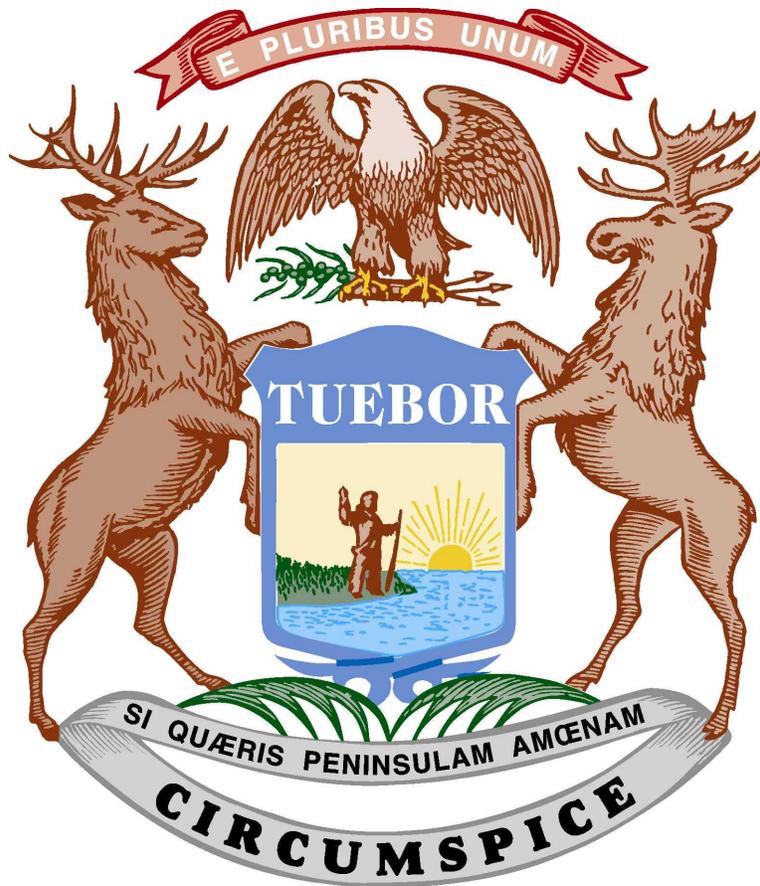
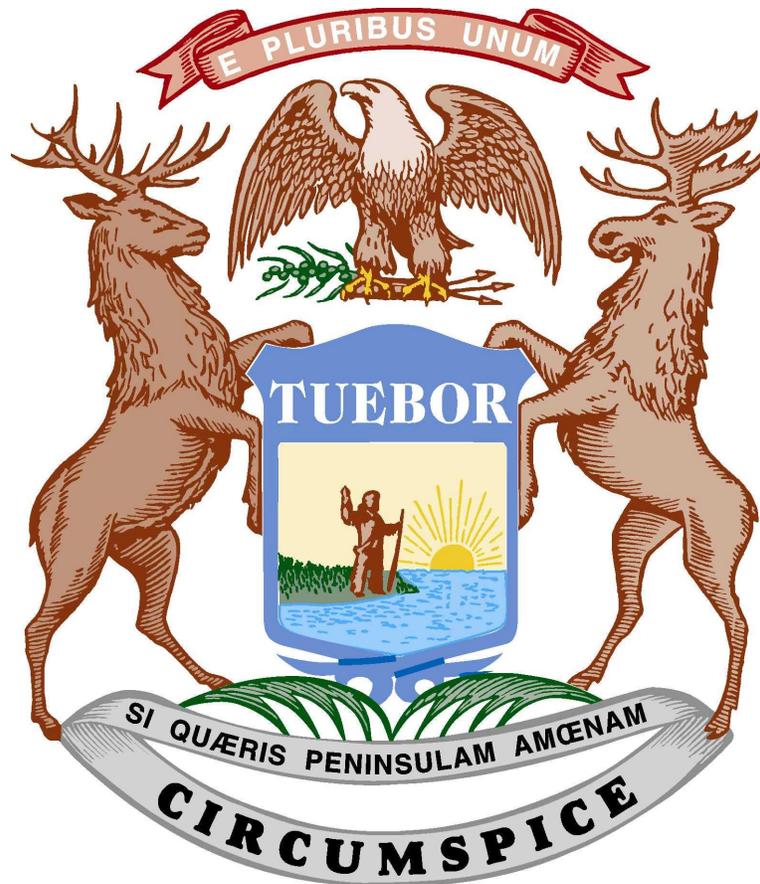


**MICHIGAN'S  
INDIVIDUAL INCOME TAX  
2016**



**Michigan Department of Treasury  
Office of Revenue and Tax Analysis  
Tax Analysis Division  
December 2018**

# MICHIGAN'S INDIVIDUAL INCOME TAX 2016



Tax Analysis Division  
December 2018

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# TABLE OF CONTENTS

	<u>Page</u>
I. EXECUTIVE SUMMARY .....	1
Returns and Revenue .....	1
Interstate Comparisons.....	1
Property Tax Credit.....	1
Home Heating Credit .....	2
Michigan Earned Income Tax Credit (EITC) .....	2
Historic Preservation Credit.....	2
Credit for Income Paid to Another State.....	2
Use Tax Payments.....	2
Tax Law Changes in 2017 .....	2
II. INTRODUCTION.....	4
III. HISTORY OF THE MICHIGAN INDIVIDUAL INCOME TAX.....	5
USE TAX PAYMENTS .....	8
IV. INCIDENCE OF THE INDIVIDUAL INCOME TAX.....	10
V. INCOME TAX CREDITS .....	21
REFUNDABLE CREDITS .....	21
Homestead Property Tax Credit.....	21
Home Heating Credit .....	24
Michigan Earned Income Tax Credit.....	25
NON-REFUNDABLE CREDITS .....	25
Historic Preservation Credit.....	25
Credit for Income Paid to Another State.....	26
VI. DESIGNATED CONTRIBUTIONS.....	27
State Campaign Fund.....	27
Children’s Trust Fund .....	27
Military Family Relief Fund .....	27
Children of Veterans Tuition Grant Program .....	28
Other Funds.....	28
VII. INTERSTATE COMPARISONS .....	30

VIII. GEOGRAPHIC PATTERN OF TAX AND CREDITS .....	33
IX. FEDERAL INCOME TAX INTERACTION .....	34
Summary of Federal Tax Law Changes Passed Before 2018.....	34
2016.....	35
2017.....	35
2018.....	35
X. MICHIGAN PUBLIC ACTS – INCOME TAX.....	37
2016.....	37
2017.....	37
XI. EXHIBITS 25 THROUGH 40.....	39
XII. APPENDIX A .....	60
FEDERAL TAX LAW CHANGES (from 2010 through 2015) .....	61
2010.....	61
2011.....	61
2012.....	61
2013.....	63
2014.....	64
2015.....	64
MICHIGAN PERSONAL INCOME TAX LEGISLATIVE HISTORY (1967 – 2015).....	66
1967.....	66
1968.....	66
1969.....	66
1970.....	67
1971.....	67
1972.....	67
1973.....	68
1974.....	68
1975.....	69
1976.....	69
1977.....	70
1978.....	70
1979.....	70
1980.....	71
1981.....	71
1982.....	72
1983.....	72

1984.....	73
1985.....	73
1986.....	74
1987.....	74
1988.....	75
1989.....	76
1990.....	76
1991.....	76
1992.....	77
1993.....	77
1994.....	78
1995.....	78
1996.....	79
1997.....	80
1998.....	80
1999.....	81
2000.....	81
2001.....	82
2002.....	82
2003.....	83
2004.....	84
2005.....	84
2006.....	85
2007.....	85
2008.....	86
2009.....	87
2010.....	87
2011.....	88
2012.....	90
2013.....	91
2014.....	91
2015.....	92
 MICHIGAN INCOME TAX REQUIREMENTS (1967 – 2017).....	 94

## LIST OF EXHIBITS

<u>Exhibit</u>	<u>Page</u>
1 Michigan Individual Income Tax Exemption Allowances .....	6
2 Individual Income Tax Credits .....	7
3 Earmarking of Income Tax Gross Collections.....	8
4 Use Tax Liability Reported on Income Tax Returns .....	9
5 Fifteen-Year History of Income Tax Rates and Revenue.....	10
6 Annual Collections from Michigan Individual Income Tax.....	11
7 Individual Income Tax - Effective Tax Rate .....	12
8 Effective Income Tax Rates, 2016.....	13
9 2016 Income Tax Return Distribution by Residency .....	15
10 2016 Income Tax Returns Distribution by Filing Status .....	15
11 2016 Total AGI, Additions and Subtractions by AGI Group .....	16
12 2016 Total Additions Detail by AGI Group .....	17
13 2016 Total Subtractions Detail by AGI Group.....	18
14 Change in Michigan Income from 2015 to 2016.....	19
15 2016 Individual Income Tax Credits .....	22
16 2016 Homestead Property Tax Credits .....	23
17 2016 Home Heating Credits.....	24
18 2016 Michigan Earned Income Tax Credits .....	25
19 Returns Designating Contributions 2004 - 2016 .....	28
20 Returns Designating Additional Contributions 2009 - 2016 .....	29
21 Discontinued Returns Designating Additional Contributions 2008 – 2014 .....	29
22 State Individual Income Taxes for FY2016 – Per Person and Percentage of Personal Income .....	31

<b><u>Exhibit</u></b>	<b><u>Page</u></b>
23 State Income Taxes Per Person - Great Lakes Region - FY 2016 .....	32
24 State Income Taxes - Percentage of Personal Income - Great Lakes Region - FY 2016 .....	32
25 Effective Rate of the Michigan Individual Income Tax, 2016 .....	40
26 Breakdown of Upper Income Filers - Individual Income Tax, 2016.....	41
27 Tax Base Deductions as a Percentage of AGI - Individual Income Tax, 2016 .....	42
28 Distribution of Personal Exemptions Claimed on 2016 Individual Income Tax Returns .....	44
29 Distribution of Special Exemptions and Dependent Exemptions Claimed on 2016 Individual Income Tax Returns .....	46
30 Four-Year Comparison of Individual Income Tax Credits .....	47
31 Distribution of Property Tax Credits Claimed - Individual Income Tax, 2016 .....	48
32 Distribution of Senior Citizen Property Tax Credits by Household Income - Individual Income Tax, 2016.....	49
33 Distribution of General Property Tax Credits by Household Income - Individual Income Tax, 2016.....	50
34 Distribution of Farmland Credits by Household Income - Individual Income Tax, 2016.....	51
35 Distribution of Home Heating Credits by Household Income - Individual Income Tax, 2016.....	52
36 2016 Income Tax Collections by County .....	53
37 2016 Income Tax Data by County .....	55
38 Average Adjusted Gross Income by County, 2016 .....	57
39 Average Property Tax Credits by County, 2016.....	58
40 Average Annual Individual Income Tax Rates.....	59

## I. EXECUTIVE SUMMARY

### **Returns and Revenue**

For tax year 2016, Michigan's personal income tax generated \$8.1 billion in state revenues after all credits and refunds were paid. Net revenue increased \$124.9 million (1.6 percent) from 2015 levels, reflecting the increase in Adjusted Gross Income (AGI) from 2015 to 2016. About 4.7 million returns were filed for the 2016 tax year, or 75,200 more filers (1.6 percent) than the previous year.

Although the personal income tax was levied at a nominal flat rate of 4.25 percent in 2016, the average effective tax rate varied from negative 49.50 percent for filers with an AGI under \$2,000 to positive 3.37 percent for taxpayers with an AGI between \$180,001 and \$190,000. Including the impact of all refundable and nonrefundable credits, the overall effective tax rate was 2.39 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). Most (91.3 percent) of the \$8.1 billion in net revenue was paid by income groups with income over \$50,000.

### **Interstate Comparisons**

For fiscal year 2016, Michigan's income tax revenue was fourteenth lowest in the nation both on a per capita basis, and as a percentage of personal income, among the 41 states with a general income tax. Compared to the average for those 41 states, Michigan's income tax revenue was 31.3 percent below average on a per capita basis, and 23.3 percent below average as a percent of personal income.

### **Property Tax Credit**

About 1.0 million Michigan homeowners, renters, and farmers received \$579.7 million in property tax credits, including farmland preservation credits, for 2016. The average property tax credit was \$563. Excluding farmland preservation credits, the average property tax credit for tax year 2016 was \$521. The total amount of property tax credits, including farmland preservation credits, increased by \$22.6 million (4.0 percent) with 11,200 more taxpayers benefiting compared to tax year 2015.

Senior citizens received about \$196.1 million in homestead property tax credits, an increase of \$6.1 million from tax year 2015. For about 316,800 senior citizens receiving homestead property tax credits, the average credit was \$619.

