds for application to the taxpayer's liabilities to the state, including support liabilities, and to provide for an allocation of the refund to a joint taxpayer's nonobligated spouse.

1986

PA 16 decreased the tax rate to 4.6 percent beginning April 1, 1986.

PA 130 reenacted and enhanced the expired gleaning tax credit program through December 31, 1988. Under the act, farmers may receive tax credits equal to 20 percent of the wholesale value of crops they allow to be gathered by charitable organizations after normal harvesting is completed.

PA 160 amended the Farmland and Open Space Preservation Act requiring that a person applying for a farmland preservation credit against the income tax or single business tax must include with the application a copy of a receipt showing payment of property taxes for the year for which the credit is claimed or the prior year. If a copy of the receipt is not included, the tax credit check may be issued to the appropriate county treasurer to be credited toward the delinquent tax and fees.

PA 286 repealed specific uses for refund credits to the Nongame Fish and Wildlife Trust Fund.

PA 315 allowed taxpayers to deduct from taxable income payment amount made for an advance tuition payment contract under the Michigan Education Trust Act (1986 PA 316).

1987

PA 88 altered formulas to increase the amount of income tax revenue dedicated for disbursement to local governments, increased the amount of payments earmarked for cities, villages, and townships, but left unchanged the amount dedicated to counties.

PA 254 increased the personal exemption to \$1,600 for tax year 1987, \$1,800 for 1988, \$2,000 for 1989, and \$2,100 for 1990. The Act extended through tax year 1987 provisions that allow for a home heating tax credit; extended provisions which reduce property tax credits for persons who receive public assistance and persons with household income in excess of \$73,650; and made technical, clarifying, and administrative changes to the Income Tax Act.

1988

PA 1 provided that a person who has a federal adjusted gross income of \$1,500 or less and is not allowed to claim a personal exemption under the federal IRC (i.e., a dependent) is exempt from state income tax liability and does not have to file a return beginning in 1987.

PA 70 allowed individuals classified under federal law as “seafarer” the option of paying their income taxes on an annual basis (rather than requiring quarterly payments) just as farmers and commercial fishers can.

PA 153 allowed a taxpayer to claim a credit of up to \$100 (\$200 for a joint return) for certain charitable contributions regardless of the credit's impact on tax liability. Eliminated the additional limitation based on the percentage of tax liability and added the state museum and the state archives to the list of contribution recipients eligible for the credit.

PA 261 modified the definition of income used in calculating farmland preservation tax credits and homestead property tax credits so that beginning tax year 1988, a deduction for a carryback or carryover of a net operating loss cannot exceed federal modified taxable income as defined in the federal IRC.

PA 423 amended the Farmland and Open Space Preservation Act to specify the taxpayers who are able to claim the income tax credit for property taxes paid when the property in question is owned by a partnership, S-corporation, trust, or other multiple-owner arrangement.

PA 486 would have expanded the property tax credits available to certain categories of low-income, elderly, and disabled taxpayers, and to renters. The bill, however, was tie-barred to a school financing proposal (SJR K) that would have amended the State Constitution to increase the sales tax and reduce property taxes. Senate Joint Resolution K was not approved, however, so the act did not take effect.

PA 515 allowed a taxpayer to claim a credit equal to 50 percent of the amount the taxpayer contributes during the tax year to a community foundation for 1989 through 1991. The total credit is limited to the lesser of: \$100 (\$200, for a joint return); 10 percent of tax liability; or \$5,000 for a resident estate or trust. The credit cannot apply in tax years for which the aggregate amount of such credits claimed by all filers for all prior tax years (together with the single business tax credit allowed under 1988 PA 514) exceeds \$3 million.

PA 516 allowed low-income seniors to claim a credit of up to \$600 for the cost of prescription drugs. It also granted a \$500 exemption to dependents who earned over \$1,500 in 1988; extended through 1989 provisions that reduce property tax credits claimed by recipients of public assistance; extended for two years (through 1991) a credit for the purchase and installation of alternative energy devices; extended through 1988 the home heating tax credit for low-income taxpayers; allowed a deduction for persons who have certain self-insured medical plans; and amended the Lottery Act to repeal the exemption for state lottery winnings.

1989

PA 75 extended through 1991 the home heating tax credit and increased the amount of the credit allowable under the alternative credit computation.

PA 95 made technical and administrative changes to the provisions of the Campaign Finance Act which allow a taxpayer to designate \$2 (\$4 in the case of a joint return) toward the State Campaign Fund.

PA 166 allowed a credit for low-income households for the sales tax on utilities and increased the homestead property tax credit for renters, senior-citizens, and handicappers, in the case of the passage of school finance revision Proposal B (HJR I). Proposal B was rejected by voters, on November 7, 1989 (For: 436,958; Against: 1,392,053), so the act did not take effect.

1990

PA 136 allowed a taxpayer to claim a credit for a contribution made to a community foundation if the foundation was incorporated or established before September 1 of the year prior to the tax year. Previously, the deadline was January 1. The tax credit, created in 1988, was in place only through the 1991 tax year.

PA 283 extended through 1991 provisions that limited the amount of property tax credit that can be claimed by those receiving public assistance and by those whose income exceeds \$73,650.

PA 285 amended the Revenue Act to allow retired federal employees claim a refund of income taxes paid on their pension or retirement benefits from 1984 on and spread those refunds out over four years. The act represented an exception to the requirement that refund claims based on the validity of a tax law must be filed within 90 days after the date set for filing a return.

PA 344 amended the Income Tax Act to conform with 1990 PA 285 above, specifying that claims for refunds for tax years 1988 and 1987 were payable on or after July 1, 1990; claims for tax year 1986 were payable on or after July 1, 1991; claims for tax year 1985 were payable on or after July 1, 1992; and claims for tax year 1984 were payable on or after July 1, 1993.

1991

PA 82 provided that withholding taxes deposited under the Revenue Act by certain employers on the same schedule as federal withholding deposits (pursuant to 1991 PA 83) will accrue to the state on the last day of the filing period. Withholding taxes deposited by other employers continue to accrue to the state on the last day of the month.

PA 171 expanded and extended through 1994 the tax credit available to contributors to community foundations but specified that the credit applies to contributions to an endowment fund of a community foundation; allowed a taxpayer also to claim the credit for contributions to a shelter for homeless persons, food kitchen, food bank, or other entity that provides such services to the indigent if the contribution is deductible for the donor under the federal IRC; and raised to \$6 million (from \$3 million) the cap on the aggregate amount that may be claimed for the years this credit is in effect under both the Income Tax and the Single Business Tax acts.

PA 181 extended the home heating tax credit through 1994; made recipients of public assistance eligible for the credit, required the Department of Treasury to mail an application for the credit

by December 1 of each year to those who are recipients of public assistance during the tax year and to provide a simplified procedure for claiming the credit to recipients of public assistance, and cut in half the amount of the credit available to claimants whose heating costs are included in rent payments.

1992

PA 67 provided for fiscal year 1992 that the amount of revenue sharing payments that was available for distribution to cities, villages, and townships from state income tax collections in August 1992 could not be distributed. Instead, that amount lapsed to the General Fund at the close of the 1992 fiscal year. It also discontinued, after June 1992, the \$27.4 million advance that previously was made in June on the August payment.

PA 160 reduced revenue sharing payments by \$24.1 million for fiscal year 1993 only.

PA 277 provided that state income taxes of persons employed by the federal government who work at a qualified facility must be deposited in the Federal Facility Development Fund (created by 1992 PA 275) to be appropriated and used solely for the purposes of the fund.

PA 293 extended through 1994 restrictions on the amount of property tax credits that can be claimed by those receiving AFDC, State Family Assistance, or State Disability Assistance, and by those whose household income exceeds \$73,650.

Executive Order 10 delayed \$111 million of state revenue sharing payments, including \$35.9 million of income tax revenues.

1993

PA 128 provided for a credit equal to taxes paid by a taxpayer in a prior year on income received and repaid by the taxpayer if the taxpayer is eligible for the federal deduction allowed for the repayment of income under the federal IRC. The state credit is allowed only if the taxpayer has not deducted the repayment in calculating his or her federal adjusted gross income.

PA 162 allowed taxpayers to designate refunds to the Nongame Fish and Wildlife Trust Fund until the fund's assets exceed \$6 million.

PA 167 reduced revenue sharing payments by \$48.1 million for fiscal year 1994 only. Provided that a city, village, township, or county is not eligible for revenue sharing payments unless it requires sealed competitive bidding for any contract of \$20,000 or more, except for a contract for professional services or emergency repairs exempted pursuant to a written policy of that local unit.

PA 262 amended the Campaign Finance Act to increase to \$3 (\$6 in the case of a joint return) the amount of a taxpayer's liability which he or she can designate toward the State Campaign Fund.

PA 315 extended for 1992 to 1994 the credit for a donation to a homeless shelter or similar organization. Eliminated a provision which rendered the credit void after the aggregate total claimed for this credit by taxpayers for all prior years under the Income Tax Act and the Single Business Tax Act exceeded \$1.5 million.

PA 328 decreased the tax rate, beginning May 1, 1994, to 4.4 percent as part of a package to implement Proposal A (SJR S) approved by voters March 15, 1994 (For: 1,684,541; Against: 750,952).

1994

PA 119 permitted the Michigan Department of Treasury to provide information about the purchase of an annual state park motor vehicle permit in the instruction book accompanying each state income tax return.

PA 256 expanded and extended through 1997 the credit for a donation to a homeless shelter or similar organization, and eliminated the \$6 million aggregate cap on the credits that may be claimed by all taxpayers for contributions to community foundations.

PA 268 exempted up to \$30,000 (\$60,000 in the case of a joint return) of retirement benefits from a private source.

PA 269 exempted up to \$1,000 (\$2,000 in the case of a joint return) of interest and dividend income earned by a senior citizen.

PA 290 allowed a taxpayer to claim a credit equal to 3.3 percent of the contributions made by or for the taxpayer to a medical savings account (minus the amount of certain withdrawals). A taxpayer may take the credit only if he or she does not have other health coverage and if a similar federal credit or deduction is unavailable.

PA 298 reduced revenue sharing payments by \$50.6 million for fiscal year 1995 only.

1995

PA 2 increased the personal exemption to \$2,400 for tax years 1995 and 1996, and to \$2,500 for tax years beginning after 1996. PA 2 also provided for a further increase in the personal exemption of up to \$250 (which was not implemented) based on the results of the May 1995 revenue estimating conference.

PA 3 indexed the personal exemption to inflation. For tax years after 1997, the personal exemption will be adjusted in \$100 increments based on the change from one year to the next in the U.S. consumer price index.

PA 7 provided that for 1995 and after a resident of Michigan with a household income of \$200,000 or less may claim a credit for 4 percent of tuition and fees paid to a qualified institution of higher learning. The credit cannot exceed \$250 for each student for each tax year. The

qualified institutions must agree by July 1 not to increase tuition in the ensuing academic year by more than the increase in the U.S. Consumer Price Index in the preceding calendar year.

PA 194 increased the percentage of income tax gross collections before refunds that are earmarked to the state school aid fund from 14.4 percent to 23 percent, beginning FY 1996-97.

PA 230 increased the maximum deduction senior citizens may take for interest, dividends, and capital gains, from \$1,000 to \$3,500 for a single return and from \$2,000 to \$7,000 for a joint return. This deduction is reduced by the amount of pension income deducted.

PA 233 amended the City Income Tax Act of 1964 to allow the governing body of a city to impose an income tax at a lower rate than 1 percent on corporations and residents. If the tax is imposed at a lower rate, the rate on nonresidents cannot exceed one-half the rate on corporations and residents.

PA 244 provided that foster grandparent stipends received by a person 60 years old or older are excluded from household income when calculating the homestead property tax credit.

PA 245 created the Headlee Amendment Refund. For the tax year 1995 only, a taxpayer may claim a credit against the income tax equal to 2.67 percent of the tax on income attributable to the period from January 1, 1995 through September 30, 1995. This credit was annualized as a 2 percent credit against 1995 income tax liability.

PA 291 increased the maximum deduction senior citizens may take for interest, dividends, and capital gains income up to \$7,500 for a single return and \$15,000 for a joint return, beginning with the 1998 tax year (see 1995 PA 230).

1996

PA 264 required employers to deduct and withhold state income taxes for employees who elect the no-file option for state income tax returns, and to provide the Department of Treasury with a copy of an employee's exemption certificate. The Act was tie-barred to PA 265.

PA 265 allowed eligible taxpayers to elect to forego filing an annual state income tax return. For tax years beginning after December 1996, taxes are to be calculated by multiplying compensation by 4.4 percent. The Act was tie-barred to PA 264.

PA 442 amended the City Income Tax Act of 1964 to provide a city income tax deduction to individuals residing in a renaissance zone and businesses conducting business activity in a renaissance zone.

PA 448 provided a Michigan income tax deduction to individuals residing in a renaissance zone.

PA 478 amended the City Income Tax Act of 1964 to allow cities to enter into agreements with the Department of Treasury for the Department to administer, enforce, and collect the city income tax on behalf of the city.

PA 479 amended the revenue act to authorize the Department of Treasury to administer, enforce, and collect taxes under the City Income Tax Act for cities that enter into an agreement with the Department for such services (see PA 478).

PA 484 made numerous clarifying, technical, and administrative amendments.

PA 568 allowed taxpayers to have their income tax refunds directly deposited into a United States financial institution of their choice.

1997

PA 81 created a special exemption for young children. Starting tax year 1998, a taxpayer may claim a \$600 exemption for each dependent child who is younger than 7 years of age or a \$300 exemption for each dependent child who is between 6 and 12 years of age.

PA 82 increased the tuition tax credit to 8 percent of the tuition paid to an eligible college or university and increased the maximum credit to \$375 per year.

PA 86 increased the personal exemption by \$200 beginning with the 1998 tax year.

1998

PA 19 extended to tax years 1989 and 1990 a credit for taxpayers who have repaid money claimed as income in a previous year. Previously, the credit had been available only for tax years after 1990.

PA 500 amended the City Income Tax Act of 1964 to revise the population threshold necessary for Detroit to levy an income tax at 3 percent for residents and 1.5 percent for nonresidents. The new threshold is 750,000, lower than the previous threshold of 1,000,000. The act will also lower the maximum Detroit income tax rates. The reduction is phased in over a 10-year period beginning on July 1, 1999. When fully implemented in July 2009, the maximum rates will be 2 percent for residents and 1 percent for nonresidents. The rate reduction is contingent upon employment and revenue stability within the city, as defined in the act.

PA 535 created a 25% income tax credit for qualified expenditures to rehabilitate a historic resource approved by the Michigan Historical Center. The credit supplements a similar federal tax credit and is reduced if the resource is sold within 5 years of claiming a credit.

1999

PA 1 changed the percentage of gross collections allocated to the SAF for tax years after 1999. The new percentage is equal to 1.012 percent divided by the statutory income tax rate. The percentage had previously been 23 percent of gross collections.

PA 2 through 6 lowered the income tax rate by 0.1 percentage point each year beginning in the 2000 tax year and continuing through the 2004 tax year. For the 2004 tax year and following, the tax rate was set at 3.9 percent.

PA 181 allowed a deduction for amounts received by victims of the Holocaust as a settlement for previously confiscated assets, to the extent that recovery is included in AGI. The deduction is allowed for tax years beginning on or after January 1, 1994.

PA 214 made technical changes in the historic preservation credit.

2000

PA 40 reduced the Michigan income tax rate for 2000 from 4.3 percent to 4.2 percent.

PA 41 increased property tax credits for certain disabled filers effective for tax year 2000. This resulted in the uniform treatment of all senior citizens and disabled filers.

PA 42 increased the child deduction to \$600 for children ages 7 through 12 years old and created a \$600 deduction for children ages 13 through 18 for tax years beginning after 1999.

PA 43 provided a definition for "dependent" as an individual for whom the taxpayer may claim a dependency exemption on the taxpayer's Federal income tax return pursuant to the Internal Revenue code.

PA 161 and PA 163 created a deduction for contributions to the Michigan Education Savings Program (MESP). Earnings on an account established under MESP and withdrawals from an account that are used to pay higher education expenses would also be deductible to the extent included in AGI. Withdrawals from MESP accounts that are not used for higher education expenses would generally have to be added to AGI. A new deduction was also created for withdrawals from individual retirement accounts used to pay higher education expenses to the extent those withdrawals are included in AGI.

PA 195 revised the requirements for certification as a community foundation. The new requirements include financial audits, minimum accumulated endowment funds, and allowing new foundations to locate only in counties without a certified community foundation.

PA 301 increased the special exemption amount to \$1,800 in tax year 2000. The Act combined all disability exemptions so taxpayers can claim one special exemption if they or their spouse are blind, deaf, paraplegic, quadriplegic, hemiplegic, or totally and permanently disabled. The exemption amount will be increased in \$100 increments to reflect increases in the Consumer Price Index. The Act also created new special exemptions for dependents who are either senior citizens or have one of the disabilities described above. The exemption for taxpayers who are eligible to be claimed as a dependent on another taxpayer's return was also increased from \$1,000 to \$1,500 for tax years beginning after 1999.

PA 393 and PA 394 created a refundable credit for qualified adoption expenses. This new credit is only for those expenses exceeding the limits on the similar federal income tax credit.

PA 400 created a deduction for charitable contributions made with funds withdrawn from a retirement plan. In order to qualify, the contribution must be made within 60 days after the funds are withdrawn from the retirement plan.

PA 421 amended the Natural Resources and Environmental Protection Act to lower the income threshold for farmland preservation income tax credits from 7 percent to 3.5 percent for tax years after 2000.

PA 499 repealed the prescription drug credit effective for tax year 2001.

2001

PA 169 extended indefinitely the home heating credit, which would have sunset after tax year 2003. The credit will be allowed only if there has been a federal appropriation of Low-Income Home Energy Assistance Program (LIHEAP) block grant funds for the federal fiscal year that began in the tax year. From tax years 1996 through 2000, the federal appropriation had to be at least \$20 million.

PA 215 clarified, revised definitions, and provided other technical changes regarding penalty provision of tax deferred education savings account. Effective January 2002, the maximum account balance of all the accounts naming one individual as the designated beneficiary cannot exceed \$235,000. Prior to the bill, the total contributions to all accounts that name one individual as the designated beneficiary could not exceed \$125,000.

2002

PA 486 required the Department of Treasury to provide a clear and concise explanation of each credit and each deduction available under the act, both in the instruction booklet that accompanies the annual return and on the department's official web site.

PA 581 repealed requirement to withhold issuance of certification of dissolution or withdrawal until the Department of Treasury has determined that the corporation does not owe any income tax. Instead, a corporation that submitted a certificate of dissolution or requested a certificate of withdrawal from the State will now have to request the Department of Treasury to certify that the corporation does not owe taxes.

PA 615 allowed resident tribal members from a Michigan federally recognized Indian tribe who signed agreements¹² with the Michigan Department of Treasury to deduct all non-business

¹² Public Act 616 of 2002 allowed the Michigan Department of Treasury to enter into agreements with federally recognized Indian tribes. The agreements specify whether, and to what extent, Michigan's tax laws apply to each tribe, the tribe members, and other individuals and businesses conducting business with a tribe or its members. In return, tribes would promote

income earned or received in the tax year (to the extent included in AGI) . The deduction only applies to income received during the period in which an agreement is effective.

2003

PA 21 included in the taxable income of nonresidents winnings at Michigan casinos and winnings from pari-mutuel wagering at licensed horse racing meetings.

PA 22 and PAs 45 through 52 closed tax loopholes related to income earned or received in Michigan by nonresidents. Among other things, the Acts expand withholding requirements, clarify the application of the income tax to flow-through entities, permit flow-through entities to file composite tax returns covering a group of nonresident members of the flow-through entity, and clarify the definition of business income.

PA 28 and PA 29 included certain special assessments levied throughout a township, except in a village located in the township, in total property taxes for the calculation of homestead property tax credits. Previously, only special assessments levied throughout the township, including the village, were allowed to be included in total property taxes.

PA 211 established that taxpayers who are required to file federal tax form 1099-MISC to provide a copy of the form to the state. The Act also requires a copy of form 1099-MISC to be provided to a Michigan city if the taxpayer listed as the payee's address on the form 1099-MISC is within a city that levies an income tax under the City Income Tax Act.

PA 239 postponed until July 1, 2004 the reduction of the income tax rate from 4.0 percent to 3.9 percent that was previously scheduled to be effective on January 1, 2004.

PA 295 created a refundable credit equal to the amount allowed under the Single Business Tax (SBT) Early State Venture Capital Investment credit. The income tax credit would be effective for tax years beginning in 2009 and before 2020, and would be allowed only in a tax year in which the SBT credit was not allowed under a successor tax to the SBT Act.

2004

PA 199 allowed active duty military service personnel serving in a combat zone an automatic extension to file and to pay any Michigan income tax liability due if the taxpayer was eligible for an automatic extension to file a federal return due to service in a combat zone.

PA 313 created a nonrefundable credit equal to 50 percent of the fair market value of certain automobile donations to qualified charitable organizations. The credit amount is limited to \$50 (single filers) or \$100 (married, filing jointly), and it sunsets after tax year 2009.

the enforcement of Michigan tax laws on businesses conducted by them involving non-resident tribal members and non-tribal members. Taxes addressed by the tax agreements include the sales and use tax, the individual income tax, the motor fuels tax, the tobacco tax, and the single business tax.

PA 335 revised the refund requirement for certain energy bills eligible for the home heating credit. Any amount of home heating credit that exceeds the claimant's outstanding heating bills would be applied to future bills by the energy provider for claimants who meet the criteria outlined in the Act. Any balance remaining after nine months would be refunded to the claimant. The Act also allows for the Department of Treasury to begin a pilot program that would allow the Department to remit energy drafts directly to a claimant's energy provider. Also, up to \$9 million is allowed to be deducted from the total home energy assistance program (LIHEAP) block grant funds for weatherization purposes.

PA 363 and PA 364 created the Military Family Relief Fund, which will assist families of Michigan residents serving in the armed forces who meet certain criteria of need established in the Acts. Effective tax year 2004, contributions from a checkoff box on the Michigan income tax return will be directed to the fund.

PA 387 amended the Michigan Education Savings Program (MESP) Act to allow trusts and estates to establish MESP accounts and to allow an account owner to transfer ownership of an MESP account under certain circumstances. The Act also removes certain documentation requirements for withdrawals.

PA 394 made technical changes in the tax treatment of withdrawals from MESP accounts. Among the changes, the Act replaces the provision that prevented an income tax deduction for contributions to an MESP account once a qualified withdrawal had been made from the account with a new provision limiting the income tax deduction in any tax year to the amount contributed less any qualified withdrawal from the account.

2005

PA 160 reinstated the Children's Trust Fund checkoff on the Income Tax form, starting tax year 2006. Contributions to the Fund are subject to a minimum of \$5 dollars, and will increase the taxpayer's income tax liability or decrease their available refund.

PA 214 provided a deduction for all or a portion of the gain realized from an initial equity investment of at least \$100,000 made before December 31, 2009 in a qualified business, only when the taxpayer reinvests in an equity investment in a qualified business within 1 year after the sale or disposition of the prior investment in the qualified business. The deduction becomes effective in tax year 2007, and it is reduced proportionally by the difference between the taxpayer's basis from the prior equity investment plus its gain and the subsequent investment.

PA 234 allowed taxpayers who had been issued tax voucher certificates due to investment in the Michigan Early Stage Venture Investment Fund (2007 PA 102) to use them to pay an income tax liability for a tax year beginning on or after January 2009. Under the new law, the amount of the tax voucher that could be used to pay a liability in any tax year cannot exceed the lesser of: 1) the amount of the tax voucher stated in the voucher certificate; 2) the amount authorized to be used in the tax year under the terms of the certificate; or 3) the taxpayer's liability for the tax year in which the voucher was to be used. If an amount of a voucher certificate exceeded the amount the taxpayer could use in a tax year, the excess can be used to pay any future liability.

PA 249 allowed taxpayers to designate a minimum of \$2 via a new checkoff box on the Michigan income tax return to fund the newly created Children of Veterans Tuition Program. The change is effective tax year 2006, and, like the other income tax checkoffs, contributions will be subtracted from the taxpayer's refund or added to the taxpayer's tax liability.