### **Home Heating Credit**

Home heating credits totaled \$68.3 million for tax year 2016 (including \$12.0 million in supplemental credits) with about 320,900 households qualifying for an average credit of \$213. Home heating credits increased \$22.9 million for 2016, with approximately 11,600 fewer taxpayers claiming the credit.

### **Michigan Earned Income Tax Credit (EITC)**

About 770,500 taxpayers claimed about \$114.0 million in Michigan EITC for 2016, resulting in an average credit of \$148 per taxpayer. In 2008, the first year the Michigan credit became effective, the state credit was 10 percent of the federal credit. It increased to 20 percent of the federal credit for tax years 2009 through 2011, and was reduced to 6 percent of the federal credit effective for tax year 2012 and after.

### **Historic Preservation Credit**

For tax year 2016, about 130 taxpayers claimed \$163,700 in historic preservation credits. Compared with tax year 2015, this was a decrease of \$103,200 with 30 fewer taxpayers claiming a credit.

### **Credit for Income Paid to Another State**

For tax year 2016, 51,400 taxpayers received a total of \$57.1 million credit for income tax paid to another state, resulting in an average credit of \$1,110. This represented a decrease of \$1.3 million with 80 fewer taxpayers claiming a credit.

### **Use Tax Payments**

Starting in tax year 1999, taxpayers were asked to remit use tax payments along with their personal income tax returns. For 2016, 92,300 taxpayers paid \$5.4 million in use tax. Compared to 2015, this was a decrease of \$699,500 on the total use tax paid, with 13,100 fewer taxpayers reporting use tax liability.

### **Tax Law Changes in 2017**

**Public Act 47** amended the Income Tax Act to provide the capture, earmark, and deposit each fiscal year into the State Brownfield Redevelopment Fund of an amount equal to the construction period tax capture revenue, withholding tax capture revenue, and income tax capture revenue due to be transmitted under all transformational brownfield plans (TBP) adopted under the Brownfield Redevelopment Financing Act.

**Public Act 50** amended the Michigan Renaissance Zone Act to state that the exemptions from the Income Tax Act and the City Income Tax Act do not apply within the portion of a renaissance zone

that is included, upon the request of the property owner and the local government unit, and the approval of the Michigan Strategic Fund and the city levying the income tax within the zone, within a transformational brownfield plan.

**Public Act 110** amended the Income Tax Act to direct income tax revenue each fiscal year, to the Good Jobs for Michigan Fund in the amount equal to that portion of the withholding tax capture revenues attributable to certified new jobs and due to be paid to an authorized business under a written agreement in the Good Jobs for Michigan Program.

**Public Act 149** amended the Income Tax Act to provide an increased tax deduction for retirement income to taxpayers that meet the following requirements: 1) were born after 1952; 2) retired as of January 1, 2013; and 3) receive retirement or pension benefits from employment with a governmental agency that was not covered by Social Security. The Act also standardized the use of the term “retirement or pension benefits” throughout the section.

## **II. INTRODUCTION**

This report summarizes information regarding the Michigan individual income tax for tax year 2016. It is based on returns filed and processed in calendar year 2017.

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 2016 through 2018 and how those changes affect Michigan's income tax base. Section X summarizes the Michigan Public Acts (PA) in 2016 and 2017 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 2010 through changes in 2015, the Michigan personal income tax legislative history through 2015, and a table with chronological changes to the Michigan income tax requirements and limits since 1967.

### III. HISTORY OF THE MICHIGAN INDIVIDUAL INCOME TAX<sup>1</sup>

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 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 38 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. (See Exhibit 40 on page 59 for a complete list of average Michigan Individual Income tax rates since 1968.)

The starting point of the Michigan individual income tax is federal AGI. Therefore, changes in federal tax law can affect Michigan income tax collections. For example, 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. For tax years 1998 through 2013, the inflation adjusted personal exemption is further increased by an additional \$200 under PA 86 of 1997. PA 224 of 2012 provided that the personal exemption would increase to the greatest of the indexed value or a base (\$3,950 for October 1, 2012 through December 2013, and \$4,000 for tax years 2014 and after). On December 2017, the Tax Cuts and Jobs Act (TCJA) became law, providing the largest federal tax overhaul since 1986. To offset the revenue gains resulting from the federal changes on individual taxes, the Michigan personal exemption was

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<sup>1</sup> For a complete Michigan personal income tax legislative history through 2014, see Appendix A, page 60.

increased to \$4,050 in 2018, up to \$4,900 in 2021. 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 94.

For 2016, the following exemptions were available for taxpayers: \$4,000 personal exemption, \$2,600 special exemption for filers with certain disabilities, \$400 exemption for disabled veterans, and \$1,500 exemption for taxpayers claimed as dependent by another taxpayer. (2012 was the first year where exemptions for seniors, filers receiving at least 50 percent of their AGI from unemployment compensation, and children aged 18 years and under were eliminated under PA 38 of 2011. For all changes resulting from that legislation, see page 88). Exhibit 1 depicts the average annual Michigan individual income tax rate and allowed exemptions since 2008.

**Exhibit 1**  
**Michigan Individual Income Tax Exemption Allowances**

Tax Year	Average Rate	Personal Exemption	Claimed as Dependent Exemption	Special Exemptions			Unemployment Compensation	Child Age 18 and Under Exemption
				Blind, Deaf, or Disabled	Disabled Veteran	Senior		
2008	4.35%	\$3,500	\$1,500	\$2,200	250	\$2,200	\$2,200	\$600
2009	4.35%	3,600	1,500	2,300	300	2,300	2,300	600
2010	4.35%	3,600	1,500	2,300	300	2,300	2,300	600
2011	4.35%	3,700	1,500	2,400	300	2,400	2,400	600
2012	4.33% *	3,763 **	1,500	2,400	300	n.a.	n.a.	n.a.
2013	4.25%	3,950	1,500	2,500	300	n.a.	n.a.	n.a.
2014	4.25%	4,000	1,500	2,500	400	n.a.	n.a.	n.a.
2015	4.25%	4,000	1,500	2,600	400	n.a.	n.a.	n.a.
2016	4.25%	4,000	1,500	2,600	400	n.a.	n.a.	n.a.
2017	4.25%	4,000	1,500	2,600	400	n.a.	n.a.	n.a.
2018	4.25%	4,050 ***	1,500	2,700	400	n.a.	n.a.	n.a.

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

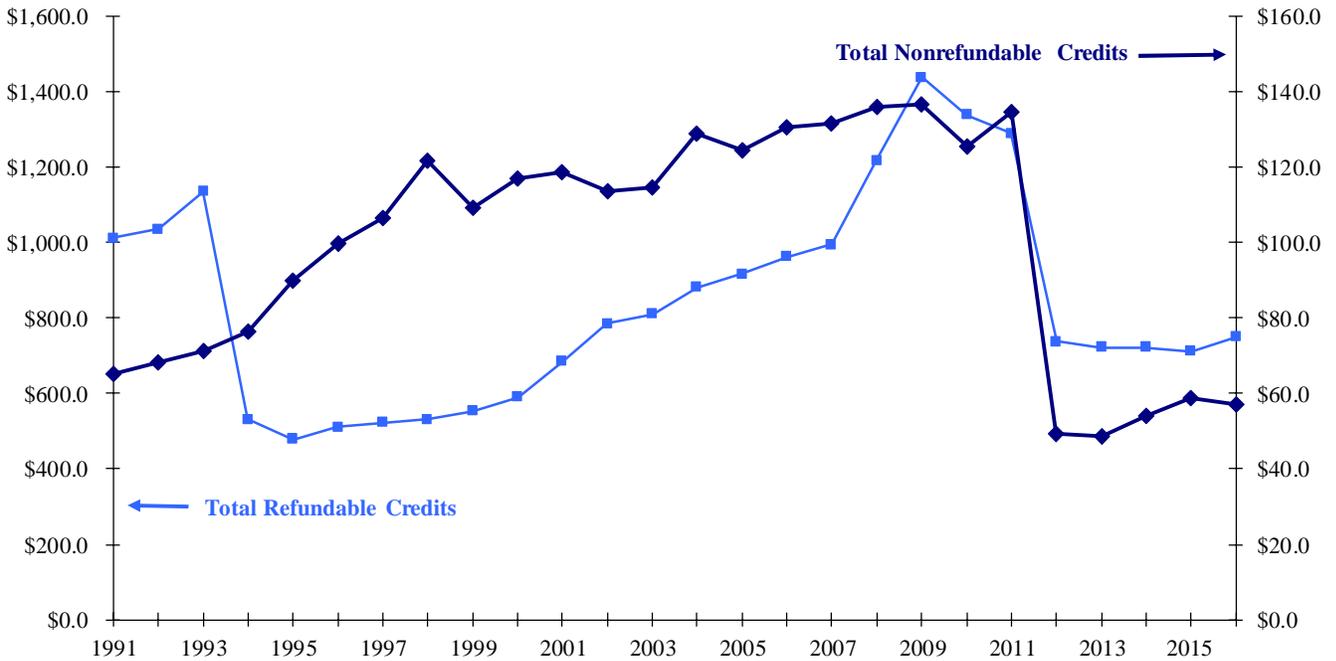
\*\*Exemption equals \$3,700 through September 2012, then it increases to \$3,950 thereafter.

\*\*\*Effective February 2018.

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 Earned Income Tax credit (EITC). These provisions help to make the tax less burdensome on low income taxpayers. Refundable and nonrefundable credits paid and claimed have gradually increased over the years, except in 1994 (when property tax reductions enacted as a part of school finance reform led to reduced property tax credits), in 2010 and 2011 (when falling property values depressed property tax credits), and in 2012 (when a number of credits, mainly nonrefundable ones, were eliminated,

and the EITC and homestead property tax credit were reduced). Exhibit 2 provides information on the total amount of refundable and nonrefundable credits paid since 1991. For tax year 2016, a total of \$749.9 million was paid in refundable credits, and an additional \$57.2 million was paid in nonrefundable credits. For a complete list of credits available in tax year 2016 see Chapter V on page 21.

**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 resulted in a steady increase of the earmarking percentage for tax years 2000 through 2006, from 24.1 to 25.95 percent, a decline on that percentage to 25.24 percent in 2007, followed by a period of intermittent increases. On tax year 2016, the earmarked percentage equaled 23.81, unchanged since 2013. Exhibit 3, on page 8, summarizes the income tax revenue earmarking to the SAF and GF/GP since 1995.

**Exhibit 3**  
**Earmarking of Income Tax Gross Collections**

<u>Tax Years</u>	<u>Average Tax Rate</u>	<u>Earmarking Percentages</u>		<u>Tax Years</u>	<u>Average Tax Rate</u>	<u>Earmarking Percentages</u>	
		<u>SAF</u>	<u>GF/GP</u>			<u>SAF</u>	<u>GF/GP</u>
1995	4.40%	14.00 %	86.00 %	2005 - 2006	3.90%	25.95 %	74.05 %
1996 - 1999	4.40%	23.00	77.00	2007	4.01%	25.24	74.76
2000 - 2001	4.20%	24.10	75.90	2008 - 2011	4.35%	23.26	76.74
2002	4.00%	25.30	74.70	2012	4.33%	23.40	76.60
2003	4.00%	25.30	74.70	2013 - 2016	4.25%	23.81	76.19
2004	3.95%	25.62	74.38				

**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. Prior to PA 553 of 2014, out-of-state businesses that did not have a store, warehouse, or employees in Michigan did not have to register and collect Michigan use tax, even though many of those businesses voluntarily collected use tax for their customers<sup>2</sup>. Since then, after many years of steadily increase, the amount of use tax collections through income tax return filing reached a plateau in the past few years as more and more out-of-state sellers (e.g. on-line sellers) are collecting sale taxes for their customers.

In order to simplify the use tax compliance process for the taxpayers, 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. For tax year 2016, 92,300 taxpayers remitted \$5.4 million in use tax (see Exhibit 4 on page 9).

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<sup>2</sup> Effective October 2015, PA 553 of 2014 provides additional presumptions to when an out-of-state company is engaged in the business of making sales at retail in the state, and therefore should register and collect sales taxes on those sales, lessening the burden of taxpayers to remit use taxes on such transactions.