2006

PA 52 allowed a qualified taxpayer to receive the historical preservation credit for a resource located in an incorporated local unit of government that has no ordinance under the Local Historic Districts Act and is located within the boundaries of an association that has been chartered under PA 39 of 1889.

PA 319 allowed a taxpayer to claim a credit in the tax year for which he or she has a certificate of stillbirth from the Department of Community Health. The credit is equal to 4.5% of the exemption amount for the tax year allowed for a single exemption, rounded up to the nearest \$10 increment. The credit became effective for tax year 2006.

PA 372 allowed a qualified taxpayer to receive a refundable credit equal to a percentage of the federal earned income tax credit (EITC) the taxpayer is allowed to claim for the tax year. For tax years beginning in 2009, the Michigan EITC credit is equal to 10% of the federal EITC claimed. Thereafter, the Michigan EITC credit increases to 20% of the federal EITC claimed.

PA 514 established a credit for contributions made by taxpayers who are not an account holder under the Individual or Family Development Account Program Act. For tax years beginning after December 2006, qualified taxpayers may claim a credit equal to 75 percent of the contributions made in the tax year to the reserve fund of a qualified fiduciary organization. This nonrefundable credit cannot exceed an annual cumulative maximum amount of \$1 million.

2007

PA 94 increased the tax rate to 4.35 percent effective October 1, 2007. It also established that beginning October 1, 2011, and each October 1 thereafter, the income tax rate shall be reduced by 0.1 percentage point annually until the rate is 3.95 percent. On October 1, 2015, the rate declines to 3.9 percent. Effective tax year 2009, a qualified disabled veteran, or the veteran's dependent who files an annual income tax return, but not both, may claim an additional exemption of \$250, adjusted annually according to US consumer price index changes.

PA 133 established four new checkoffs on the income tax return effective tax year 2009. Taxpayers will be allowed to contribute \$5, \$10, or more to the Prostate Cancer Research Fund; Amanda's Fund (for breast cancer prevention and treatment); the Animal Welfare Fund; and the Michigan Housing and Community Development fund. Taxpayers' contributions to those funds decrease their refunds or increase their tax liability, and Treasury may cease to include a contribution designation on the income tax form if that contribution designation fails to raise \$100,000 in any tax year for 2 consecutive tax years. Moreover, starting on tax year 2010, both the Children of Veteran Tuition Grant Program and the Children's Trust Fund contribution designation will follow the same guidelines regarding contribution amount and availability in the form as prescribed to the newly enacted checkoffs.

PA 154 allowed qualified contributions to a newly created Michigan broker-assisted 529 education savings plan to also be deducted from the taxpayers' gross income, as contributions to the existing Michigan Education Trust (MET) and Michigan Education Savings Program (MESP) currently are.

2008

Public Act 79 allowed a qualified production company eligible to claim a Michigan Business Tax (MBT) Film Production credit to claim instead, a nonrefundable income tax credit in the same amount as the MBT credit. Like the MBT credit, the income tax credit is reduced by an application and redemption fee equal to 0.5 percent of the credit, which will be deposited in the Michigan Film Promotion Fund.

Public Act 149 imposed to the Military Family Relief Fund the same guidelines that govern the checkoffs created by PA 133 of 2007. As a result, new contribution amounts (\$5, \$10 or more) will appear on the tax form. Contribution designation will be moved from the tax form to the Schedule for Voluntary Contributions, beginning with tax year 2010.

Public Act 151 created a new checkoff on the income tax return for the Michigan Law Enforcement Memorial Monument Fund. Contributions to this fund will be used to finance the construction of a memorial monument dedicated to law enforcement officers from Michigan who died in the line of duty.

Public Act 207 allowed not only cash donations but also the value of food items donated to qualified entities for the homeless shelter/food bank contribution credit if the food items are donated in conjunction with a program where the food vendor makes matching contributions of similar items to the qualified entity, beginning in tax year 2008.

Public Act 287 established two new credits: 1) a new refundable credit, effective for tax years 2009 through 2011, equal to 10 percent of the amount spent on the purchase and installation of qualified home improvements located on the eligible taxpayer's principal residence that meet Energy Star energy efficiency guidelines, subject to a maximum of \$75 (single, MFS) or \$150 (MFJ) (eligible taxpayers refers to those with AGI up to \$37,500 (single, MFS) or \$75,000 (MFJ)); and 2) a new nonrefundable credit, effective for tax years 2009 through 2011, equal to a percentage of the additional utility charges paid that were imposed so that electric utilities would meet newly enacted renewable energy standards (the credit is restricted to eligible taxpayers with AGI up to \$65,000 (single, MFS), or \$130,000 (MFJ)).

Public Act 322 created a new checkoff on the income tax form, starting in tax year 2009, with the proceeds to go to the Renewable Fuels Fund. Contributions to this fund will be used to promote the production and use of alternative fuels, award grants to improve the production of alternative fuels in Michigan, encourage the development of quality standards for renewable fuels, provide incentives to retailers who sell renewable fuels, or promote the sale of vehicles that run on renewable fuels.

Public Act 360 allowed business entities to redirect state income tax withholdings from the State to certain community colleges, where those payments, pursuant to an agreement under Chapter 13 of the Community College Act, are to be considered as income taxes paid to the State. Agreements establish that redirected state income tax withholdings are to be used as payments for employee training provided by community colleges to eligible employers. The community college districts are to provide information on those agreements to the Department of Treasury, which in turn must submit an annual report containing information on the operation and effectiveness of the new jobs training programs and the corresponding income tax withholding requirements.

Public Act 447 modified the Historic Preservation credit structure. Among other things, starting in tax year 2009, qualified taxpayers may transfer the credit, and the ownership of the rehabilitated property to a new owner, and may receive a refund of up to 90 percent of the credit amount that exceeds the tax payer's liability if the total credit certified amount is less than \$250,000.

Public Acts 526, 558, and 560 allowed taxpayers to contribute towards the Foster Care Trust Fund, the Children's Miracle Network Fund, and the Michigan Council for the Arts Fund, Children's Hospital of Michigan Fund, and United Way Fund, respectively, via checkoffs on the income tax form, starting in tax year 2009.

2009

Public Act 134 allowed taxpayers to deduct the amount of a charitable contribution made to the Advance Tuition Payment Fund created under the Michigan Education Trust Act. The income tax deductions are effective for the 2010 tax year and each subsequent tax year.

Public Act 195 eliminated the sunset on the existing credit for donated vehicles, enacted under PA 313 of 2004. Without this Act, the vehicle donation credit would expire after tax year 2009.

**MICHIGAN INCOME TAX REQUIREMENTS
(1967 – 2011)**

<u>General MI-IIT Information:</u>	<u>MCL</u>	<u>Form</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>
	<u>Section</u>		<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
. IRC compliance (*)	206.12(3)		1954 IRC	1954 IRC	1954 IRC	1969 IRC	1970 IRC	1970 IRC	1970 IRC	1970 IRC	1970 IRC	1976 IRC	1976 IRC
. Exemption from MI - IIT:	206.201		Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT
. Revenue Distribution:	(1)												
. To Local Units:	206.481		17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	12.1%	12.1%	12.1%	12.1%
. Filing Requirement:	(2)	206.315	MI-1040	GI	GI	GI	AGI	AGI	AGI	AGI	AGI	AGI	AGI
(Gross income (GI) or AGI above threshold)			Single Return	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,500	\$1,500	\$1,500
			Joint Return	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$3,000	\$3,000	\$3,000
. Reciprocity States			IN, WI	IN, WI, KY	IN, WI, KY	IN, WI, KY	IN, WI, KY, IL	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH
. Liability Threshold for Estimated Pmt	(3)	206.301	MI-1040	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
. Tax Rate	206.51(1), 51(b)-51(e)	MI-1040	2.60%	2.60%	2.60%	2.60%	3.14%	3.90%	3.90%	3.90%	3.90%	4.37%	4.60%
<u>Exemptions Amounts:</u>													
. Personal Exemption:	206.30(2)	MI-1040	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,500	\$1,500	\$1,500
. Special Exemptions:	(4)	206.30(3)	MI-1040	No	No	No	No	No	No	No	Yes	Yes	Yes
. Para/Hemi/Quadriplegic (**)(***)	206.30(3)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$1,500	\$1,500	\$1,500

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

General MI-IIT Information:	MCL Section	Form	TY 1978	TY 1979	TY 1980	TY 1981	TY 1982	TY 1983	TY 1984	TY 1985	TY 1986	TY 1987	TY 1988
. IRC compliance (*)	206.12(3)		1976 IRC	1976 IRC	1979 IRC	1979 IRC	1982 IRC	1982 IRC	1984 IRC	1984 IRC	1984 IRC	1987 IRC	1987 IRC
. Exemption from MI - IIT:	206.201		Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT
. Revenue Distribution:	(1)												
. To Local Units:	206.481		12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	6.9%	6.9%
. Filing Requirement:	(2)	206.315	MI-1040	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI
(Gross income (GI) or AGI above threshold)			Single Return	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,800
			Joint Return	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,600
. Reciprocity States			IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN
. Liability Threshold for Estimated Pmt	(3)	206.301	MI-1040	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$500
. Use Tax Return in MI-1040 Booklet			MI-1040	n.a.	n.a.	n.a.	n.a.	n.a.	Yes	Yes	No	No	Yes
. Tax Rate	206.51(1), 51(b)-51(e)	MI-1040	4.60%	4.60%	4.60%	4.60%	5.10%	6.35%	5.85%	5.33%	4.60%	4.60%	4.60%

Exemptions Amounts:

. Personal Exemption:	206.30(2)	MI-1040	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,600	\$1,800
. Special Exemptions:	(4)	206.30(3)	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Para/Hemi/Quadriplegic (**)(***)	206.30(3)		\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,400	\$1,200
. Disabled	206.30(3)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$1,400	\$1,200
. Blind (***)	206.30(3)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$1,400	\$1,200
. Deaf (****)	206.30(3)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$1,500	\$1,500	\$1,400	\$1,200
. Senior	206.30(3)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$1,400	\$1,200
. Unemployed	206.30(3)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$1,400	\$1,200
. Claimed as Dependent	206.30(4)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$500

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

<u>General MI-IIT Information:</u>	<u>MCL Section</u>	<u>Form</u>	<u>TY 1989</u>	<u>TY 1990</u>	<u>TY 1991</u>	<u>TY 1992</u>	<u>TY 1993</u>	<u>TY 1994</u>	<u>TY 1995</u>	<u>TY 1996</u>	<u>TY 1997</u>	<u>TY 1998</u>	<u>TY 1999</u>
. IRC compliance (*)	206.12(3)		1987 IRC	1987 IRC	1987 IRC	1987 IRC	1987 IRC	1987 IRC	1987 IRC	1987 IRC	1996 IRC	1996 IRC	1996 IRC
. Exemption from MI - IIT:	206.201		Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT
. Revenue Distribution: (1)													
. To Local Units:	206.481		6.9%	6.9%	6.9%	6.9%	6.9%	7.21%/7.3%	7.21%/7.3%	No	No	No	No
. To School Aid Fund:	206.51(2)		No	No	No	No	No	14.4%	14.4%	23.0%	23.0%	23.0%	23.0%
. Filing Requirement: (2)	206.315	MI-1040	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI
(Gross income (GI) or AGI above threshold)		Single Return	\$2,000	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,400	\$2,400	\$2,500	\$2,800
		Joint Return	\$4,000	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,800	\$4,800	\$5,000	\$5,600
. Reciprocity States			IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN
. Liability Threshold for Estimated Pmt (3)	206.301	MI-1040	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
. Use Tax Return in MI-1040 Booklet		MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes, line in MI-1040
. Tax Rate	206.51(1), 51(b)-51(e)	MI-1040	4.60%	4.60%	4.60%	4.60%	4.60%	4.47%	4.40%	4.40%	4.40%	4.40%	4.40%
<u>Exemptions Amounts:</u>													
. Personal Exemption:	206.30(2)	MI-1040	\$2,000	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,400	\$2,400	\$2,500	\$2,800
. Special Exemptions: (4)	206.30(3)	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Para/Hemi/Quadriplegic (**)(***)	206.30(3)		\$1,000	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900
. Disabled	206.30(3)		\$1,000	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900
. Blind (***)	206.30(3)		\$1,000	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900
. Deaf (****)	206.30(3)		\$1,000	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900
. Senior	206.30(3)		\$1,000	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900
. Unemployed	206.30(3)		\$1,000	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900
. Claimed as Dependent	206.30(4)		\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
. Child . Age 6 and Under	206.30d(2)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$600
. Age 7 to 12			n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$300