**Exhibit 4**  
**Use Tax Liability Reported on Income Tax Returns**

<b>Tax Year</b>	<b>Number Of Returns</b>	<b>Use Tax Amount</b>	<b>Average Per Return</b>	<b>Tax Year</b>	<b>Number Of Returns</b>	<b>Use Tax Amount</b>	<b>Average Per</b>
1999	64,650	\$2,895,475	\$44.79	2008	103,637	\$4,056,857	\$39.14
2000	79,627	2,976,223	37.38	2009	100,779	4,984,597	49.46
2001	72,913	2,877,459	39.46	2010	104,707	5,232,886	49.98
2002	70,619	2,872,252	40.67	2011	106,850	5,680,746	53.17
2003	79,684	3,302,217	41.44	2012	110,597	5,825,409	52.67
2004	86,774	4,041,439	46.57	2013	113,684	6,195,577	54.50
2005	82,691	3,409,451	41.23	2014	115,568	6,669,182	57.71
2006	81,360	3,346,874	41.14	2015	105,435	6,089,413	57.76
2007	104,836	4,086,157	38.98	2016	92,336	5,389,889	58.37

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

## IV. INCIDENCE OF THE INDIVIDUAL INCOME TAX

For tax year 2016, about 4.7 million MI-1040 returns were filed, 75,200 more than for 2015 (see Exhibit 5 below). An additional 48,050 “credit-only” returns were filed for 2016. These “credit-only” returns refer to returns from taxpayers who did not file an 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, 13,100 claimed only a home heating credit, 13,700 claimed only a property tax credit, and 10,600 claimed both refundable credits.

The personal income tax generated \$8.1 billion in net revenue for tax year 2016, which is total revenue after all credits and refunds are paid. Income tax revenues increased \$124.9 million (1.6%) from 2015, reflecting the AGI increase from the prior year.

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

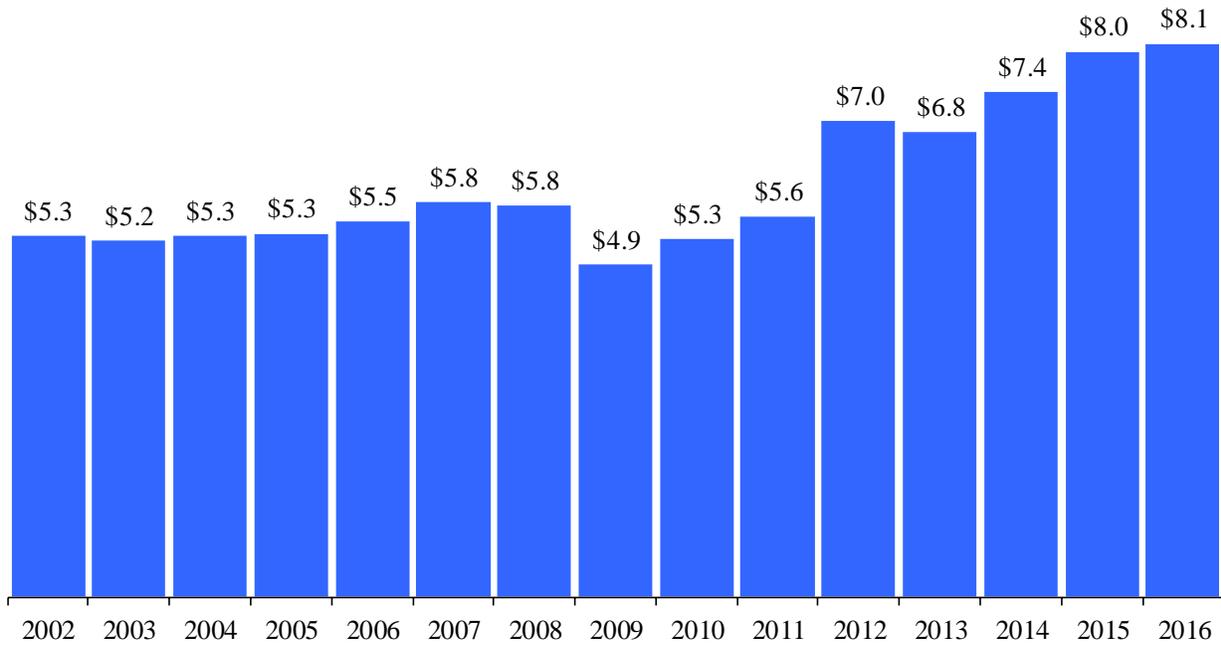
<b>Year</b>	<b>Number of 1040s Filed</b>	<b>Adjusted Gross Income</b>	<b>Average AGI</b>	<b>Nominal Rate</b>	<b>Average Effective Rate</b>	<b>Revenue</b>
2002	4,405,687	213,455,154,939	48,450	4.10%	2.49%	5,309,790,100
2003	4,369,995	223,070,894,889	51,046	4.00%	2.35%	5,232,779,200
2004	4,390,300	241,419,608,339	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	57,079	4.35%	2.07%	5,264,953,200
2011	4,491,741	264,777,026,191	58,948	4.35%	2.11%	5,594,565,100
2012	4,514,771	288,509,600,808	63,903	4.33%	2.42%	6,994,868,100
2013	4,560,975	289,850,295,303	63,550	4.25%	2.36%	6,840,270,600
2014	4,609,070	322,151,626,296	69,895	4.25%	2.30%	7,419,330,100
2015	4,662,493	335,592,845,275	71,977	4.25%	2.39%	8,009,012,200
2016	4,737,731	340,468,742,136	71,863	4.25%	2.39%	8,133,885,300

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<sup>3</sup>The AGI above is reduced by returns reporting a negative AGI totaling a negative \$7.0 billion. 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 2002.

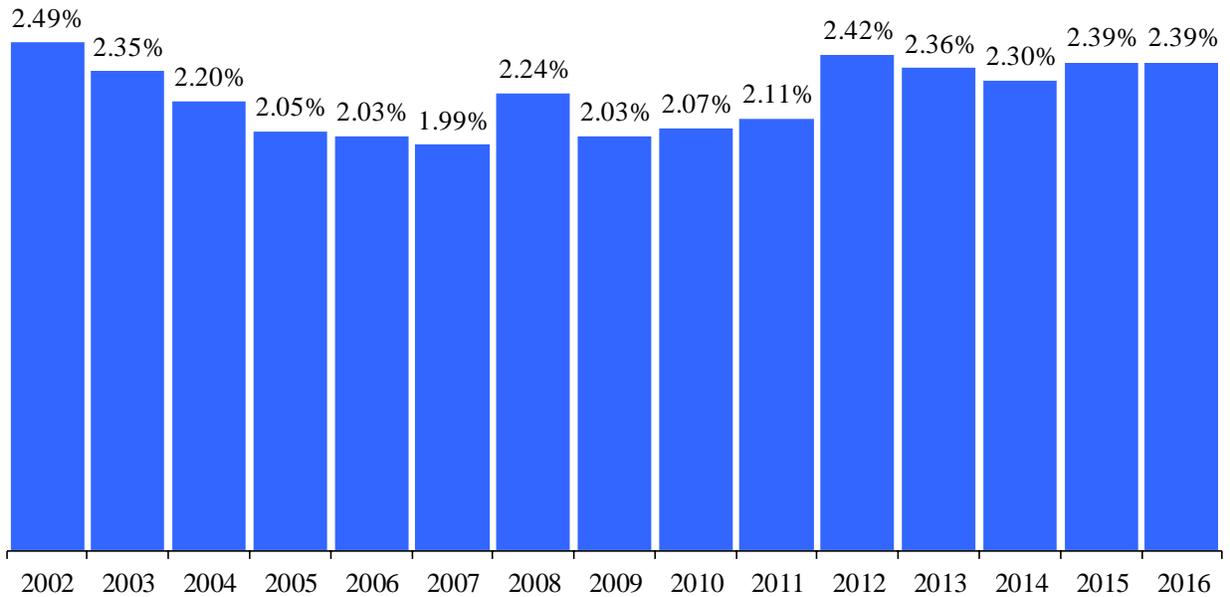
**Exhibit 6**  
**Annual Collections from Michigan Individual Income Tax**  
**(billions of dollars)**



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

Even though the nominal Michigan personal income tax is levied at a flat 4.25 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 2016 was 2.39 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 2002-2016 period, the highest average effective rate was 2.49 percent for 2002, and the lowest average was 1.99 percent for 2007. Except for tax year 2008, which reflects the full year impact of the nominal rate increase from 3.9 percent to 4.35 percent, from 2002 through 2009, the overall decrease in the average effective rate resulted from a combination of generalized increases in exemption amounts due to inflation indexing, expansion of refundable credits, and decreases in the nominal tax rate. Starting for tax year 2012, the treatment of retirement income was changed and several credits and special exemptions were either eliminated or reduced, resulting in a higher average effective rate.

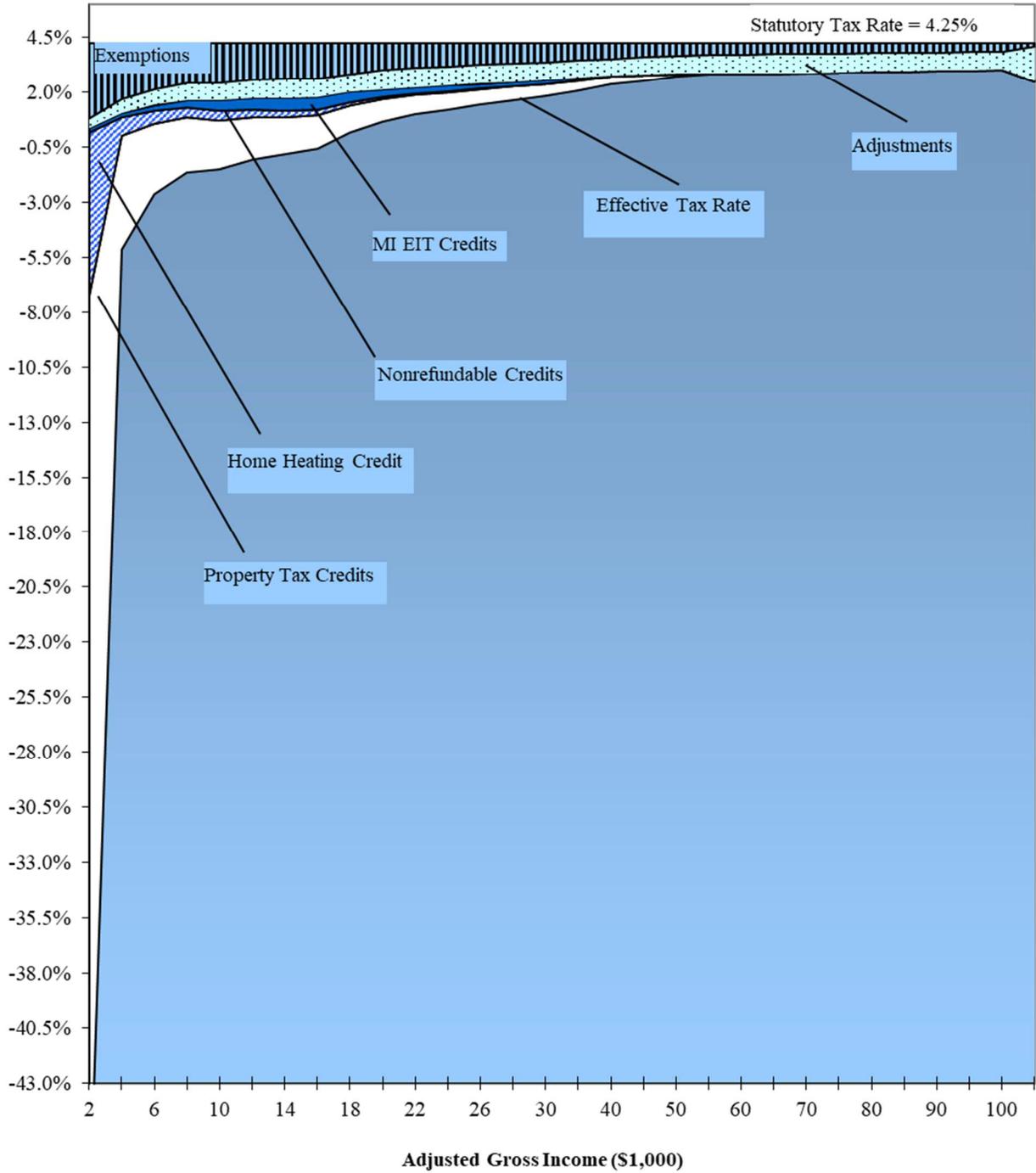
**Exhibit 7**  
**Individual Income Tax**  
**Effective Tax Rate**



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

As shown in Exhibits 8, 25 and 26 (see pages 13, 40 and 41, respectively), the effective tax rate for 2016 varied from negative 49.50 percent for taxpayers in the \$1 - \$2,000 AGI group, to positive 3.37 percent for taxpayers with an AGI between \$180,001 and \$190,000; or between \$200,001 and \$300,000. Taxpayers with AGIs of less than \$16,000 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 1.09 percent, lower than the peak of 3.37 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. For resident filers across all AGI groups, the effective rate was 2.92 percent. Overall, the effective tax rate for all filers was 2.39 percent rather than the nominal rate of 4.25 percent.

**Exhibit 8  
Effective Income Tax Rates, 2016**



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 42). 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 \$4,000 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 credit for income paid to another state, and the Michigan Historic Preservation tax 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. Preliminary federal data for tax year 2016 show that 27.1 percent of Michigan taxpayers itemized deductions on their federal income tax returns<sup>4</sup>. 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 2016, 78.8 percent of Michigan taxpayers reporting an AGI of \$100,000 or more itemized their deductions, while 9.7 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 2016 (see Exhibit 28 on page 44). 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 offset all income. As noted in Exhibit 25 (see page 40), there were an estimated 7.6 million effective personal exemptions, i.e., exemptions that actually offset income. The effective exemptions for 2016 were calculated assuming all personal exemptions and special exemptions were equally likely to offset taxable income.

Michigan taxpayers claimed about 267,000 special exemptions for tax year 2016 (see Exhibit 29 on page 46). Almost all of the special exemptions were claimed by deaf/blind/disabled filers (only 29,900 exemptions for disabled veterans were claimed for the tax year). Exhibits 28 and 29 (see pages 44 through 46) present distributions of all the exemptions claimed for tax year 2016 by income group. The number of special exemptions 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 25 (see page 40) by the number of claimed exemptions, and then multiplying that quotient by the number of exemptions/deductions in Exhibit 29 (see page 46). For example, the number of effective deductions for disabled veterans in the \$30,001 to \$35,000 income group would be estimated by dividing 367,824 by 422,284 and then multiplying the result (0.8710) by 1,542. The result is an estimate of 1,343 effective exemptions.

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<sup>4</sup>Data on itemized deductions was obtained from the Internal Revenue Service, Statistics of Income Division, Individual Master File System, August 2018.

The Michigan income tax is paid almost exclusively by Michigan residents. Non- or part-year residents pay about 3.8 percent of the income tax. Exhibit 9 below summarizes the distribution of Michigan returns and net tax liability by residency. While nonresidents report \$65.2 billion in AGI, they claim subtractions totaling \$66.2 billion, mostly for income not taxable in Michigan. Note that the total tax liability amount in Exhibits 9 and 10 is not reduced by refundable credits claimed by taxpayers who do not file a Michigan income tax return.

**Exhibit 9**  
**2016 Income Tax Returns Distribution by Residency**

<b><u>Residency</u></b>	<b><u>Number of Returns</u></b>	<b><u>Adjusted Gross Income</u></b>	<b><u>Total Tax Liability</u></b>
Resident	4,487,893	\$267,706,673,227	\$7,847,616,441
Part-year resident	110,369	7,327,055,020	121,705,145
Nonresident	134,873	65,245,530,670	180,721,841
Residency not reported	<u>4,596</u>	<u>189,483,219</u>	<u>5,318,705</u>
Totals	4,737,731	\$340,468,742,136	\$8,155,362,131

Married taxpayers filing jointly reported 68.2 percent of AGI and paid 70.9 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.

**Exhibit 10**  
**2016 Income Tax Returns Distribution by Filing Status**

<b><u>Filing Status</u></b>	<b><u>Number of Returns</u></b>	<b><u>Adjusted Gross Income</u></b>	<b><u>Total Tax Liability</u></b>
Single	2,867,108	\$102,137,334,082	\$2,239,698,339
Married filing jointly	1,792,898	232,328,320,880	5,780,263,842
Married filing separately	<u>77,725</u>	<u>6,003,087,174</u>	<u>135,399,950</u>
Totals	4,737,731	\$340,468,742,136	\$8,155,362,131

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.

To determine the Michigan income tax base, certain types of income are added back to federal AGI and some others are subtracted. Principal additions include losses attributable to other states and federal NOLs. Tax base subtractions include mainly income mainly income attributable to other states, social security benefits, most pension income, and the standard deduction for persons age 67 or older who were born after 1945.

**Exhibit 11**  
**2016 Total AGI, Additions and Subtractions by AGI**  
**(millions of dollars)**

<u>AGI Group</u>	<u>Number of Returns</u>	<u>Total AGI</u>	<u>Total Additions</u>	<u>Additions As a % of AGI</u>	<u>Total Subtractions</u>	<u>Subtraction As a % of AGI</u>
Less than \$1 <sup>(1)</sup>	75,167	(\$7,037.8)	\$6,735.5	-95.7%	\$1,214.8	-17.3%
\$ 1 - 50,000	2,843,285	\$59,095.1	\$429.5	0.7%	\$13,337.7	22.6%
50,001 - 100,000	1,051,211	\$75,417.3	\$324.1	0.4%	\$15,348.3	20.4%
100,001 - 150,000	424,625	\$51,236.2	\$241.9	0.5%	\$7,461.3	14.6%
150,001 - 200,000	156,114	\$26,708.1	\$163.4	0.6%	\$5,197.8	19.5%
200,001 - 300,000	98,486	\$23,508.5	\$200.4	0.9%	\$3,839.9	16.3%
300,001 - 400,000	32,193	\$11,044.5	\$133.7	1.2%	\$2,078.3	18.8%
400,001 - 500,000	16,098	\$7,162.7	\$95.0	1.3%	\$1,502.3	21.0%
500,001 - 750,000	17,259	\$10,400.9	\$151.0	1.5%	\$2,596.1	25.0%
750,001 - 1,000,000	7,190	\$6,187.2	\$100.2	1.6%	\$1,988.4	32.1%
Over \$1,000,000	<u>16,103</u>	<u>\$76,746.0</u>	<u>\$1,222.6</u>	1.6%	<u>\$58,269.9</u>	75.9%
Total	4,737,731	\$340,468.7	\$9,797.2	2.9%	\$112,834.9	33.1%

Notes:

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

For 2016, total additions represented about 2.9 percent of total AGI, varying from 0.4 percent for taxpayers with AGI between \$50,001 and \$100,000 to 1.6 percent for those with AGI over \$750,000 (see Exhibit 11). Total subtractions represented about 33.1 percent of total AGI, and varied from 14.6 percent for taxpayers with AGI between \$100,001 and \$150,000 to 75.9 percent for those with AGI over \$1 million.

Exhibit 12 depicts the components of total additions. For tax year 2016, the largest components of total additions was the add back of losses attributable to other states (49.9 percent of total additions), and the federal NOL category (20.1 percent of total additions).

**Exhibit 12**  
**2016 Total Additions Detail by AGI**  
(millions of dollars)

<u>AGI Group</u>	<u>Total Additions</u>	<u>Interest &amp; Dividends</u>	<u>Self Employment Taxes and Other Taxes</u>	<u>Gains from MI 1040D &amp; MI 4797</u>	<u>Losses Attributable to Other States</u>	<u>Net Loss Fed Column MI 1040D or MI 4797</u>	<u>Oil, Gas &amp; Other Mineral Expenses</u>	<u>Federal NOL</u>	<u>Other <sup>(1)</sup></u>
Less than \$1 <sup>(2)</sup>	\$6,735.5	\$7.7	\$4.5	\$39.4	\$4,440.1	\$33.2	\$4.6	\$1,794.2	\$411.8
\$ 1 - 50,000	\$429.5	\$43.3	\$207.2	\$12.5	\$36.8	\$10.4	\$8.5	\$80.5	\$30.2
50,001 - 100,000	\$324.1	\$70.3	\$133.6	\$22.7	\$38.1	\$9.2	\$3.6	\$23.4	\$23.1
100,001 - 150,000	\$241.9	\$60.3	\$86.3	\$22.4	\$30.4	\$5.9	\$5.8	\$11.9	\$19.0
150,001 - 200,000	\$163.4	\$43.1	\$50.8	\$18.6	\$18.1	\$3.6	\$1.5	\$7.0	\$20.6
200,001 - 300,000	\$200.4	\$52.9	\$52.3	\$32.1	\$32.6	\$3.6	\$2.6	\$7.6	\$16.8
300,001 - 400,000	\$133.7	\$34.5	\$26.3	\$29.1	\$24.8	\$2.1	\$1.8	\$3.5	\$11.5
400,001 - 500,000	\$95.0	\$23.1	\$16.4	\$24.5	\$19.7	\$1.8	\$0.8	\$5.9	\$2.9
500,001 - 750,000	\$151.0	\$35.9	\$19.8	\$45.1	\$34.3	\$2.8	\$2.3	\$4.4	\$6.3
750,001 - 1,000,000	\$100.2	\$19.3	\$10.4	\$32.9	\$20.6	\$1.6	\$0.9	\$6.6	\$8.0
Over \$1,000,000	\$1,222.6	\$99.2	\$21.7	\$759.4	\$190.4	\$7.5	\$85.5	\$27.7	\$31.1
Total	\$9,797.2	\$489.5	\$629.3	\$1,038.7	\$4,885.8	\$81.7	\$118.0	\$1,972.7	\$581.4
% of Total Additions	100.0%	5.0%	6.4%	10.6%	49.9%	0.8%	1.2%	20.1%	5.9%

Notes:

1. In 2016, others included Michigan Education Savings Program (MESP) account not qualified money withdrawn that were not included in AGI, refunds received from a Michigan Education Trust (MET) contract, and Domestic Production Activities Deduction included in AGI attributable to business activity located in another state.
2. The less than \$1 category includes tax returns reporting a negative AGI.

The largest components of total subtractions for tax year 2016 were income attributable to other states (61.0 percent of total subtractions), and Social Security and active military benefits subtractions (12.9 percent of total subtractions, see Exhibit 13). The average AGI reduction for taxpayers with AGI up to \$100,000 was 23.5 percent, and 38.9 percent for taxpayers with AGI above \$100,000 (see Exhibit 13).

Beginning for 2012, pension and retirement benefits<sup>5</sup> are taxed differently depending on the age of the benefit recipient and the age of the oldest filer on a joint return. For TY 2016, all taxable pension or retirement benefit income was exempted up to \$49,861 (single)/\$99,723 (joint) per return for filers with birth date prior to 1946. For filers born in 1946 through 1952, all taxable pension or retirement benefit income is exempted up to \$20,000 (single)/\$40,000 (joint) per return, but once age 67 is reached, filers no longer subtract retirement benefits but may claim the Michigan standard deduction against all income. The standard deduction amount is \$20,000 (single)/\$40,000 (joint) for most taxpayers. Filers born after 1952, generally, are not entitled to a pension subtraction.

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<sup>5</sup> Benefits include income distributions from all private sources, and from qualifying public sources (the State of Michigan, Michigan local governmental units, and Federal civil service). Military and Michigan National Guard pensions, Social Security benefits and railroad retirement benefits remain exempt from Michigan income tax for filers of all ages.

Filers born before 1946 may also deduct interest, dividend and capital gains income up to the statutory limits. For 2016 this exclusion was for up to \$11,115 (single)/\$22,229 (joint) per return, and it was reduced by any pension income deducted by the taxpayer.