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

<u>General MI-IIT Information:</u>	<u>MCL</u>	<u>Form</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	
	<u>Section</u>		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	
. IRC compliance (*)	206.12(3)		1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	
. Exemption from MI - IIT:	206.201		Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	
. Revenue Distribution:	(1)											
. To School Aid Fund:	206.51(2)		Formula	Formula	Formula	Formula	Formula	Formula	Formula	Formula	Formula	
. Filing Requirement:	(2)	206.315	MI-1040	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	
(Gross income (GI) or AGI above threshold)			Single Return	\$2,900	\$2,900	\$3,000	\$3,100	\$3,100	\$3,200	\$3,300	\$3,400	\$3,500
			Joint Return	\$5,800	\$5,800	\$6,000	\$6,200	\$6,200	\$6,400	\$6,600	\$6,800	\$7,000
. Reciprocity States			IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	
. Liability Threshold for Estimated Pmt	(3)	206.301	MI-1040	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	
. Use Tax Return in MI-1040 Booklet			MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	
. Tax Rate	206.51(1), 51(b)-51(e)	MI-1040	4.20%	4.20%	4.10%	4.00%	3.95%	3.90%	3.90%	4.01%	4.35%	

Exemptions Amounts:

. Personal Exemption:	206.30(2)	MI-1040	\$2,900	\$2,900	\$3,000	\$3,100	\$3,100	\$3,200	\$3,300	\$3,400	\$3,500
. Special Exemptions:	(4)	206.30(3)	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Para/Hemi/Quadriplegic (**)(***)	206.30(3)		\$1,800	\$1,900	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200
. Disabled	206.30(3)		\$1,800	\$1,900	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200
. Blind (***)	206.30(3)		\$1,800	\$1,900	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200
. Deaf (***)	206.30(3)		\$1,800	\$1,900	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200
. Senior	206.30(3)		\$1,800	\$1,900	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200
. Unemployed	206.30(3)		\$1,800	\$1,900	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200
. Claimed as Dependent	206.30(4)		\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
. Child	206.30d(2)		\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600
. Age 6 and Under			\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600
. Age 7 to 12			\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600
. Disabled Veteran	206.30(3)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$250

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

<u>General MI-IIT Information:</u>	<u>MCL</u>	<u>Form</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>
	<u>Section</u>		<u>2009</u>	<u>2010</u>	<u>2011</u>
. IRC compliance (*)	206.12(3)		1996 IRC	1996 IRC	1996 IRC
. Exemption from MI - IIT:	206.201		Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT
. Revenue Distribution:	(1)				
. To School Aid Fund:	206.51(2)		Formula	Formula	Formula
. Filing Requirement:	(2)	206.315	MI-1040	AGI	AGI
(Gross income (GI) or			Single Return	\$3,600	\$3,600
AGI above threshold)			Joint Return	\$7,200	\$7,400
. Reciprocity States			IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN
. Liability Threshold for Estimated Pmt	(3)	206.301	MI-1040	\$500	\$500
. Use Tax Return in MI-1040 Booklet			MI-1040	Yes, line in MI-1040	Yes, line in MI-1040
. Tax Rate	206.51(1), 51(b)-51(e)	MI-1040	4.35%	4.35%	4.35%
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<u>Exemptions Amounts:</u>					
. Personal Exemption:	206.30(2)	MI-1040	\$3,600	\$3,600	\$3,700
. Special Exemptions:	(4)	206.30(3)	MI-1040	Yes	Yes
. Para/Hemi/Quadriplegic (**)(***)	206.30(3)		\$2,300	\$2,300	\$2,400
. Disabled	206.30(3)		\$2,300	\$2,300	\$2,400
. Blind (***)	206.30(3)		\$2,300	\$2,300	\$2,400
. Deaf (****)	206.30(3)		\$2,300	\$2,300	\$2,400
. Senior	206.30(3)		\$2,300	\$2,300	\$2,400
. Unemployed	206.30(3)		\$2,300	\$2,300	\$2,400
. Claimed as Dependent	206.30(4)		\$1,500	\$1,500	\$1,500
. Child		206.30d(2)			
. Age 6 and Under			\$600	\$600	\$600
. Age 7 to 12			\$600	\$600	\$600
. Disabled Veteran	206.30(3)		\$300	\$300	\$300

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		<u>MCL</u>	<u>Form</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>
		<u>Section</u>		<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
Check-Offs:														
. State Campaign Fund	(5)	169.261(2)	MI-1040	No	No	No	No	No	No	No	No	Yes	Yes	Yes
			Single Return	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$2	\$2	\$2
			Joint Return	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$4	\$4	\$4
<hr/>														
Taxbase Adjustments Limits			MI-1040											
. Maximum Private Pension Deduction (*****)	(7)	203.30(1)(f)(iv) and (v)		No	No	No	No	No	No	No	Yes	Yes	Yes	Yes
			Single Return	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$7,500	\$7,500	\$7,500	\$7,500
			Joint Return	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$10,000	\$10,000	\$10,000	\$10,000
. Political Contribution		206.30(1)(j)		No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
			Single Return	n.a.	n.a.	n.a.	n.a.	n.a.	\$50	\$50	\$50	\$50	\$50	\$50
			Joint Return	n.a.	n.a.	n.a.	n.a.	n.a.	\$50	\$50	\$50	\$50	\$50	\$50
. Federal Taxable Wage Base for FICA				\$6,600	\$7,800	\$7,800	\$7,800	\$7,800	\$9,000	\$10,800	\$13,200	\$14,100	\$15,300	\$16,500
. Federal Salary Elective Deferrals				\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
. 401(k)														

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		<u>MCL</u>	<u>Form</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>
		<u>Section</u>		<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
<u>Check-Offs:</u>														
. State Campaign Fund	(5)	169.261(2)	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
			Single Return	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2
			Joint Return	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4
. Nongame Wildlife Trust Fund	(6)	206.439	MI-1040	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
. Children's Trust Fund	(6)	206.440	MI-1040	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<hr/>														
<u>Taxbase Adjustments Limits</u>			MI-1040											
. Maximum Private Pension Deduction (*****)	203.30(1)(f)(iv) and (v)	(7)		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
			Single Return	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
			Joint Return	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
. Political Contribution	206.30(1)(j)			Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
			Single Return	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
			Joint Return	\$50	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
. Federal Taxable Wage Base for FICA				\$17,700	\$22,900	\$25,900	\$29,700	\$32,400	\$35,700	\$37,800	\$39,600	\$42,000	\$43,800	\$45,000
. Federal Salary Elective Deferrals														
. 401(k)				\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$7,000

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		<u>MCL</u>	<u>Form</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	
		<u>Section</u>		<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Check-Offs:														
. State Campaign Fund	(5)	169.261(2)	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
			Single Return	\$2	\$2	\$2	\$2	\$3	\$3	\$3	\$3	\$3	\$3	\$3
			Joint Return	\$4	\$4	\$4	\$4	\$6	\$6	\$6	\$6	\$6	\$6	\$6
. Nongame Wildlife Trust Fund	(6)	206.439	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Children's Trust Fund	(6)	206.440	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Taxbase Adjustments Limits														
			MI-1040											
. Maximum Private Pension Deduction (*****)	203.30(1)(f)(iv) and (v)	(7)		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
			Single Return	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$13,125	\$30,945	\$31,920	\$32,880	\$33,630	\$34,170
			Joint Return	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$22,500	\$61,890	\$63,840	\$65,760	\$67,260	\$68,340
. Political Contribution	206.30(1)(j)			Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
			Single Return	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
			Joint Return	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
. Maximum Senior Interest, Dividends, and Capital Gains Deduction (*****)	206.30(1)(r)	(8)		No	No	No	No	No	Yes	Yes (****)	Yes (****)	Yes	Yes	Yes
			Single Return	n.a.	n.a.	n.a.	n.a.	n.a.	\$1,000	\$1,032	\$1,064	\$3,500	\$7,500	\$7,620
			Joint Return	n.a.	n.a.	n.a.	n.a.	n.a.	\$2,000	\$2,064	\$2,128	\$7,000	\$15,000	\$15,240
. Federal Taxable Wage Base for FICA				\$48,000	\$51,300	\$53,400	\$55,500	\$57,600	\$60,600	\$61,200	\$62,700	\$65,400	\$68,400	\$72,600
. Federal Salary Elective Deferrals														
. 401(k)				\$7,627	\$7,979	\$8,475	\$8,728	\$8,994	\$9,240	\$9,240	\$9,500	\$9,500	\$10,000	\$10,000
. 403(b), or 457				n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$7,500	\$8,000	\$8,000
. Federal IRA Contribution Limit				No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
. General				n.a.	n.a.	n.a.	n.a.	n.a.	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		<u>MCL</u>	<u>Form</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>
		<u>Section</u>		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>Check-Offs:</u>												
. State Campaign Fund	(5)	169.261(2)	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
			Single Return	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3
			Joint Return	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6
. Children of Veterans Tuition Grant	(6)	206.437	MI-1040	No	No	No	No	No	No	Yes	Yes	Yes
. Military Family Relief Fund	(6)	206.438	MI-1040	No	No	No	No	Yes	Yes	Yes	Yes	Yes
. Children's Trust Fund	(6)	206.440	MI-1040	No	No	No	No	No	Yes	Yes	Yes	Yes
. Prostrate Cancer Research Fund	(6)	206.435	MI-1040	No	No	No	No	No	No	No	No	Yes
. Amanda's Fund	(6)	206.435	MI-1040	No	No	No	No	No	No	No	No	Yes
. Animal Welfare Fund	(6)	206.435	MI-1040	No	No	No	No	No	No	No	No	Yes
. Michigan Housing and Community Development Fund	(6)	206.435	MI-1040	No	No	No	No	No	No	No	No	Yes
. Michigan Law Enforcement Memorial Monument Fund	(6)	206.435	MI-1040	No	No	No	No	No	No	No	No	Yes
. Renewable Fuels Fund	(6)	206.435	MI-1040	No	No	No	No	No	No	No	No	No
. Foster Care Trust Fund	(6)	206.435	MI-1040	No	No	No	No	No	No	No	No	No
. Children's Miracle Network Fund	(6)	206.435	MI-1040	No	No	No	No	No	No	No	No	No
. MI Council for the Arts Fund	(6)	206.435	MI-1040	No	No	No	No	No	No	No	No	No
. Renewable Fuels Fund	(6)	206.435	MI-1040	No	No	No	No	No	No	No	No	No
. United Way Fund	(6)	206.435	MI-1040	No	No	No	No	No	No	No	No	No

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		<u>MCL</u> <u>Section</u>	<u>Form</u>	<u>TY</u> <u>2009</u>	<u>TY</u> <u>2010</u>	<u>TY</u> <u>2011</u>
<u>Check-Offs:</u>						
. State Campaign Fund	(5)	169.261(2)	MI-1040	Yes	Yes	Yes
			Single Return	\$3	\$3	\$3
			Joint Return	\$6	\$6	\$6
. Children of Veterans Tuition Grant	(6)	206.437	MI-1040	Yes	Yes	Yes
. Military Family Relief Fund	(6)	206.438	MI-1040	Yes	Yes	Yes
. Children's Trust Fund	(6)	206.440	MI-1040	Yes	Yes	Yes
. Prostrate Cancer Research Fund	(6)	206.435	MI-1040	Yes	No	No
. Amanda's Fund	(6)	206.435	MI-1040	Yes	No	No
. Animal Welfare Fund	(6)	206.435	MI-1040	Yes	Yes	Yes
. Michigan Housing and Community Development Fund	(6)	206.435	MI-1040	Yes	No	No
. Michigan Law Enforcement Memorial Monument Fund	(6)	206.435	MI-1040	Yes	No	No
. Renewable Fuels Fund	(6)	206.435	MI-1040	Yes	Yes	No
. Foster Care Trust Fund	(6)	206.435	MI-1040	Yes	Yes	No
. Children's Miracle Network Fund	(6)	206.435	MI-1040	Yes	Yes	No
. MI Council for the Arts Fund	(6)	206.435	MI-1040	Yes	Yes	No
. Renewable Fuels Fund	(6)	206.435	MI-1040	Yes	Yes	No
. United Way Fund	(6)	206.435	MI-1040	Yes	Yes	Yes