**Exhibit 13**  
**2016 Total Subtractions Detail by AGI Group**  
(millions of dollars)

<u>AGI Group</u>	<u>Total Subtractions</u>	<u>Income from US Gov't Bonds</u>	<u>Military &amp; Railroad Retirement Benefit</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>Income from Renssnc Zones</u>	<u>State and Local IIT Refunds</u>	<u>MESP Subtraction</u>
Less than \$1 <sup>(2)</sup>	\$1,214.8	\$1.4	\$1.3	\$37.6	\$71.6	\$10.8	\$0.1	\$4.6	\$0.3
\$ 1 - 50,000	\$13,337.7	\$136.3	\$195.0	\$17.4	\$1,530.9	\$2,470.1	\$7.1	\$60.7	\$6.4
50,001 - 100,000	\$15,348.3	\$73.7	\$227.3	\$35.2	\$2,297.9	\$4,962.4	\$6.7	\$109.2	\$26.6
100,001 - 150,000	\$7,461.3	\$44.1	\$111.5	\$31.7	\$1,692.2	\$2,116.4	\$2.9	\$89.7	\$41.7
150,001 - 200,000	\$5,197.8	\$37.7	\$63.8	\$41.3	\$1,951.4	\$1,069.5	\$1.4	\$77.5	\$57.3
200,001 - 300,000	\$3,839.9	\$21.1	\$24.5	\$61.0	\$2,225.7	\$477.2	\$2.5	\$45.9	\$51.9
300,001 - 400,000	\$2,078.3	\$7.9	\$6.3	\$51.6	\$1,516.4	\$143.2	\$1.5	\$17.2	\$22.6
400,001 - 500,000	\$1,502.3	\$4.1	\$1.5	\$41.3	\$1,205.1	\$66.9	\$1.6	\$10.7	\$12.4
500,001 - 750,000	\$2,596.1	\$4.5	\$1.5	\$69.9	\$2,208.0	\$67.5	\$3.3	\$20.2	\$14.0
750,001 - 1,000,000	\$1,988.4	\$1.7	\$0.7	\$49.7	\$1,752.3	\$26.5	\$0.8	\$15.3	\$4.9
Over \$1,000,000	\$58,269.9	\$14.4	\$0.4	\$1,042.9	\$52,392.5	\$46.1	\$0.0	\$78.7	\$5.7
Total	\$112,834.9	\$346.8	\$633.9	\$1,479.5	\$68,844.2	\$11,456.7	\$27.9	\$529.5	\$243.8
% of Total Subtractions	100.0%	0.3%	0.6%	1.3%	61.0%	10.2%	0.0%	0.5%	0.2%

<u>AGI Group</u>	<u>MET Subtraction</u>	<u>Oil &amp; Gas Income Subtraction</u>	<u>NOL Subtraction</u>	<u>Resident Tribal Income Subtraction</u>	<u>Standard Deduction Based on Yr</u>	<u>Social Security &amp; Active Military Benefits</u>	<u>Dividend/Interest/Capital Gain Exemption</u>	<u>Miscellaneous Subtraction<sup>(1)</sup></u>
Less than \$1 <sup>(2)</sup>	\$0.3	\$5.5	\$729.7	\$0.1	\$194.6	\$54.5	\$16.0	\$86.5
\$ 1 - 50,000	\$2.0	\$14.8	\$34.4	\$82.2	\$3,526.8	\$4,873.8	\$307.3	\$72.6
50,001 - 100,000	\$4.9	\$9.0	\$16.1	\$115.4	\$2,056.4	\$5,085.2	\$99.8	\$222.6
100,001 - 150,000	\$7.2	\$8.0	\$5.1	\$33.3	\$834.7	\$2,279.0	\$40.1	\$123.8
150,001 - 200,000	\$9.0	\$6.9	\$5.8	\$16.1	\$434.0	\$1,296.1	\$28.1	\$101.8
200,001 - 300,000	\$9.1	\$5.2	\$6.7	\$7.5	\$193.5	\$608.7	\$20.3	\$79.2
300,001 - 400,000	\$3.8	\$3.3	\$2.4	\$1.9	\$65.6	\$177.4	\$9.2	\$47.9
400,001 - 500,000	\$1.7	\$1.4	\$3.0	\$0.0	\$34.3	\$74.6	\$5.5	\$38.1
500,001 - 750,000	\$2.4	\$3.6	\$2.6	\$0.4	\$36.0	\$77.6	\$6.0	\$78.5
750,001 - 1,000,000	\$0.6	\$1.2	\$4.9	\$0.0	\$17.3	\$25.8	\$3.0	\$83.8
Over \$1,000,000	\$0.8	\$96.1	\$11.0	\$5.3	\$40.3	\$41.8	\$8.0	\$4,485.9
Total	\$41.8	\$154.9	\$821.7	\$262.2	\$7,433.5	\$14,594.4	\$543.3	\$5,420.7
% of Total Subtractions	0.0%	0.1%	0.7%	0.2%	6.6%	12.9%	0.5%	4.8%

Notes:

- In 2016, miscellaneous subtractions included: benefits from a discriminatory self-insured medical expense reimbursement plan; qualified losses from disposal of property; amount used to determine the federal credit for elderly or totally and permanently disabled; Holocaust victim payments; and qualified losses from the disposal of property reported in the MI column of MI-1040D, or MI-4797.
- The less than \$1 category includes tax returns reporting a negative AGI.

Exhibit 14 presents estimates of the growth of Michigan personal income from 2015 to 2016 prepared by the U.S. Bureau of Economic Analysis. Personal income increased 2.8 percent overall in 2016, with strong growth in Adjustments for Residence (7.6 percent), and Other labor income (6.9 percent).

**Exhibit 14**  
**Growth in Michigan Income from 2015 to 2016**  
**(thousands)**

		<b>2015</b>	<b>2016</b>	<b>Percentage Change</b>
Labor Earnings				
Wage and salary disbursements		\$214,758,816	\$222,822,763	3.8%
Other labor income		34,303,152	36,669,842	6.9%
Proprietors' income		27,659,234	27,427,328	-0.8%
Total labor earnings	(A)	\$276,721,202	\$286,919,933	3.7%
Adjustments				
Personal contributions for social insurance		-\$18,473,171	-\$19,203,838	4.0%
Adjustment for residence		2,075,543	2,232,477	7.6%
Total adjustments	(B)	-\$16,397,628	-\$16,971,361	3.5%
Net Michigan labor earnings	(C)=(A)-(B)	\$260,323,574	\$269,948,572	3.7%
Dividends, interest, and rent	(D)	\$75,354,090	\$75,892,783	0.7%
Transfer payments	(E)	91,521,657	93,520,112	2.2%
Michigan Personal Income	(C)+(D)+(E)	\$427,199,321	\$439,361,467	2.8%

Source: Bureau of Economic Analysis, U.S. Department of Commerce, March 22, 2018 update.

Prepared By: Office Of Revenue and Tax Analysis, Michigan Department of Treasury

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 9), net tax revenues increased by 3.36 percent from 2005 to 2006, and total AGI increased by 4.55 percent for the same period. This resulted in an elasticity estimate of 0.738 (4.55 divided by 3.36), meaning that a 10 percent increase/decrease in income will, on average, increase/decrease tax revenues by 7.38

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 tax revenue drop 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 first quarter of 1978 through the fourth quarter of 2017 results in an estimated elasticity of 0.944, suggesting that a 10 percent increase in income will increase tax revenue by, on average, 9.44 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).<sup>6</sup>

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<sup>6</sup> 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 2016, Michigan’s personal income tax offered 6 different credits to taxpayers: four are refundable credits (homestead property tax, farmland preservation property tax, home heating, and the Michigan earned income tax (EITC)), two are nonrefundable credits (other state income tax, and the Michigan historic preservation tax credits). 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. PA 38 of 2011 provided numerous changes to the homestead property tax credit, effective tax year 2012. Those changes included reductions on the income limit for credit eligibility, on the percentage of property taxes paid by seniors that are refunded by the credit, replacement of household income by household resources<sup>7</sup>, and a new limit of the homestead taxable value to determine credit eligibility (cannot be higher than \$135,000). For information on all changes to the homestead property tax credit resulting from PA 38 of 2011, see page 88.

For tax year 2016, 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. Taxpayers with household resources less than \$50,000 may claim a property tax credit, and the computed credit is reduced by 10 percent for every \$1,000 that household resources exceeds \$41,000.

Disabled claimants (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 household resources:

<u>Household Resources</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%

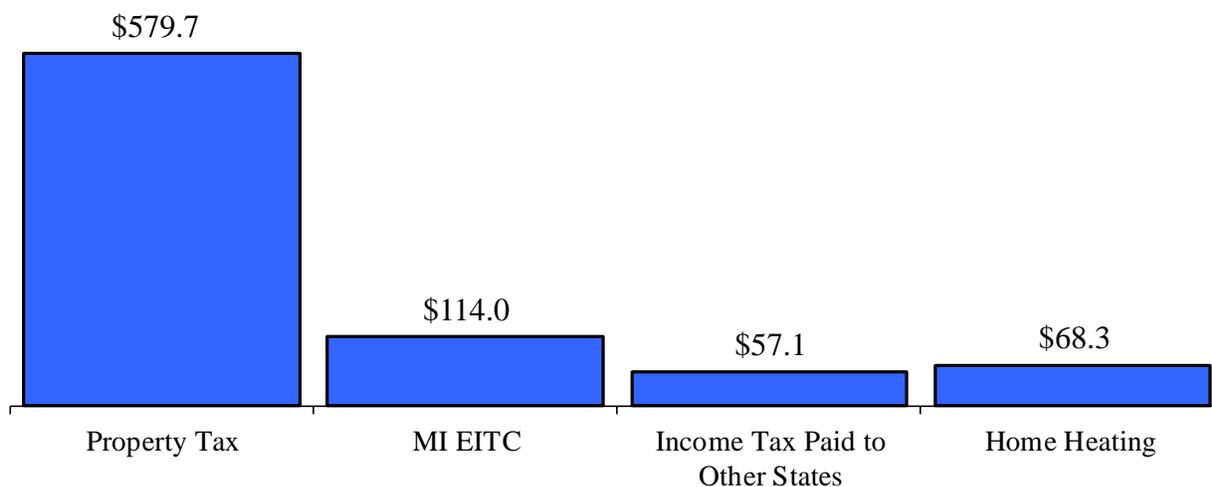
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<sup>7</sup> Household resources exclude net losses from business (including farm), rental and royalties, and also excludes net operating losses. For more information on total household resources, visit <http://www.michigan.gov/taxes/0,1607,7-238-43513-235899--,00.html>

Senior citizens with household resources up to \$21,000 receive a credit for 100 percent of their property taxes above a certain percentage of their household resources, just like disabled claimants. However, the credit percentage for seniors is reduced by 4 percent for every \$1,000 that household resources exceeds \$21,000, from 100 percent to 60 percent for those with household resources above \$30,000.

About 1.0 million Michigan taxpayers received \$532.3 million of homestead property tax credits and \$47.4 million in farmland preservation property tax credits for tax year 2016. The \$579.7 million in total 2016 property tax credits represented an increase of \$22.6 million (4.0 percent) from the prior year, and 11,200 more taxpayers received assistance. Senior citizens received \$196.1 million of the credits, a \$6.1 million increase from 2015. Exhibit 15 compares the amount of property tax credits paid to taxpayers compared to other credits.

**Exhibit 15**  
**2016 Individual Income Tax Credits**  
**(millions of dollars)**



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

The average 2016 homestead property tax credit was \$520.95 (excluding the farmland credit), a \$15.19 increase from the tax year 2015 average. Senior citizens' credits averaged \$619.06, a \$13.73 increase from 2015 (see Exhibit 30 on page 47). Exhibit 16, on page 23, provides a summary of the number of credits received by taxpayers, according to AGI levels.

Exhibits 16 and 27 (on pages 23 and 42) 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 3.1 percent of total AGI, taxpayers with incomes between \$10,001 and \$20,000 received 28.0 percent of the total homestead credits. On the other hand, taxpayers with AGIs over \$50,000 accounted for 84.7 percent of total 2016

Michigan AGI, but received only 0.3 percent of total homestead credits. Exhibits 31 through 34 (see pages 48 through 51) provide the distribution of property tax credits by income group.

**Exhibit 16**  
**2016 Homestead Property Tax Credits**  
**(Excludes Farmland Credit)**

<b>AGI Range</b>		<b>Number of Credits Allowed</b>	<b>Dollar Amount of Credit</b>	<b>Average Credit</b>
Under	\$10,000	308,533	\$206,355,493	\$668.83
	\$10,001 - \$20,000	279,860	149,247,268	533.29
	\$20,001 - \$50,000	426,225	174,968,279	410.51
	Over \$50,000	<u>7,207</u>	<u>1,751,042</u>	242.96
Total		1,021,825	\$532,322,082	\$520.95

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 7,400 farms in 2016, providing credits of \$47.4 million for an average credit of \$6,441.49. Including the farmland preservation credit, the average property tax credit was \$563.27 in tax year 2016. For 2,900 farmers claiming both a farmland credit and homestead property tax credit, the combined credits averaged about 88.6 percent of total property taxes paid. Those taxpayers paid \$16.9 million in property taxes, receiving \$12.2 million in farmland credits, and \$2.8 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 2016, 9,900 senior citizens claimed an additional \$2.5 million using this alternate homestead property tax credit calculation, representing a \$247.38 average credit. The amount of this credit is included in the senior citizens' homestead property tax credit statistics, but shown separately in Exhibit 30 (see page 47).

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 30 (see page 47).

## 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, which is measured by the household resources calculation effective for tax years after 2011. In tax year 2016, individuals who are disabled, deaf, blind, or qualified disabled veteran were entitled to extra exemptions. In tax year 2016, Michigan residents who received a regular home heating credit also received a supplemental credit payment. The supplemental credit payment amount equaled \$44 for households who reported a direct heating obligation on their original home heating credit application, or \$22 for households who reported an indirect heating obligation (included in their rent) on their original application.

Excluding the supplemental payment, home heating credits for tax year 2016 totaled \$56.3 million, with 320,900 households qualifying. This represented a \$10.9 million increase from the previous year regular credit amount, with 11,600 fewer 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 \$4.9 million of the total home heating credits claimed for tax year 2016 (see Exhibit 17). Exhibit 35 (see page 52) provides information on the distribution of the home heating credit by household resources.