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

	<u>MCL</u>		<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>
	<u>Section</u>	<u>Form</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>Taxbase Adjustments Limits</u>											
		MI-1040									
. Maximum Private Pension Deduction (*****) (7)	203.30(1)(f)(iv) and (v)		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
		Single Return	\$34,920	\$36,090	\$37,110	\$37,710	\$38,550	\$39,570	\$40,920	\$42,240	\$43,440
		Joint Return	\$69,840	\$72,180	\$74,220	\$75,420	\$77,100	\$79,140	\$81,840	\$84,480	\$86,880
. Political Contribution	206.30(1)(j)		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
		Single Return	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
		Joint Return	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
. Maximum Senior Interest, Dividends, and Capital Gains Deduction (*****) (8)	206.30(1)(r)		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
		Single Return	\$7,785	\$8,048	\$8,273	\$8,408	\$8,595	\$8,828	\$9,128	\$9,420	\$9,690
		Joint Return	\$15,570	\$16,095	\$16,545	\$16,815	\$17,190	\$17,655	\$18,255	\$18,840	\$19,380
. Maximum MESP Contribution	206.30(1)(W)(i)		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
		Single Return	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	5000	\$5,000	\$5,000	\$5,000
		Joint Return	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	10000	\$10,000	\$10,000	\$10,000
. Federal Taxable Wage Base for FICA			\$76,200	\$80,400	\$84,900	\$87,000	\$87,900	\$90,000	\$94,200	\$97,500	\$102,000
. Federal Salary Elective Deferrals											
. 401(k)			\$10,500	\$10,500	\$11,000	\$12,000	\$13,000	\$14,000	\$15,000	\$15,500	\$15,500
. 403(b), or 457			\$8,000	\$8,500	\$11,000	\$12,000	\$13,000	\$14,000	\$15,000	\$15,500	\$15,500
. 50 and over			n.a.	n.a.	\$12,000	\$14,000	\$16,000	\$18,000	\$20,000	\$20,500	\$20,500
. Federal IRA Contribution Limit			Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. General			\$2,000	\$2,000	\$3,000	\$3,000	\$3,000	\$4,000	\$4,000	\$4,000	\$5,000
. 50 and over			n.a.	n.a.	\$3,500	\$3,500	\$3,500	\$4,500	\$5,000	\$5,000	\$6,000

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

	<u>MCL</u> <u>Section</u>	<u>Form</u>	<u>TY</u> <u>2009</u>	<u>TY</u> <u>2010</u>	<u>TY</u> <u>2011</u>
<u>Taxbase Adjustments Limits</u>		MI-1040			
. Maximum Private Pension Deduction (*****) (7)	203.30(1)(f)(iv) and (v)		Yes	Yes	Yes
		Single Return	\$45,120	\$45,120	\$45,842
		Joint Return	\$90,240	\$90,240	\$91,684
. Political Contribution	206.30(1)(j)		Yes	Yes	Yes
		Single Return	\$50	\$50	\$50
		Joint Return	\$100	\$100	\$100
. Maximum Senior Interest, Dividends, and Capital Gains Deduction (*****) (8)	206.30(1)(r)		Yes	Yes	Yes
		Single Return	\$10,058	\$10,058	\$10,218
		Joint Return	\$20,115	\$20,115	\$20,437
. Maximum MESP Contribution	206.30(1)(W)(i)		Yes	Yes	Yes
		Single Return	\$5,000	\$5,000	\$5,000
		Joint Return	\$10,000	\$10,000	\$10,000
. Federal Taxable Wage Base for FICA			\$106,800	\$106,800	\$106,800
. Federal Salary Elective Deferrals					
. 401(k)			\$16,500	\$16,500	\$16,500
. 403(b), or 457			\$16,500	\$16,500	\$16,500
. 50 and over			\$22,000	\$22,000	\$22,000
. Federal IRA Contribution Limit			Yes	Yes	Yes
. General			\$5,000	\$5,000	\$5,000
. 50 and over			\$6,000	\$6,000	\$6,000

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		<u>MCL</u>		<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>
		<u>Section</u>	<u>Form</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
<u>NonRefundable Credits</u>														
. Taxes Paid to Another State Cr.	(10)	206.255(1)	MI-1040	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Nonresident Cr. for Reciprocal State Income Tax Exemption	(11)	206.256	MI-1040	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. City Income Taxes Cr.	(12)	206.257	MI-1040	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Public Contribution Cr.	(13)	206.26	MI-1040	No	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)
<u>Refundable Credits</u>														
. Inventory Tax Cr. or Franchise Fee Cr.	(21)	206.258(1) 206.258(1)	MI-1040	No No	No No	No No	No No	No No	No No	Yes Yes	Yes Yes	Yes Yes	No No	No No

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		<u>MCL</u> <u>Section</u>	<u>Form</u>	<u>TY</u> <u>1978</u>	<u>TY</u> <u>1979</u>	<u>TY</u> <u>1980</u>	<u>TY</u> <u>1981</u>	<u>TY</u> <u>1982</u>	<u>TY</u> <u>1983</u>	<u>TY</u> <u>1984</u>	<u>TY</u> <u>1985</u>	<u>TY</u> <u>1986</u>	<u>TY</u> <u>1987</u>	<u>TY</u> <u>1988</u>
<u>NonRefundable Credits</u>														
. Taxes Paid to Another State Cr.	(10)	206.255(1)	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Nonresident Cr. for Reciprocal State Income Tax Exemption	(11)	206.256	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. City Income Taxes Cr.	(12)	206.257	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Public Contribution Cr.	(13)	206.26	MI-1040	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a')
. Renewable/Solar Energy Cr.	(14)	206.262	CR-6	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Agricultural Products Gleaned Cr.		206.263	CR-8	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<u>Refundable Credits</u>														
. Inventory Tax Cr. or Franchise Fee Cr.	(21)	206.258(1) 206.258(1)	MI-1040	No No	No No	No No	No No	No No	No No	No No	No No	No No	No No	No No
. Sec. 1341 of IRC Cr.		206.265	MI-1040	No	No	No	No	No	No	No	No	No	No	No

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

	<u>MCL</u>	<u>Form</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>
	<u>Section</u>		<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>1999</u>
<u>NonRefundable Credits</u>														
. Headlee Amendment Refun(9)	206.252	MI-1040	No	No	No	No	No	No	Yes	No	No	No	No	No
. Taxes Paid to Another State Cr. (10)	206.255(1)	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Nonresident Cr. for Reciprocal State Income Tax Exemption (11)	206.256	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. City Income Taxes Cr. (12)	206.257	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Public Contribution Cr. (13)	206.26	MI-1040	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')
. Community Foundation Cr. (13)	206.261	MI-1040	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')
. Homeless Shelter/Foodbank (13)	206.261	MI-1040	No	No	No	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')
. Renewable/Solar Energy Cr (14)	206.262	CR-6	Yes	Yes	Yes	No	No	No	No	No	No	No	No	No
. Medical Care Savings Acct. (15)	206.264	MI-1040	No	No	No	No	No	Yes	Yes	Yes	No	No	No	No
. MI Historic Preservation Cr (16)	206.266	Form 3581	No	No	No	No	No	No	No	No	No	No	No	Yes
. College Tuition Cr. (18)	206.274	Schedule CT	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
<u>Refundable Credits</u>														
. Sec. 1341 of IRC Cr.	206.265	MI-1040	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Prescription Drug Cr. (23)	206.273	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		<u>MCL</u>	<u>Form</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>
		<u>Section</u>		<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
<u>NonRefundable Credits</u>												
. Taxes Paid to Another State Cr.	(10)	206.255(1)	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Nonresident Cr. for Reciprocal State Income Tax Exemption	(11)	206.256	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. City Income Taxes Cr.	(12)	206.257	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Public Contribution Cr.	(13)	206.26	MI-1040	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')
. Community Foundation Cr.	(13)	206.261	MI-1040	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')
. Homeless Shelter/Foodbank Cr	(13)	206.261	MI-1040	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')
. MI Historic Preservation Cr.	(16)	206.266	Form 3581	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Vehicle Donation Cr.	(17)	206.269	MI-1040	No	No	No	No	No	Yes	Yes	Yes	Yes
. College Tuition Cr.	(18)	206.274	Schedule CT	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Individual or Family Development Account Cr.		206.276	Schedule 2	No	No	No	No	No	No	No	Yes	Yes
. Film Production Cr.	(19)	206.367	MI-1040	No	No	No	No	No	No	No	No	Yes ?
. Energy Cost Recovery Surcharge Cr.	(20)	206.253(2)	Schedule 2	No	No	No	No	No	No	No	No	No
<u>Refundable Credits</u>												
. Sec. 1341 of IRC Cr.		206.265	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Adoption Cr.	(22)	206.267, 268	MI-1040	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Prescription Drug Cr.	(23)	206.273	MI-1040	Yes	Yes	No	No	No	No	No	No	No
. Cr. for Sales Tax Paid on Food and Prescription Drugs	(24)	206.523	MI-1040	No	No	No	No	No	No	No	No	No
. Stillbirth Credit	(25)	206.275	MI-1040	No	No	No	No	No	No	Yes	Yes	Yes
. Earned Income Tax Credit	(26)	206.272	MI-1040	No	No	No	No	No	No	No	No	Yes
. Energy Efficient Qualified	(27)	206.253(1)	4764	No	No	No	No	No	No	No	No	No
. MI Historic Preservation Cr.	(28)	206.266	Form 3581	No	No	No	No	No	No	No	No	No

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		<u>MCL</u> <u>Section</u>	<u>Form</u>	<u>TY</u> <u>2009</u>	<u>TY</u> <u>2010</u>	<u>TY</u> <u>2011</u>
<u>NonRefundable Credits</u>						
. Taxes Paid to						
Another State Cr.	(10)	206.255(1)	MI-1040	Yes	Yes	Yes
. Nonresident Cr. for Reciprocal State						
Income Tax Exemption	(11)	206.256	MI-1040	Yes	Yes	Yes
. City Income Taxes Cr.	(12)	206.257	MI-1040	Yes	Yes	Yes
. Public Contribution Cr.	(13)	206.26	MI-1040	Yes (a')	Yes (a')	Yes (a')
. Community Foundation Cr.	(13)	206.261	MI-1040	Yes (a')	Yes (a')	Yes (a')
. Homeless Shelter/Foodbank Cr	(13)	206.261	MI-1040	Yes (a')	Yes (a')	Yes (a')
. MI Historic Preservation Cr.	(16)	206.266	Form 3581	Yes	Yes	Yes
. Vehicle Donation Cr.	(17)	206.269	MI-1040	Yes	Yes	Yes
. College Tuition Cr.	(18)	206.274	Schedule CT	Yes	Yes	Yes
. Individual or Family						
Development Account Cr.		206.276	Schedule 2	Yes	Yes	Yes
. Film Production Cr.	(19)	206.367	MI-1040	Yes	Yes	Yes
. Energy Cost Recovery						
Surcharge Cr.	(20)	206.253(2)	Schedule 2	Yes	Yes	Yes
<u>Refundable Credits</u>						
. Sec. 1341 of IRC Cr.		206.265	MI-1040	Yes	Yes	Yes
. Adoption Cr.	(22)	206.267, 268	MI-1040	Yes	Yes	Yes
. Prescription Drug Cr.	(23)	206.273	MI-1040	No	No	No
. Cr. for Sales Tax Paid on Food						
and Prescription Drugs	(24)	206.523	MI-1040	No	No	No
. Stillbirth Credit	(25)	206.275	MI-1040	Yes	Yes	Yes
. Earned Income Tax Credit	(26)	206.272	MI-1040	Yes	Yes	Yes
. Energy Efficient Qualified	(27)	206.253(1)	4764	Yes	Yes	Yes
. MI Historic Preservation Cr.	(28)	206.266	Form 3581	Yes	Yes	Yes