### **Exhibit 17 2016 Home Heating Credits**

	<b>Number of Credits</b>	<b>Credit Amount</b>		
		<b>Regular Credit</b>	<b>Supplemental Credit</b>	<b>Total Credit</b>
Senior Citizen	36,501	\$4,853,703	\$1,416,822	\$6,270,525
General	240,455	43,391,619	8,986,406	52,378,025
Disabled	43,590	7,959,991	1,632,686	9,592,677
Veteran	333	70,381	13,596	83,977
<b>Totals</b>	<b>320,879</b>	<b>\$56,275,694</b>	<b>\$12,049,510</b>	<b>\$68,325,204</b>

	<b>Average Credit Amount</b>		
	<b>Regular Credit</b>	<b>Supplemental Credit</b>	<b>Total Credit</b>
Senior Citizen	\$132.97	\$38.82	\$171.79
General	\$180.46	\$37.37	\$217.83
Disabled	\$182.61	\$37.46	\$220.07
Veteran	\$211.35	\$40.83	\$252.18
<b>Totals</b>	<b>\$175.38</b>	<b>\$37.55</b>	<b>\$212.93</b>

About 31,000 taxpayers used the alternative calculation based on energy consumption claiming credits worth \$14.4 million, including supplemental credits. The average credit (including supplemental credits) under the standard calculation was \$186.06 compared to \$463.62 under the alternative calculation.

**Michigan Earned Income Tax Credit**

Effective in tax year 2008, the Michigan EITC 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 state credit was 10 percent of the federal credit, and increased to 20 percent of the federal credit for tax year 2009 through 2011. PA 38 of 2011 reduced the Michigan EITC to 6 percent of the federal credit, effective for tax years beginning in 2012 or after.

About 770,500 taxpayers claimed \$114.0 million in Michigan EITC in 2016, resulting in an average credit of \$147.90 per taxpayer. Exhibit 18 provides information on the distribution of credit recipients by AGI.

**Exhibit 18  
2016 Michigan Earned Income Tax Credits**

<b>AGI Range</b>		<b>Number of Credits Allowed</b>	<b>Dollar Amount of Credit</b>	<b>Average Credit</b>
Under	\$10,000	196,840	\$13,878,181	\$70.50
	\$10,001 - \$15,000	172,355	27,683,193	\$160.62
	\$15,001 - \$20,000	101,808	25,938,696	\$254.78
	\$20,001 - \$25,000	77,179	18,108,850	\$234.63
	\$25,001 - \$30,000	69,313	12,951,624	\$186.86
	\$30,001 - \$40,000	106,672	12,575,498	\$117.89
Over	\$40,000	46,308	2,815,092	\$60.79
<b>Total</b>		770,475	\$113,951,134	\$147.90

**NON-REFUNDABLE CREDITS**

**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 2016, 126 taxpayers claimed a total of \$163,700 in historic preservation credits (see Exhibit 30 on page 47). Starting in tax year 2012, this credit is no longer available for historic rehabilitation plans certified after December 31, 2011 (PA 38 of 2011).

### **Credit for Income Paid to Another State**

For tax year 2016, 51,400 Michigan residents received a total of \$57.1 million in credits for income tax paid to another state on income also subject to tax in Michigan, resulting in an average credit of \$1,109.85. This credit was designed so that taxpayers were not taxed twice (in two states) for the same income (see Exhibit 30 on page 47).

## **VI. DESIGNATED CONTRIBUTIONS**

For tax year 2016, Michigan taxpayers could make eleven (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 United Way Fund, the Special Olympics Michigan Fund, the ALS of Michigan (“Lou Gehrig’s Disease”) Fund, the Alzheimer’s Association of Michigan Fund, the American Red Cross Michigan Fund, and the Michigan Junior Achievement 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.

Starting in tax year 2010, excluding the State Campaign Fund, contribution amounts to any designated fund were subject to a \$5 minimum, \$10, or more, and designations that failed to raise \$100,000 in any tax year for two consecutive tax years would cease to be included on the Michigan income tax form. PA 151 of 2012 reduced the minimum threshold from \$100,000 to \$50,000, and limited the number of contribution funds designations available per tax year to ten (10).

### **State Campaign Fund**

For the 2016 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 2016, 198,396 taxpayers contributed \$0.6 million to the State Campaign Fund (see Exhibit 19). On average, there was one designation for every 24 returns.

### **Children’s Trust Fund**

The Children’s Trust Fund (CTF) 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 Fund<sup>8</sup> 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 in tax year 2005. For tax year 2016, 3,500 taxpayers contributed a total of \$45,700 to the fund (see Exhibit 19).

### **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 \$59,100 was contributed by 3,200 taxpayers for

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<sup>8</sup> 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.

2016 to the Military Family Relief Fund (see Exhibit 19). The fund became first available in tax year 2004.

**Exhibit 19**  
**Returns Designating Contributions 2004 – 2016**

<u>Tax</u> <u>Year</u>	<u>Number</u> <u>of 1040's</u> <u>Filed</u>	<u>State Campaign</u> <u>Fund</u>		<u>Children's Trust</u> <u>Fund</u>		<u>Military Family</u> <u>Relief Fund</u>		<u>Children of</u> <u>Veterans Tuition</u> <u>Grant Program</u>		<u>Animal Welfare</u> <u>Fund</u>	
		<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
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	15,429	\$142,358
2009	4,395,979	347,147	1,041,441	17,021	183,319	22,162	264,733	14,965	124,312	7,982	103,162
2010	4,459,933	339,663	1,018,989	6,817	82,233	6,919	115,167	5,406	66,339	10,855	148,766
2011	4,491,741	294,728	884,184	10,384	113,455	11,627	170,338	7,367	90,436	13,080	159,168
2012	4,514,771	265,901	797,703	8,594	88,736	10,125	140,093	6,242	68,911	11,687	135,862
2013	4,560,975	254,101	762,303	7,067	77,677	8,862	127,239	5,122	63,137	9,690	115,215
2014	4,609,070	239,597	718,791	7,107	75,926	8,134	106,203	5,108	57,524	9,117	102,942
2015	4,662,493	206,482	619,446	3,817	47,361	3,711	63,205	2,701	35,928	4,287	52,792
2016	4,737,731	198,396	595,188	3,493	45,706	3,209	59,143	2,387	35,768	3,877	51,781

Notes:

- . The State Campaign Fund checkoff was increased from \$2 to \$3 in 1993.
- . PA 291 of 2000 appropriated amounts to fully fund both the Children's Trust and Non-Game Wildlife Funds, eliminating the need to solicit contributions on the income tax form. Later, PA 160 of 2005 reinstated the Children's Trust Fund effective TY 2005.

**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 \$35,800 was contributed by 2,400 taxpayers to fund this program for tax year 2016 (see Exhibit 19).

**Other Funds**

Of the remaining funds available for taxpayer voluntary contributions on tax year 2016, the Animal Welfare Fund and the United Way Fund have been available for the longest time (since 2008 and 2009, respectively), followed by the Special Olympics of Michigan Fund (effective in 2012), while the remaining Funds became available in 2013 (see Exhibit 20). A number of other funds were available in past years, but failed to raise the minimum threshold to remain included on the Michigan income tax form (see Exhibit 21).

**Exhibit 20**  
**Returns Designating Additional Contributions 2009 – 2016**

Tax Year	United Way Fund		Special Olympics Michigan		ALS of Michigan Fund		Alzheimer's Association of Michigan		American Red Cross Michigan Fund		Michigan Junior Achievement Fund	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2009	5,934	\$256,740	--	--	--	--	--	--	--	--	--	--
2010	7,824	407,369	--	--	--	--	--	--	--	--	--	--
2011	7,101	246,514	--	--	--	--	--	--	--	--	--	--
2012	5,426	135,862	6,698	\$83,797	--	--	--	--	--	--	--	--
2013	4,679	115,215	5,470	78,719	3,343	\$41,504	6,161	\$75,982	--	--	--	--
2014	4,188	102,942	5,115	58,958	4,283	54,436	6,212	72,688	--	--	--	--
2015	1,992	57,430	2,658	38,963	2,163	27,494	3,373	46,239	--	--	--	--
2016	1,854	66,038	2,448	38,977	1,971	27,008	3,013	42,751	2,382	\$31,034	795	\$9,714

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

**Exhibit 21**  
**Discontinued Returns Designating Additional Contributions 2008 – 2014**

<u>Discontinued Contributions:</u>	TY 2008		TY 2009		TY 2010	
	Number	Amount	Number	Amount	Number	Amount
Amanda's Fund for Breast Cancer Prevention and Treatment	9,626	\$76,783	3,803	\$39,916	--	--
Michigan Housing and Community Development Fund	4,352	\$35,474	1,637	\$18,718	--	--
Prostate Cancer Research Fund	7,171	\$55,646	2,959	\$30,752	--	--
MI Law Enforcement Officers Memorial Monument Fund	7,517	\$62,655	2,500	\$27,477	--	--
Children's Hospital of MI Fund	--	--	5,833	\$63,940	7,403	\$87,537
Children's Miracle Network Fund	--	--	3,533	\$36,963	4,719	\$57,989
Foster Care Trust Fund	--	--	2,491	\$25,444	3,432	\$37,077
MI Council For the Arts Fund	--	--	2,692	\$29,280	3,348	\$34,443
Renewable Fuels Fund	--	--	2,225	\$18,828	2,598	\$24,798
<u>Discontinued Contributions:</u>	TY 2011		TY 2012		TY 2013	
	Number	Amount	Number	Amount	Number	Amount
Girl Scouts Fund	4,517	\$62,983	3,522	\$43,623	2,834	\$35,619
AMBER Alert Fund of Michigan	--	--	--	--	4,325	\$35,121
<u>Discontinued Contributions:</u>	TY 2014					
	Number	Amount				
AMBER Alert Fund of Michigan	3,804	\$31,204				

## VII. INTERSTATE COMPARISONS

In 2016, Michigan along with eight other states (Colorado, Illinois, Indiana, Kentucky, Massachusetts, North Carolina, Pennsylvania, and Utah) 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 32 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 22 (see page 31). Exhibits 23 and 24 (see page 32) compare Michigan's income tax to that of other states in the Great Lakes region.

Michigan ranked fourteenth lowest in income taxes per person among the 41 states with a general income tax in fiscal year 2016, and New York ranked highest. For fiscal year 2016, the average collections of \$926 per person in Michigan were lower than the average of \$975 in fiscal year 1999, when the tax rate was 4.4 percent (for Michigan income tax rates from 1968 to present, see Exhibit 40 on page 59). National average income tax collections per person were \$1,066, and for the 41 states with an income tax, average income tax collections per person were \$1,349.

For fiscal year 2016, Michigan ranked fourteenth lowest in state income taxes as a percent of personal income among the 41 states with a general income tax, with Oregon ranking highest. Michigan's income tax as a percent of personal income was 2.10 percent, 0.1 percentage point below the U.S. average, and 0.64 percentage point below the average of the 41 states with a general income tax. This represents an increase from the results in 2015, when Michigan's income tax as a percent of personal income was 2.01 percent. The above calculations use estimates of quarterly state personal income, released by the U.S. Bureau of Economic Analysis on June 2018, 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.

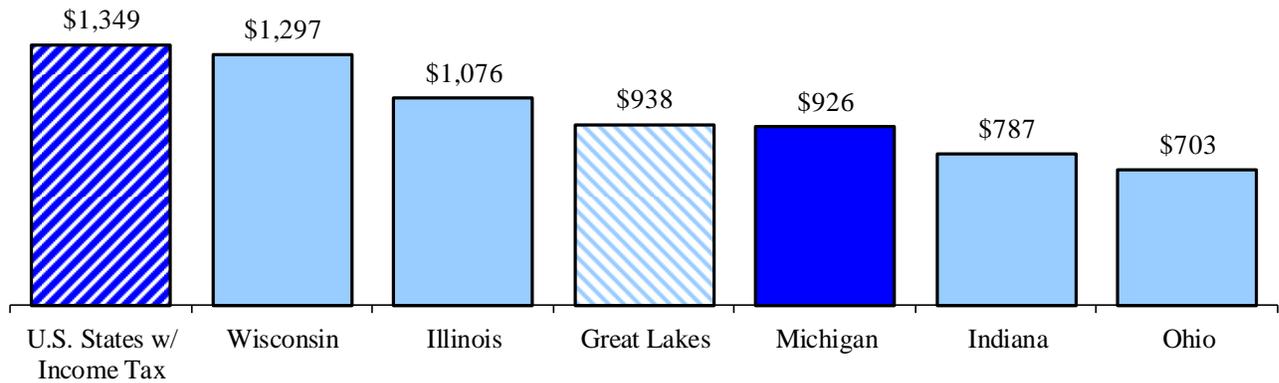
The income tax burden in Michigan has been declining relative to that in other states over the FY 1994-2016 period. In fiscal year 1994, Michigan ranked 11<sup>th</sup> highest in per capita income taxes and 14<sup>th</sup> highest in income taxes as a percent of personal income. For fiscal year 2016, Michigan ranked 28<sup>th</sup> highest in both categories.

**Exhibit 22**  
**State Individual Income Taxes for FY 2016**  
**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	\$719	35	1.85%	34
Alaska	No Tax	N/A	No Tax	N/A
Arizona	483	40	1.21%	40
Arkansas	931	27	2.36%	22
California	2,055	4	3.71%	4
Colorado	1,173	14	2.27%	27
Connecticut	2,106	3	3.06%	6
Delaware	1,168	17	2.47%	16
Florida	No Tax	N/A	No Tax	N/A
Georgia	1,012	23	2.44%	19
Hawaii	1,481	8	2.98%	7
Idaho	905	30	2.33%	25
Illinois	1,076	22	2.09%	29
Indiana	787	32	1.86%	33
Iowa	1,135	20	2.47%	17
Kansas	768	34	1.63%	37
Kentucky	917	29	2.37%	20
Louisiana	612	38	1.44%	39
Maine	1,166	18	2.67%	13
Maryland	1,414	10	2.48%	15
Massachusetts	2,115	2	3.33%	5
<b>Michigan</b>	<b>926</b>	<b>28</b>	<b>2.10%</b>	<b>28</b>
Minnesota	1,943	5	3.78%	3
Mississippi	603	39	1.71%	35
Missouri	989	25	2.32%	26
Montana	1,137	19	2.67%	14
Nebraska	1,177	13	2.37%	21
Nevada	No Tax	N/A	No Tax	N/A
New Hampshire	66	42	0.12%	42
New Jersey	1,488	7	2.45%	18
New Mexico	630	37	1.65%	36
New York	2,344	1	3.99%	2
North Carolina	1,186	12	2.85%	8
North Dakota	465	41	0.85%	41
Ohio	703	36	1.59%	38
Oklahoma	848	31	1.96%	31
Oregon	1,863	6	4.16%	1
Pennsylvania	933	26	1.86%	32
Rhode Island	1,169	16	2.33%	24
South Carolina	780	33	2.00%	30
South Dakota	No Tax	N/A	No Tax	N/A
Tennessee	49	43	0.11%	43
Texas	No Tax	N/A	No Tax	N/A
Utah	1,108	21	2.77%	11
Vermont	1,171	15	2.35%	23
Virginia	1,454	9	2.77%	10
Washington	No Tax	N/A	No Tax	N/A
West Virginia	1,009	24	2.75%	12
Wisconsin	1,297	11	2.79%	9
Wyoming	No Tax	N/A	No Tax	N/A
U.S. Average	\$1,066		2.20%	
U.S. Average for States W/ General Income Tax	\$1,349		2.74%	

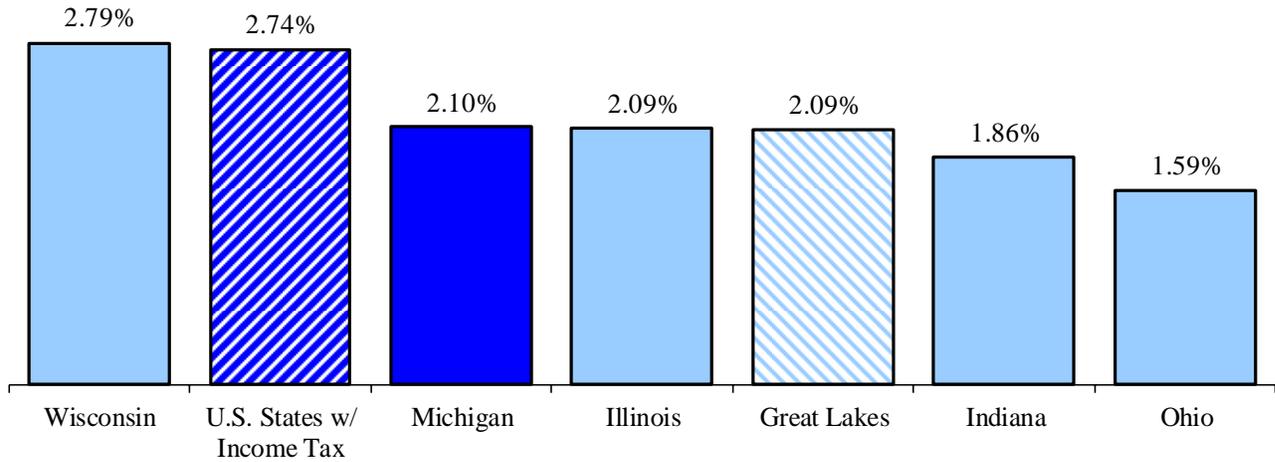
Sources: Census Bureau and Bureau of Economic Analysis, U.S. Department of Commerce.

**Exhibit 23**  
**State Income Taxes Per Person**  
**Great Lakes Region – FY 2016**



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

**Exhibit 24**  
**State Income Taxes**  
**Percentage of Personal Income**  
**Great Lakes Region – FY 2016**



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

## VIII. GEOGRAPHIC PATTERN OF TAX AND CREDITS

Exhibit 36 (see pages 53 and 54) 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 37 (see pages 55 and 56) 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 37 is provided below.

Exhibits 38 and 39 (see pages 57 and 58) 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.

### Personal Income Tax Tax Year 2016 County Data Summary

	<u>State Average</u>	<u>Highest County</u>	<u>Lowest County</u>
Average AGI	\$71,863	\$90,440 Oakland	\$36,945 Lake
Average Income Tax Before Credits	\$1,985	\$3,123 Oakland	\$931 Montmorency
Average Income Tax After Credits	\$1,717	\$2,979 Oakland	\$757 Lake
Income Tax Credits as a Percent of Tax Before Credits	13.5%	39.0% Huron	4.1% Livingston
Ratio of Property Tax Credits to 1040s Filed	21.7%	31.1% Wayne	10.0% Keweenaw
Average Property Tax Credit	\$563	\$1,977 Huron	\$297 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. Changes observed since 2000 in the federal tax law continued the 1990s trend to narrow AGI (like increases in deduction limits, and temporarily generous depreciation allowances), but the most significant changes have provided sizable federal tax relief mainly via targeted new credits and lower tax rates (and brackets), which 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 2016, the Michigan personal exemption was \$4,000, and Michigan special exemptions were \$2,600.

The Tax Cuts and Jobs Act (TCJA) was signed into law on December 22, 2017, and represents the largest federal tax overhaul since 1986. The new tax law made several significant changes to the rates and bases of both the corporate and individual income taxes. On the individual income tax side, the reform expanded the standard deduction and child tax credit, repealed the deduction for personal exemptions, limited itemized deductions, generally reduced the alternative minimum tax, and lowered marginal tax rates. The changes are effective for tax years 2018 through 2025. After 2025, most of the changes tax revert to pre-TCJA status. In response to TCJA changes, the Michigan Individual Income Tax Act was amended in early 2018 to increase personal exemption from \$4,000 to \$4,050 in TY 2018, up to \$4,900 in TY 2021. Also, reference to the personal and dependency exemptions allowed on a taxpayer's federal income tax return were removed from the Michigan Income Tax Act, since the TCJA repeals the deduction for personal exemptions effective TY 2018 through 2025.

### **Summary of Federal Tax Law Changes Passed Before 2018**

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 2016, see Appendix A on page 61.

## **2016**

Altered the criteria to when the Secretary of Homeland Security may remit or cancel any part of a person's indebtedness to the United States of any US instrumentality. To the extent that cancellation of debt is a taxable event affecting governmental receipts and those provisions affect AGI, they would affect Michigan individual taxes revenues.

The value of any medal awarded or prize money received from the US Olympic Committee on account of competition in the Olympic Games or Paralympic Games may be excluded from federal gross income for taxpayers with adjusted gross income up to \$1 million (single/married filing jointly) or \$500,000 (married filing separately).

## **2017**

Altered the criteria to when the Secretaries of the Army, the Navy, the Air Force, and Homeland Security may remit or cancel any part of a person's indebtedness to the United States of any US instrumentality. To the extent that cancellation of debt is a taxable event affecting governmental receipts and those provisions affect AGI, they would affect Michigan individual taxes revenues.

## **2018**

The Tax Cuts and Jobs Act of 2017 provided a comprehensive tax reform for individuals and corporations. Significant provisions of this Act and others that are likely to impact Michigan's individual income tax are as follows:

- Increase the standard deduction: the basic standard deduction for individuals is indexed to inflation and is increased from \$6,350 in 2017 to \$12,000 (single) in 2018, and from \$12,700 in 2017 to \$24,000 (joint) in 2018. The increases apply to taxable years 2018 through 2025;
- Repeal of deductions and exclusions for moving expenses: the above-the-line deductions for moving expenses paid by an employee and an exclusion from income for moving expenses reimbursed by an employer were repealed for taxpayers other than members of the Armed Forces, effective for taxable years 2018 through 2025;
- Repeal of deductions for alimony payments: the above-the-line deductions for payments of alimony was repealed, as well as the corresponding inclusion of alimony as income, effective for any divorce or separation instrument executed after December 2018;
- Allow deduction for certain pass-through income: Effective tax years 2019 through 2025, an individual taxpayer is allowed to deduct 20 percent of domestic qualified business income from a partnership, S corporation, or sole proprietorship, subject to certain limitations;
- Disallow active pass-through losses in excess of threshold: for tax years 2018 through 2025, taxpayer's use of pass-through losses to offset other ordinary income is limited by the following thresholds: \$250,000 (single) or \$500,000 (joint). Under prior law, there was no limit to the use of business losses to offset other ordinary income. Any excess disallowed losses under the new law is carried forward to be used to offset future income, subject to limitations;

- **Modify net operating loss deduction:** under previous law, a net operating loss (NOL) could be carried back two years and carried forward over 20 years to offset taxable income in such years. The Act limits NOL deductions to 80 percent of taxable income and repeals the ability to carry back NOLs, with exceptions for certain businesses, affecting individuals with pass-through businesses;
- **Repeal or limit business-related deductions:** the Act permanently repeals or limits a number of deductions from business income, including eliminating the deduction for income attributable to domestic production activities and limiting the deduction for employee meal, entertainment, and transportation expenses;
- **Extend, expand, and phase down bonus depreciation:** the additional first-year depreciation deduction is extended through 2026, the 50-percent allowance is increased to 100 percent for property placed in service after September 27, 2017, through 2022. The allowance then decreases by 20 percentage points each year before phasing out completely for property placed in service after 2026;
- **Limit net interest deduction to 30 percent of adjusted taxable income:** the interest deduction is generally limited to 30 percent of the adjusted taxable income of the business, but with an exception for certain small businesses. Adjusted taxable income is not reduced for depreciation, amortization, or depletion deductions for taxable years beginning in 2018 through 2021. The excess amount of interest may be carried forward indefinitely to future tax years;
- **Amortize research and experimentation expenditures:** under current law, business may choose to deduct certain research or experimentation expenditures from current income, or to capitalize these expenditures and deduct them over a longer period. The Act requires that these expenditures paid or incurred in taxable years beginning in 2022 be capitalized and amortized ratably over a five-year period. Certain expenditures which are attributable to research that is conducted outside of the United States are required to be capitalized and amortized ratably over a period of 15 years;
- **Special disaster-related rules for use of retirement funds:** individuals whose principal place of abode was located in the Hurricane Harvey, Irma, or Maria disaster areas on the date of disaster and who sustained an economic loss by reason of the hurricane are allowed penalty-free withdrawals from eligible retirement plans, subject to certain limitations.

## X. MICHIGAN PUBLIC ACTS – INCOME TAX

For changes prior to 2016, see Appendix A on page 66.

### 2016

**Public Act 158** amended the Income Tax Act to discontinue requirements that flow-through entities withhold tax for tax years that begin on or after July 1, 2016, revise the description of income that must be withheld, and amend the definition of taxpayer as any person subject to the tax imposed by part 1 of the Act (provides for the individual income tax) or subject to the withholding requirements under part 3 of the Act (prescribes withholding requirements for flow-through entities, employers, and others).

**Public Acts 181 and 182** created the Michigan Junior Achievement Fund and a new checkoff on the 2016 income tax return for the new fund. Contributions to this fund will be used by the Junior Achievement of Michigan Great Lakes organization to distribute to other Junior Achievement organizations in the State, and to provide matching funds for a federal grant if the funds are used for certain purposes.