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	MCL Section	Form	TY 1967	TY 1968	TY 1969	TY 1970	TY 1971	TY 1972	TY 1973	TY 1974	TY 1975	TY 1976	TY 1977
. <u>Homestead Property Tax Cr.</u>	(29) 206.520, 522	CR	No	Yes (b)	Yes (b)	Yes (b')	Yes (b'')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')
. Eligible Property Tax Paid Percent													
. Homeowners	206.520(1)		n.a.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
. Renters	206.520(2)												
. Ad Valorem Taxes			n.a.	20.0%	17.0%	17.0%	17%	17%	17%	17%	17%	17%	17%
. Service Charges			n.a.	n.a.	n.a.	10%	10%	10%	10%	n.a.	n.a.	share	share
. Nursing Home Patient			n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	30%	30%	30%
. Homeowner Veterans Cr. Requirements:		CR-2											
. Taxable Value Allowance	206.506		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500
. Household Income Limit	206.506		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
. Homeowner Blind Cr. Requirements:													
. Taxable Value Allowance													
. Taxpayer only blind	206.522(1)(e)(i), (ii)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
. Taxpayer and Spouse blind	206.522(3)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$3,500	\$7,000	\$7,000	\$7,000	\$7,000
. Household Income Limit	206.520(8)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Total HPTC Limit	206.520(16)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$500	\$500	\$500	\$1,200	\$1,200
. Cr. Availability/Calculation													
. General:	206.522(1)(a)		n.a.	Yes (b)	Yes (b)	Yes (b')	Yes (b'')	Yes (b''')	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)
. Special Credits:													
. Seniors													
. General	206.522(1)(b)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. 1973 Homestead Exempt	206.522(5)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (f)	Yes (f)	Yes (f)	Yes (f)
. Para/hemi/quadruplegic	206.522(1)(b)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Disabled	206.522(1)(b), (c)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (g)	Yes (g)	Yes (g)	Yes (g)
. Veterans	206.522(1)(d)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)
. Blind	206.522(1)(e)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)
. Farmland Preservation Credit	(30) 554.710(1)	CR-5	No	No	No	No	No	No	No	No	No	Yes (j)	Yes (j)

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	MCL Section	Form	TY 1978	TY 1979	TY 1980	TY 1981	TY 1982	TY 1983	TY 1984	TY 1985	TY 1986	TY 1987	TY 1988
. <u>Homestead Property Tax Cr.</u>	(29) 206.520, 522	CR	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')
. Eligible Property Tax Paid Percent													
. Homeowners	206.520(1)		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
. Renters	206.520(2)												
. Ad Valorem Taxes			17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%
. Service Charges			share	share	10%	10%	10%	10%	10%	10%	10%	10%	10%
. Nursing Home Patient			share	share	share	share	share	share	share	share	share	share	share
. Homeowner Veterans Cr. Requirements:		CR-2											
. Taxable Value Allowance	206.506		\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500
. Household Income Limit	206.506		\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
. Homeowner Blind Cr. Requirements:													
. Taxable Value Allowance													
. Taxpayer only blind	206.522(1)(e)(i), (ii)		\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
. Taxpayer and Spouse blind	206.522(3)		\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
. Household Income Limit	206.520(8)		n.a.	n.a.	n.a.	n.a.	\$74,000	\$77,500	\$79,950	\$82,650	\$82,650	\$82,650	\$82,650
. Total HPTC Limit	206.520(16)		\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
. Cr. Availability/Calculation													
. General:	206.522(1)(a)		Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)
. Special Credits:													
. Seniors													
. General	206.522(1)(b)		Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Low Income Renters	206.520(9), (10)		n.a.	n.a.	n.a.	n.a.	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)
. 1973 Homestead Exempt	206.522(5)		Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)
. Para/hemi/quadruplegic	206.522(1)(b)		Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Disabled	206.522(1)(b), (c)		Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)
. Deaf	206.522(1)(b)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Veterans	206.522(1)(d)		Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)
. Blind	206.522(1)(e)		Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)
. Farmland Preservation Credit	(30) 554.710(1)	CR-5	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	MCL Section	Form	TY 1989	TY 1990	TY 1991	TY 1992	TY 1993	TY 1994	TY 1995	TY 1996	TY 1997	TY 1998	TY 1999
. <u>Homestead Property Tax Cr</u> (29)	206.520, 522	CR	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')
. <u>Eligible Property Tax Paid Percent</u>													
. Homeowners	206.520(1)		100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
. Renters	206.520(2)												
. Ad Valorem Taxes			17%	17%	17%	17%	17%	20%	20%	20%	20%	20%	20%
. Service Charges			10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
. Nursing Home Patient			share	share	share	share	share	share	share	share	share	share	share
. <u>Homeowner Veterans Cr. Requirements:</u>		CR-2											
. Taxable Value Allowance	206.506		\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500
. Household Income Limit	206.506		\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
. <u>Homeowner Blind Cr. Requirements:</u>													
. Taxable Value Allowance													
. Taxpayer only blind	206.522(1)(e)(i), (ii)		\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
. Taxpayer and Spouse blind	206.522(3)		\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
. Household Income Limit	206.520(8)		\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650
. Total HPTC Limit	206.520(16)		\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
. <u>Cr. Availability/Calculation</u>													
. General:	206.522(1)(a)		Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)
. <u>Special Credits:</u>													
. Seniors													
. General	206.522(1)(b)		Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Low Income Renters	206.520(9), (10)		Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)
. 1973 Homestead Exempt	206.522(5)		Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)
. Para/hemi/quadruplegic	206.522(1)(b)		Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Disabled	206.522(1)(b), (c)		Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)
. Deaf	206.522(1)(b)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Veterans	206.522(1)(d)		Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)
. Blind	206.522(1)(e)		Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)
. Farmland Preservation Cred (30)	554.710(1)	CR-5	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	MCL Section	Form	TY 2000	TY 2001	TY 2002	TY 2003	TY 2004	TY 2005	TY 2006	TY 2007	TY 2008
. <u>Homestead Property Tax Cr.</u>	(29) 206.520, 522	CR	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')
. Eligible Property Tax Paid Percent											
. Homeowners	206.520(1)		100%	100%	100%	100%	100%	100%	100%	100%	100%
. Renters	206.520(2)										
. Ad Valorem Taxes			20%	20%	20%	20%	20%	20%	20%	20%	20%
. Service Charges			10%	10%	10%	10%	10%	10%	10%	10%	10%
. Nursing Home Patient			share	share	share	share	share	share	share	share	share
. Homeowner Veterans Cr. Requirements:		CR-2									
. Taxable Value Allowance	206.506		\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500
. Household Income Limit	206.506		\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
. Homeowner Blind Cr. Requirements:											
. Taxable Value Allowance											
. Taxpayer only blind	206.522(1)(e)(i), (ii)		\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
. Taxpayer and Spouse blind	206.522(3)		\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
. Household Income Limit	206.520(8)		\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650
. Total HPTC Limit	206.520(16)		\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
. Cr. Availability/Calculation											
. General:	206.522(1)(a)		Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)
. Special Credits:											
. Seniors											
. General	206.522(1)(b)		Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Low Income Renters	206.520(9), (10)		Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)
. 1973 Homestead Exempt	206.522(5)		Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)
. Para/hemi/quadruplegic	206.522(1)(b)		Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Disabled	206.522(1)(b), (c)		Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Deaf	206.522(1)(b)		Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Veterans	206.522(1)(d)		Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)
. Blind	206.522(1)(e)		Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)
. Farmland Preservation Credit	(30) 554.710(1)	CR-5	Yes (j)	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	MCL Section	Form	TY 2009	TY 2010	TY 2011
. <u>Homestead Property Tax Cr.</u>	(29) 206.520, 522	CR	Yes (b")	Yes (b")	Yes (b")
. Eligible Property Tax Paid Percent					
. Homeowners	206.520(1)		100%	100%	100%
. Renters	206.520(2)				
. Ad Valorem Taxes			20%	20%	20%
. Service Charges			10%	10%	10%
. Nursing Home Patient			share	share	share
. Homeowner Veterans Cr. Requirements:		CR-2			
. Taxable Value Allowance	206.506		\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500
. Household Income Limit	206.506		\$7,500	\$7,500	\$7,500
. Homeowner Blind Cr. Requirements:					
. Taxable Value Allowance					
. Taxpayer only blind	206.522(1)(e)(i), (ii)		\$3,500	\$3,500	\$3,500
. Taxpayer and Spouse blind	206.522(3)		\$7,000	\$7,000	\$7,000
. Household Income Limit	206.520(8)		\$82,650	\$82,650	\$82,650
. Total HPTC Limit	206.520(16)		\$1,200	\$1,200	\$1,200
. Cr. Availability/Calculation					
. General:	206.522(1)(a)		Yes (c)	Yes (c)	Yes (c)
. Special Credits:					
. Seniors					
. General	206.522(1)(b)		Yes (d)	Yes (d)	Yes (d)
. Low Income Renters	206.520(9), (10)		Yes (e)	Yes (e)	Yes (e)
. 1973 Homestead Exempt	206.522(5)		Yes (f)	Yes (f)	Yes (f)
. Para/hemi/quadruplegic	206.522(1)(b)		Yes (d)	Yes (d)	Yes (d)
. Disabled	206.522(1)(b), (c)		Yes (d)	Yes (d)	Yes (d)
. Deaf	206.522(1)(b)		Yes (d)	Yes (d)	Yes (d)
. Veterans	206.522(1)(d)		Yes (h)	Yes (h)	Yes (h)
. Blind	206.522(1)(e)		Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)
. Farmland Preservation Credit	(30) 554.710(1)	CR-5	Yes (j')	Yes (j')	Yes (j')

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	MCL Section	Form	TY 1978	TY 1979	TY 1980	TY 1981	TY 1982	TY 1983	TY 1984	TY 1985	TY 1986	TY 1987	TY 1988
. <u>Home Heating Credit</u>	(31) 206.527a(1)	CR-7	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Federal Poverty Income Limit	206.527a(1)(b)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	110%	110%	110%	110%
. General Credit	206.527a(1)(c)(i)		Yes (k)	Yes (k')	Yes (k')	Yes (k')	Yes (k')	Yes (k')	Yes (k')	Yes (k')	Yes (k')	Yes (k')	Yes (k')
. Maximum Credit:	206.527a(1)(a)												
. 0 or 1 Exemption			\$200	\$200	\$226	\$233	\$254	\$272	\$272	\$272	\$272	\$272	\$272
. 2 Exemptions			\$240	\$240	\$271	\$279	\$305	\$326	\$326	\$326	\$326	\$326	\$326
. 3 Exemptions			\$280	\$280	\$316	\$325	\$355	\$379	\$379	\$379	\$379	\$379	\$379
. 4 Exemptions			\$310	\$310	\$350	\$361	\$394	\$421	\$421	\$421	\$425	\$433	\$450
. 5 Exemptions			\$340	\$340	\$383	\$394	\$430	\$460	\$460	\$480	\$497	\$506	\$525
. 6 Exemptions			\$370	\$370	\$417	\$430	\$470	\$502	\$502	\$550	\$570	\$579	\$601
. more than 6 exemp.			\$370	\$370	\$417	\$430	\$470	\$502	\$502	+\$70/exemp.	+\$73/exemp.	+\$74/exemp.	+\$76/exemp.
. Maximum Income Limit Requirement:													
. 0 or 1 Exemption			n.a.	\$5,714	\$6,457	\$6,657	\$7,257	\$7,771	\$7,771	\$7,771	\$7,771	\$7,771	\$7,771
. 2 Exemptions			n.a.	\$6,857	\$7,742	\$7,971	\$8,714	\$9,314	\$9,314	\$9,314	\$9,314	\$9,314	\$9,314
. 3 Exemptions			n.a.	\$8,000	\$9,028	\$9,286	\$10,143	\$10,829	\$10,829	\$10,829	\$10,829	\$10,829	\$10,829
. 4 Exemptions			n.a.	\$8,857	\$10,000	\$10,314	\$11,257	\$12,029	\$12,029	\$12,029	\$12,142	\$12,371	\$12,857
. 5 Exemptions			n.a.	\$9,714	\$10,943	\$11,257	\$12,286	\$13,143	\$13,143	\$13,714	\$14,200	\$14,457	\$15,000
. 6 Exemptions			n.a.	\$10,571	\$11,914	\$12,286	\$13,429	\$14,343	\$14,343	\$15,714	\$16,285	\$16,543	\$17,171
. more than 6 exemp.			n.a.	\$10,571	\$11,914	\$12,286	\$13,429	\$14,343	\$14,343	+\$2,000/exemp.	+\$2,086/exemp.	+\$2,114/exemp.	+\$2,171/exemp.
. Alternative Credit	206.527a(1)(c)(ii)		No	No	No	No	No	No	Yes (l)	Yes (l)	Yes (l)	Yes (l')	Yes (l')
. Heating Fuel Cost Limit	206.527a(1)(d)		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$1,200	\$1,184	\$1,211	\$1,207	\$1,190
. Maximum Income:													
. 0 or 1 Exemptions			n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$6,263	\$6,463	\$6,569	\$6,778	\$7,060
. 2 Exemptions			n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$8,428	\$8,698	\$8,840	\$9,122	\$9,501
. 3 or more			n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$9,231	\$9,108	\$9,315	\$9,285	\$9,501
. Credit Proration (%)	206.527a(18)		n.a.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	MCL Section	Form	TY 1989	TY 1990	TY 1991	TY 1992	TY 1993	TY 1994	TY 1995	TY 1996	TY 1997	TY 1998	TY 1999
. <u>Home Heating Credit</u>	(31) 206.527a(1)	CR-7	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Federal Poverty Income Limit	206.527a(1)(b)		110%	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%
. General Credit	206.527a(1)(c)(i)		Yes (k')	Yes (k')	Yes (k')	Yes (k'')	Yes (k'')	Yes (k'')	Yes (k'')	Yes (k'')	Yes (k'')	Yes (k'')	Yes (k'')
. Maximum Credit:	206.527a(1)(a)												
. 0 or 1 Exemption			\$272	\$272	\$272	\$272	\$272	\$285	\$289	\$299	\$305	\$312	\$319
. 2 Exemptions			\$326	\$326	\$343	\$355	\$365	\$380	\$388	\$400	\$410	\$420	\$428
. 3 Exemptions			\$389	\$408	\$430	\$447	\$459	\$476	\$486	\$501	\$515	\$528	\$536
. 4 Exemptions			\$467	\$490	\$517	\$539	\$554	\$571	\$585	\$602	\$619	\$635	\$645
. 5 Exemptions			\$546	\$573	\$604	\$630	\$649	\$667	\$683	\$703	\$724	\$743	\$754
. 6 Exemptions			\$624	\$655	\$691	\$722	\$743	\$762	\$782	\$804	\$829	\$851	\$862
. more than 6 exemp.			+\$79/exemp.	+\$83/exemp.	+\$88/exemp.	+\$92/exemp.	+\$95/exemp.	+\$96/exemp.	+\$99/exemp.	+\$101/exemp.	+\$105/exemp.	+\$108/exemp.	+\$109/exemp.
. Maximum Income Limit Requirement:													
. 0 or 1 Exemption			\$7,771	\$7,771	\$8,144	\$7,771	\$7,771	\$8,143	\$8,257	\$8,543	\$8,714	\$8,914	\$9,114
. 2 Exemptions			\$9,314	\$9,314	\$10,962	\$10,143	\$10,429	\$10,857	\$11,086	\$11,429	\$11,714	\$12,000	\$12,229
. 3 Exemptions			\$11,114	\$11,657	\$12,286	\$12,771	\$13,114	\$13,600	\$13,886	\$14,314	\$14,714	\$15,086	\$15,314
. 4 Exemptions			\$13,343	\$14,000	\$14,771	\$15,400	\$15,829	\$16,314	\$16,714	\$17,200	\$17,686	\$18,143	\$18,429
. 5 Exemptions			\$15,600	\$16,371	\$17,257	\$18,000	\$18,543	\$19,057	\$19,514	\$20,086	\$20,686	\$21,229	\$21,543
. 6 Exemptions			\$17,829	\$18,714	\$19,743	\$20,629	\$21,229	\$21,771	\$22,343	\$22,971	\$23,686	\$24,314	\$24,629
. more than 6 exemp.			+\$2,257/exemp.	+\$2,371/exemp.	+\$2,514/exemp.	+\$2,629/exemp.	+\$2,714/exemp.	+\$2,743/exemp.	+\$2,829/exemp.	+\$2,886/exemp.	+\$3,000/exemp.	+\$3,086/exemp.	+\$3,114/exemp.
. Alternative Credit	206.527a(1)(c)(ii)		Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')
. Heating Fuel Cost Limit	206.527a(1)(d)		\$1,234	\$1,264	\$1,246	\$1,289	\$1,312	\$1,312	\$1,300	\$1,335	\$1,403	\$1,404	\$1,416
. Maximum Income:													
. 0 or 1 Exemptions			\$7,420	\$7,790	\$8,144	\$8,313	\$8,523	\$8,789	\$9,068	\$9,303	\$9,558	\$9,774	\$10,011
. 2 Exemptions			\$9,986	\$10,485	\$10,962	\$11,190	\$11,473	\$11,831	\$11,818	\$12,136	\$12,755	\$12,764	\$12,873
. 3 or more			\$11,218	\$11,491	\$11,327	\$11,718	\$11,927	\$11,927	\$11,818	\$12,136	\$12,755	\$12,764	\$12,873
. Credit Proration (%)	206.527a(18)		100%	100%	100%	100%	100%	100%	62%	70%	74%	82%	90%

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	MCL Section	Form	TY 2000	TY 2001	TY 2002	TY 2003	TY 2004	TY 2005	TY 2006	TY 2007	TY 2008
. <u>Home Heating Credit</u>	(31) 206.527a(1)	CR-7	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Federal Poverty Income Limit	206.527a(1)(b)		110%	110%	110%	110%	110%	110%	110%	110%	110%
. General Credit	206.527a(1)(c)(i)		Yes (k")	Yes (k")	Yes (k")	Yes (k")	Yes (k")	Yes (k")	Yes (k")	Yes (k")	Yes (k")
. Maximum Credit:	206.527a(1)(a)										
. 0 or 1 Exemption			\$323	\$332	\$342	\$347	\$359	\$369	\$378	\$394	\$401
. 2 Exemptions			\$435	\$448	\$461	\$468	\$482	\$495	\$509	\$528	\$540
. 3 Exemptions			\$547	\$565	\$579	\$589	\$604	\$620	\$640	\$662	\$679
. 4 Exemptions			\$658	\$681	\$698	\$709	\$727	\$746	\$771	\$496	\$817
. 5 Exemptions			\$770	\$797	\$816	\$830	\$849	\$871	\$902	\$930	\$956
. 6 Exemptions			\$882	\$914	\$935	\$951	\$972	\$997	\$1,033	\$1,064	\$1,094
. more than 6 exemp.			+\$112/exemp.	+\$116/exemp.	+\$119/exemp.	+\$121/exemp.	+\$122/exemp.	+\$126/exemp.	+\$131/exemp.	+\$134/exemp.	+\$139/exemp.
. Maximum Income Limit Requirement:											
. 0 or 1 Exemption			\$9,229	\$9,486	\$9,771	\$9,914	\$10,257	\$10,529	\$10,786	\$11,243	\$11,443
. 2 Exemptions			\$12,429	\$12,800	\$13,171	\$13,371	\$13,771	\$14,129	\$14,529	\$15,072	\$15,415
. 3 Exemptions			\$15,629	\$16,143	\$16,543	\$16,829	\$17,257	\$17,700	\$18,271	\$18,900	\$19,386
. 4 Exemptions			\$18,800	\$19,457	\$19,943	\$20,257	\$20,771	\$21,300	\$22,014	\$22,729	\$23,329
. 5 Exemptions			\$22,000	\$22,771	\$23,314	\$23,714	\$24,257	\$24,871	\$25,757	\$26,558	\$27,301
. 6 Exemptions			\$25,200	\$26,114	\$26,714	\$27,171	\$27,771	\$28,471	\$29,500	\$30,386	\$31,243
. more than 6 exemp.			+\$3,200/exemp.	+\$3,322/exemp.	+\$3,388/exemp.	+\$3,498/exemp.	+\$3,498/exemp.	+\$3,586/exemp.	+\$3,740/exemp.	+\$3,829/exemp.	+\$3,971/exemp.
. Alternative Credit	206.527a(1)(c)(ii)		Yes (l")	Yes (l")	Yes (l")	Yes (l")	Yes (l")	Yes (l")	Yes (l")	Yes (l")	Yes (l")
. Heating Fuel Cost Limit	206.527a(1)(d)		\$1,453	\$1,493	\$1,578	\$1,687	\$1,843	\$2,028	\$2,231	\$2,231	\$2,351
. Maximum Income:											
. 0 or 1 Exemptions			\$10,350	\$10,703	\$10,922	\$11,211	\$11,360	\$11,635	\$12,066	\$12,263	\$12,590
. 2 Exemptions			\$13,209	\$13,573	\$14,345	\$15,088	\$15,287	\$15,658	\$16,230	\$16,502	\$16,942
. 3 or more			\$13,209	\$13,573	\$14,345	\$15,340	\$16,757	\$18,433	\$20,282	\$20,282	\$21,298
. Credit Proration (%)	206.527a(18)		100%	100%	100%	80%	76%	76%	76%	53%	65%

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	<u>MCL</u> <u>Section</u>	<u>Form</u>	<u>TY</u> <u>2009</u>	<u>TY</u> <u>2010</u>	<u>TY</u> <u>2011</u>
. <u>Home Heating Credit</u>	(31) 206.527a(1)	CR-7	Yes	Yes	Yes
. Federal Poverty Income Limit	206.527a(1)(b)		110%	110%	110%
. General Credit	206.527a(1)(c)(i)		Yes (k")	Yes (k")	Yes (k")
. Maximum Credit:	206.527a(1)(a)				
. 0 or 1 Exemption			\$418	\$418	\$420
. 2 Exemptions			\$562	\$562	\$567
. 3 Exemptions			\$706	\$706	\$714
. 4 Exemptions			\$850	\$850	\$861
. 5 Exemptions			\$994	\$994	\$1,009
. 6 Exemptions			\$1,138	\$1,138	\$1,156
. more than 6 exemp.			+\$144/exemp.	+\$144/exemp.	+\$147/exemp.
. Maximum Income Limit Requirement:					
. 0 or 1 Exemption			\$11,929	\$11,929	\$11,986
. 2 Exemptions			\$16,043	\$16,043	\$16,186
. 3 Exemptions			\$20,158	\$20,158	\$20,387
. 4 Exemptions			\$24,272	\$24,272	\$24,587
. 5 Exemptions			\$28,387	\$28,387	\$28,815
. 6 Exemptions			\$32,500	\$32,500	\$33,014
. more than 6 exemp.			+\$4,114/exemp	+\$4,114/exemp	+\$4,200/exemp.
. Alternative Credit	206.527a(1)(c)(ii)		Yes (l")	Yes (l")	Yes (l")
. Heating Fuel Cost Limit	206.527a(1)(d)		\$2,430	\$2,506	\$2,506
. Maximum Income:					
. 0 or 1 Exemptions			\$12,590	\$12,691	\$12,973
. 2 Exemptions			\$16,942	\$17,078	\$17,458
. 3 or more			\$21,298	\$21,469	\$21,946
. Credit Proration (%)	206.527a(18)		65%	52%	52%

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Notes:

General Information:

- .(*) Starting tax year 1970, per taxpayer preference, the IRC effective in tax year may be used instead.
 - .(**) Unlike exemption for paraplegic and quadriplegic, special exemption for hemiplegics starts in TY 1977.
 - .(***) Starting TY 1987, taxpayers who are blind, or quadriplegic, hemiplegic, or paraplegic are considered to be disabled.
 - .(****) Starting TY 2000, taxpayers who are deaf are considered disabled.
 - .(*****) Limits adjusted by percentage increase of the US CPI for the immediately preceding calendar year.
- (1) Revenue distribution for local units was based on percent from net collections through TY 1986, and from gross collections thereafter. Revenue distribution for Revenue Sharing is based on percent from gross collections. Starting TY 2001, School Aid Fund share calculated by formula: 1.012% divided by IIT tax rate.
 - (2) Filing requirement applies to any person whose gross income or federal AGI is in excess of the personal exemptions and additional (special) exemptions allowed. Filing threshold listed does not take into account special exemptions allowed.
 - (3) Taxpayers with liability after credits and tax withheld above threshold must make estimated payments. Threshold equaled to \$100 until TY 1986, and \$500 thereafter.
 - (4) Except for claimed as a dependent exemption (which applies only to the taxpayer), special exemptions applied to taxpayer or spouse only through TY 1999; and to taxpayers, spouse, or dependents of taxpayer, thereafter.
 - (5) Contributions to the fund do not increase liability.
 - (6) Contributions to those funds increase/reduce taxpayers' liability/refund.

Taxbase Adjustments Limits:

- (7) Until TY 1988, the maximum private pension deduction amount applied to the total of private, federal, and other states public retirement system pension and retirement benefits. Starting TY 1989, retirement and pension benefits from federal public system no longer were subjected to the limit. Starting TY 1994, the maximum also applies to benefits paid to seniors from a retirement annuity policy which are paid for life. Starting TY 1994, the maximum private pension deduction amount must be reduced by 25% of the total public (federal and MI) and federal military retirement benefits deduction claimed.
- (8) From TY 1994 through TY 1996, seniors were allowed deduction only from interest and dividends income, and this exemption could only be taken if taxpayer did not take a deduction for retirement and pension benefits. Starting TY 1997, senior deduction also includes capital gains income, where the senior maximum interest, dividend, and capital gain deduction amount shall be reduced by the total amount of retirement/pension benefit deduction claimed.

Non Refundable Credits:

- (9) Headlee Credit: equaled to 2% of 1995 tax liability computed before taking into account any credit. Credit was effective only for TY 1995.
- (10) Taxes Paid to Another State Credit: for TY 1967, credit equaled the amount of income tax paid in other states, limited to taxpayer liability. Starting TY 1968, credit was limited further to the proportion of the MI IIT due that the amount of the taxpayer's out-of-state income bears to the taxpayer's AGI.
- (11) Nonresident Credit for Reciprocal State Income Tax exemption applies to the MI IIT paid by nonresident taxpayers from the following states: Reciprocal States (IN, WI, KY, IL, OH, MN), Idaho (TY 1970-82), Maryland (TY 1970-91), New Mexico (TY 1970-75), Virginia (TY 1968 on), West Virginia (TY 1970-91), and Canadian Provinces (TY 1978 on).

.(12) City Income Tax Credit Calculation:

For TY 1968 and 1969:

If City Income Tax is:	Credit
. <=\$100	20% of city income taxes
. >\$100, <=\$150	\$20 + 15% of excess over \$100
. >\$150, <=\$200	\$27.50+ 10% of excess over \$150
. > \$200	min {\$32.50 + 5% of excess over \$200, \$10,000}

. For TY 1970, credit equals to min {12% of eligible city income tax paid, \$15}.

. For TY 1971 - 1985:

If City Income Tax is:	Credit
. <=\$100	20% of city income taxes
. >\$100, <=\$150	\$20 + 10% of excess over \$100
. >\$150, <=\$200	\$25 + 5% of excess over \$150
. > \$200	min {\$27.50 + 5% of excess over \$200, \$10,000}

. Starting TY 1986:

If City Income Tax is:	Credit
. <=\$100	20% of city income taxes
. >\$100, <=\$150	\$20 + 10% of excess over \$100
. >\$150	min (\$25 + 5% of excess over \$150, \$10,000)

.(13) Contribution Credit Calculation:

(a). From TY 1968 through 1987, credit was limited to min. {50% of contribution, 10% of liability, \$5,000} for estates, trusts, or min. {\$100, 20% of liability, 50% of contribution} for other returns.

(a'). Starting TY 1988, credit limited to min. {50% contribution, \$100 for single returns, \$200 for joint returns} or min. {50% contribution, \$5,000, 10% of tax liability} for estate and trust returns.

.(14) Renewable/Solar Energy Credit equaled to a percentage of the first \$2,000 of eligible cost and a percentage of the next \$8,000 (or \$3,000 in TY 1983 - 1991, for single family dwelling) / \$13,000 (or \$7,000 in TY 1983-1991, for multiple dwelling) eligible cost.

Percentages ranged from: 25% and 15% for TY 1979-1980; 20% and 10% for TY 1981; 15% and 5% for TY 1982; and 30% and 15% in TY 1983 - 1991.

.(15) Medical Care Savings Account Credit calculation: credit equals min {3.3% of eligible net contribution, \$3,000 (single), \$6,000 (joint)}, where \$3,000 and \$6,000 were indexed by inflation.

.(16) MI Historical Preservation Credit equals to 25% of qualified expenses, reduced by the amount of federal historic credit received. Starting TY 2009, instead of carrying forward the cr amount that exceeds liability (10 yrs), taxpayer may elect to have 90% of the excess credit amount refunded.

.(17) Vehicle Donation Credit equals to 50% fair market value of donated auto, limited to \$50 (single), \$100 (joint).

.(18) College Tuition and Fees Credit available for MI resident taxpayers with household income up to \$200,000, who paid undergraduate tuition and fees on behalf of a student who attends an eligible school. Eligible school refers to school that has certified that tuition will not increase by more than the rate of inflation. Credit may be taken for up to 4 years, per student.

From TY 1995-97, the credit was limited to min {4% of tuition and fees paid per student, \$250 per student per year}.

Starting TY 1998, the credit was limited to min {8% of tuition and fees paid per student, \$375 per student per year},

.(19) Film Production Credit is available for MBT taxpayers who are eligible for the MBT credit but instead, elect to claim the credit against IIT liability.

.(20) Energy Cost Recovery Surcharge Credit is restricted to eligible taxpayers with AGI up to \$65,000 (single), or \$130,000 (joint), and the equals a percentage of the additional utility charges paid that were imposed, so that electric utilities would meet newly enacted energy standards.

Refundable Credits:

- .(21) Inventory tax credit equaled a percent (25% in TY 1973, 32% in TY 1974, 39% in TY 1975) of qualified personal property taxes on inventory deductible on the federal return. Franchise Fee Credit equaled to 20% of qualified franchise fees paid.
- .(22) Adoption Credit equals to min {qualified adoption expenses per child, \$1,200 per child}.
Credit is limited to eligible filers who claimed the federal adoption credit.
- .(23) Prescription Drug credit was limited to seniors with household income up to 150% of federal poverty standard.
Credit equaled to min { \$600, qualified expenses over 5% of taxpayer's household income }.
- .(24) Credit for Sales Tax Paid on Food and Prescription Drugs was inversely proportioned to household income, as follows:

Household Income	Credit per Person
<=\$5,000	\$10
>\$5,000, <=\$7,000	\$9
>\$7,000, <=\$9,000	\$8
>\$9,000, <=\$11,000	\$7
>\$11,000, <=\$15,000	\$6
>\$15,000	\$0
- .(25) Stillbirth Credit: credit equals to 4.5% of the personal exemption amount for the tax year allowed for a single exemption, rounded up to the nearest \$10 increment
- .(26) Earned Income Tax Credit: equals 10% of federal EITC claimed for TY 2008, or 20% of federal EITC claimed for TY 2009 and after.
- .(27) Energy Star Equipment Credit: credit available for taxpayers with AGI up to \$37,500 (single), or \$75,000 (joint) and equals min {10% cost of purchase & installation, \$75 (single), or \$150 (joint) }.
- .(28) MI Historical Preservation Credit equals to 25% of qualified expenses, reduced by the amount of federal historic credit received. Starting TY 2009, instead of carrying forward the cr amount that exceeds liability (10 yrs), taxpayer may elect to have 90% of the excess credit amount refunded, where maximum equals 90% of \$250,000 per completed project, subject to a total of \$250,000 credit amount.
- .(29) Property Tax Credit eligibility requirements and calculations:
 - (b). In TY 1968 and 1969, credit was non-refundable, applicable also to non-homestead property tax paid by the taxpayer, and its percent was inversely proportioned to the total eligible ad valorem taxes paid by the taxpayers as follows:

Eligible Property Taxes (PPT) Amount:	Credit
. <=\$100	20% of property taxes
. >\$100, <=\$150	\$20 + 15% of excess over \$100
. >\$150, <=\$200	\$27.50 + 10% of excess over \$150
. >\$200, <=\$10,000	\$32.50 + 5% of excess over \$200
. >\$10,000	4% of property taxes
 - (b'). In TY 1970, credit was non-refundable and applicable only to homestead property taxes paid. Credit equaled to min {12% of eligible property taxes paid, \$15}.
 - (b''). In TY 1971 and 1972, credit was non-refundable, and applicable also to non-homestead property taxes paid. Credit calculated as follows:

Property Taxes (PPT) Amount:	Credit
. <=\$100	20% of property taxes
. >\$100, <=\$150	\$20 + 10% of excess over \$100
. >\$150, <=\$200	\$25 + 5% of excess over \$150
. >\$200, <=\$10,000	\$27.50 + 5% of excess over \$200
. >\$10,000	4% of property taxes

(b'''). Starting TY 1973, credit became refundable, based only on homestead property taxes paid and was calculated based on taxpayer's household income. For mobile home owners, property taxes include the \$3.00 / month specific tax plus statutorily allowed percentage of rent.

(c). General Credit (for homeowners or renters) equals to 60% of property tax amount paid in excess of 3.5% of household income.

(d). Credit for homeowners or renters who are: Seniors (General Credit); Para/Quadriplegic (starting TY 1974); Hemiplegic (starting TY 1984); Blind (starting TY 2000), or Deaf (starting TY 2000).

Credit equaled to 100% of eligible property tax paid in excess of taxpayer's household income as follows:

Household Income	% Not Refundable
<=\$3,000	0.0%
>\$3,000, <=\$4,000	1.0%
>\$4,000, <=\$5,000	2.0%
>\$5,000, <=\$6,000	3.0%
>\$6,000	3.5%

(e). Senior Low Income Renter Credit equals to the amount of rent paid in excess of 50% (in 1982), 45% (in 1983), or 40% (thereafter) of taxpayer's household income, for seniors whose rent expenses are higher than 40% of their household income.

(f). Seniors who received a 1973 homestead exemption of \$2,500, and with household income up to \$6,000 may claim a PPT credit equal to eligible PPT paid multiplied by min {percentage that \$2,500 bears to the homestead taxable value, 100% }.

(g). Disabled (homeowners or renters) PPT Credit equals to 60% of credit as computed under senior general PPT credit.

(h). Veteran homeowners may claim a credit equal to eligible homestead property taxes paid multiplied by min. {percent of taxable value allowance (former State equalized value allowance) bears to the homestead taxable value (former State equalized value), 100% }. Veteran renters (starting TY 1978) may claim a credit equal to eligible homestead property taxes paid multiplied by min. {percent of eligible rent by the property tax rate on the property, 100% }.

(i). Homeowner Blind taxpayers may claim a credit equal to eligible property tax paid multiplied by min. {percentage that the taxable value allowance (former State equalized value allowance) bears to the homestead taxable value (former State equalized value), 100% }, for TY 1973 through 1999.

Renters who are blind may claim a credit as disabled.

.(30) Farmland Preservation Credit:

(j). Until TY 2000, credit equaled amount of eligible property tax on eligible restricted farming land and structures that exceeded 7% of taxpayer household income.

(j'). Starting TY 2001, (j) credit equals amount of eligible property tax on eligible restricted farming land and structures that exceeds 3.5% of taxpayer household income.

.(31) Home Heating Credit:

General Credit:

(k). In TY 1978, credit equaled to table amount reduced by 3.5% of claimant's household income for filers with liquid assets up to \$30,000.

(k'). From TY 1979 through TY 1990, credit equaled to table amount reduced by 3.5% of claimant's household income, where taxpayers with household income above table ceiling are not eligible for credit.

(k''). Starting TY 1991, credit equals to table amount reduced by 3.5% of claimant's household income, the result multiplied by 50% (if heating costs included in rent) or 100% (otherwise).

Alternate Credit:

(l). From TY 1984 - TY 1986, credit equaled to total heating fuel cost amount reduced by 13 percent of claimant household income, the result multiplied by 50 percent.

(l'). From TY 1987 - TY 1988, credit equaled to total heating fuel cost amount reduced by 13 percent of claimant household income, the result multiplied by 70 percent.

(l''). From TY 1989 on, credit equals to total heating fuel cost amount reduced by 11 percent of claimant's household income, the result multiplied by 70 percent.