**Public Acts 183 and 184** created the American Red Cross Michigan Fund and a new checkoff on the 2016 income tax return for the new fund. Contributions to this fund will be used for the donation to the Mid-Michigan Chapter of the American Red Cross for further distribution to other Michigan Chapters.

**Public Act 212** amended the Income Tax Act to revise the definition of veteran used for purposes of the homestead property credit.

**Public Act 266** amended the Income Tax Act to require an amount equal to 3.5 percent of the average amount of farmland tax credits claimed in the preceding three State fiscal years to be deposited into the Agricultural Preservation Fund, and allowed a taxpayer to file a farmland preservation tax credit claim electronically starting with the 2016 tax year.

### 2017

**Public Act 47** amended the Income Tax Act to provide for the capture, earmark, and deposit each fiscal year into the State Brownfield Redevelopment Fund of an amount equal to the construction period tax capture revenue, withholding tax capture revenue, and income tax capture revenue due to be transmitted under all transformational brownfield plans (TBP) adopted under the Brownfield Redevelopment Financing Act. Construction period tax capture revenues refers to funds equal to the amount of income tax levied and imposed in a calendar year upon wages paid to individuals physically present and working within the eligible property for the construction, renovation, or other improvement of eligible property that is an eligible activity within a TBP. Income tax capture revenues refers to funds equal to the amount for each tax year by which the aggregate income tax

from individuals domiciled within the eligible property exceeds the initial income tax value (value in the tax year when the TBP is adopted). Withholding tax capture revenues refers to the amount for each calendar year by which the income tax withheld from individuals employed within the eligible property subject to a TBP exceeds the initial withholding tax value.

**Public Act 50** amended the Michigan Renaissance Zone Act to state that the exemptions from the Income Tax Act and the City Income Tax Act do not apply within the portion of a renaissance zone that is included, upon the request of the property owner and the local government unit, and the approval of the Michigan Strategic Fund and the city levying the income tax within the zone, within a transformational brownfield plan.

**Public Act 110** amended the Income Tax Act to direct income tax revenue each fiscal year to the Good Jobs for Michigan Fund in the amount equal to that portion of the withholding tax capture revenues attributable to certified new jobs and due to be paid to an authorized business under a written agreement in the Good Jobs for Michigan Program. For as long as the written agreement remains in effect, the employer that has entered into a written agreement as part of the Program is required to delineate in the tax return or report required, the portion of those taxes withheld and paid to the state that are attributable to certified new jobs.

**Public Act 149** amended the Income Tax Act to provide an increased tax deduction starting TY 2018 for retirement income to taxpayers born after 1952, that retired as of January 1, 2013, and that receive retirement or pension benefits from employment with a governmental agency that was not covered by the Social Security Act. The deduction is increased by \$20,000 (single) / \$30,000 (joint) / \$40,000 (joint where both spouses worked for an “uncovered” agency). The Act also standardized the use of the term “retirement or pension benefits” throughout the section.

**XI. EXHIBITS 25 THROUGH 40**

**Exhibit 25**  
**Effective Rate of the Michigan Individual Income Tax, 2016**

<b>Adjusted Gross Income Group</b>	<b>Number of Returns Filed <sup>(1)</sup></b>	<b>Adjusted Gross Income</b>	<b>Effective Personal Exemptions <sup>(2)</sup></b>	<b>Claimed Exemptions</b>	<b>Subtractions Minus Additions</b>	<b>Total Credits</b>	<b>Effective Tax</b>	<b>Effective Tax as a % of Income</b>
Less than \$1 <sup>(3)</sup>	123,217	(\$7,037,779,165)		105,156	(\$5,520,707,622)	\$66,450,602	(\$59,772,486)	
\$ 1 - 2,000	173,972	134,457,888	21,156	150,624	290,075,227	67,002,610	(66,550,273)	-49.50%
2,001 - 4,000	148,472	446,161,396	51,850	102,604	191,746,176	27,644,687	(22,988,381)	-5.15%
4,001 - 6,000	149,185	746,132,294	76,989	125,535	250,631,407	30,211,504	(19,694,208)	-2.64%
6,001 - 8,000	147,412	1,031,001,205	96,943	145,102	314,046,622	33,804,309	(17,139,831)	-1.66%
8,001 - 10,000	156,683	1,417,514,131	138,466	189,308	384,167,220	44,947,343	(21,638,034)	-1.53%
10,001 - 12,000	153,613	1,685,470,587	154,245	205,335	459,571,460	46,902,666	(18,021,785)	-1.07%
12,001 - 14,000	151,816	1,977,350,906	183,548	234,890	505,842,196	50,180,882	(15,964,651)	-0.81%
14,001 - 16,000	152,104	2,277,041,066	212,320	260,693	539,905,978	54,026,303	(13,195,133)	-0.58%
16,001 - 18,000	136,389	2,317,324,426	187,893	227,937	533,168,791	42,785,753	3,644,828	0.16%
18,001 - 20,000	128,097	2,432,129,763	176,503	213,617	565,651,774	36,772,866	15,175,218	0.62%
20,001 - 22,000	122,096	2,563,214,090	169,742	204,527	588,043,524	32,389,281	24,864,725	0.97%
22,001 - 24,000	117,195	2,694,945,968	167,167	200,527	615,987,795	29,545,063	32,476,073	1.21%
24,001 - 26,000	111,764	2,793,550,890	162,981	192,998	615,713,040	26,335,863	40,486,275	1.45%
26,001 - 28,000	107,412	2,899,423,896	160,650	187,914	614,472,614	23,974,786	47,524,586	1.64%
28,001 - 30,000	103,562	3,002,900,285	157,140	182,364	617,729,589	21,591,521	54,786,974	1.82%
30,001 - 35,000	235,311	7,633,095,718	367,824	422,284	1,479,273,232	43,651,989	158,777,222	2.08%
35,001 - 40,000	206,942	7,750,957,858	333,714	378,702	1,425,647,350	32,746,283	181,561,521	2.34%
40,001 - 45,000	180,398	7,657,314,625	298,902	338,915	1,451,315,078	20,966,934	193,616,110	2.53%
45,001 - 50,000	160,862	7,635,149,565	274,309	310,163	1,465,292,890	9,260,605	207,624,561	2.72%
Over 50,000	<u>1,819,279</u>	<u>288,411,384,744</u>	<u>4,161,290</u>	<u>4,522,789</u>	<u>95,650,090,146</u>	<u>78,028,861</u>	<u>7,428,312,004</u>	2.58%
Totals	4,785,781	\$340,468,742,136	7,553,632	8,901,984	\$103,037,664,487	\$819,220,711	\$8,133,885,314	2.39%

<sup>(1)</sup>Includes 48,050 credit-only returns.

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

<sup>(3)</sup>The less than \$1 category includes tax returns reporting a negative AGI.

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

**Exhibit 26**  
**Breakdown of Upper Income Filers**  
**Individual Income Tax, 2016**

Adjusted Gross Income Group	Number of Returns Filed	Adjusted Gross Income	Effective			Total Credits	Effective Tax	Effective Tax as a % of Income
			Personal Exemptions <sup>(1)</sup>	Claimed Exemptions	Subtractions Minus Additions			
\$50,001 - 55,000	145,850	\$7,652,473,502	257,036	289,522	\$1,514,689,371	\$3,410,321	\$214,444,467	2.80%
55,001 - 60,000	135,077	7,762,280,892	248,835	277,491	1,581,915,980	2,523,752	218,317,299	2.81%
60,001 - 65,000	125,001	7,806,275,894	239,833	264,764	1,624,807,261	2,188,024	220,100,055	2.82%
65,001 - 70,000	115,154	7,769,845,781	232,318	252,495	1,597,848,487	2,387,182	220,677,283	2.84%
70,001 - 75,000	107,326	7,777,740,436	226,726	242,989	1,552,521,849	1,972,138	224,213,137	2.88%
75,001 - 80,000	98,187	7,605,817,277	214,325	228,729	1,500,457,512	2,015,244	221,268,361	2.91%
80,001 - 85,000	91,497	7,545,447,827	204,692	218,712	1,495,724,867	2,294,016	220,619,567	2.92%
85,001 - 90,000	83,536	7,306,805,026	192,809	205,142	1,415,364,904	2,084,684	215,734,593	2.95%
90,001 - 95,000	77,677	7,182,161,275	182,633	194,608	1,401,105,491	2,076,828	212,842,627	2.96%
95,001 - 100,000	71,906	7,008,463,416	172,002	183,357	1,339,737,556	1,957,449	210,085,037	3.00%
100,001 - 110,000	123,425	12,939,875,388	305,460	324,898	2,334,923,362	3,987,663	395,392,692	3.06%
110,001 - 120,000	101,338	11,635,130,794	259,811	275,393	1,939,708,683	3,468,873	364,877,041	3.14%
120,001 - 130,000	81,467	10,166,712,186	212,575	225,225	1,626,696,181	3,518,983	323,664,166	3.18%
130,001 - 140,000	65,224	8,793,651,358	173,167	183,246	1,356,624,441	2,721,059	284,283,837	3.23%
140,001 - 150,000	53,171	7,700,844,310	143,367	151,100	1,145,543,760	2,418,122	252,064,006	3.27%
150,001 - 160,000	43,996	6,811,698,686	119,686	126,492	1,004,266,750	2,137,102	224,571,916	3.30%
160,001 - 170,000	36,792	6,064,295,148	100,473	106,318	879,704,492	2,145,579	201,482,361	3.32%
170,001 - 180,000	30,040	5,252,533,242	82,186	87,579	736,414,167	1,740,049	176,659,302	3.36%
180,001 - 190,000	24,608	4,549,203,221	67,264	71,856	644,176,690	1,429,198	153,322,922	3.37%
190,001 - 200,000	20,678	4,030,368,237	56,592	60,897	585,867,604	1,422,464	135,521,189	3.36%
200,001 - 300,000	98,486	23,508,473,203	263,995	289,995	3,639,528,022	8,955,446	792,173,106	3.37%
300,001 - 400,000	32,193	11,044,501,833	83,162	95,568	1,944,687,597	4,427,081	369,377,617	3.34%
400,001 - 500,000	16,098	7,162,695,199	40,817	48,276	1,407,224,619	2,822,388	235,528,250	3.29%
500,001 - 750,000	17,259	10,400,853,715	42,030	51,875	2,445,119,021	3,316,192	328,856,747	3.16%
750,001 - 1,000,000	7,190	6,187,191,766	15,775	21,173	1,888,140,778	2,035,065	178,818,810	2.89%
Over \$1,000,000	<u>16,103</u>	<u>76,746,045,132</u>	<u>23,719</u>	<u>45,089</u>	<u>57,047,290,701</u>	<u>8,573,959</u>	<u>833,415,615</u>	1.09%
Totals for AGI over \$50,000	1,819,279	\$288,411,384,744	4,161,290	4,522,789	\$95,650,090,146	\$78,028,861	\$7,428,312,004	2.58%

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

<sup>(2)</sup> For taxpayers with AGI over \$1 million, if Income Attributable to Another State were subtracted from AGI, the effective tax rate would be about 3.422%.

**Exhibit 27**  
**Tax Base Deductions as a Percentage of AGI**  
**Individual Income Tax, 2016**

<b>Adjusted Gross Income Group</b>	<b>Total Effective Exemptions</b>	<b>Subtractions Minus Additions</b>	<b>Nonrefundable Credits<sup>(1)</sup></b>	<b>Property Tax Credits</b>	<b>Home Heating Credits</b>	<b>Michigan Earned Income Tax Credits</b>
\$ 1 - 2,000	81.4%	215.7%	0.0%	989.6%	172.8%	4.4%
2,001 - 4,000	61.1%	43.0%	0.0%	118.2%	20.0%	4.7%
4,001 - 6,000	50.2%	33.6%	0.0%	73.9%	13.4%	6.3%
6,001 - 8,000	43.4%	30.5%	0.0%	58.1%	10.3%	7.7%
8,001 - 10,000	42.9%	27.1%	0.0%	51.7%	10.0%	11.8%
10,001 - 12,000	39.2%	27.3%	0.0%	44.6%	8.1%	11.8%
12,001 - 14,000	39.0%	25.6%	0.0%	38.3%	6.9%	13.5%
14,001 - 16,000	38.7%	23.7%	0.0%	34.5%	6.2%	14.3%
16,001 - 18,000	33.5%	23.0%	0.0%	27.8%	3.7%	11.0%
18,001 - 20,000	29.9%	23.3%	0.0%	23.6%	2.3%	8.9%
20,001 - 22,000	27.2%	22.9%	0.0%	20.2%	1.5%	7.2%
22,001 - 24,000	25.4%	22.9%	0.0%	17.7%	1.0%	6.2%
24,001 - 26,000	23.8%	22.0%	0.0%	15.6%	0.7%	5.2%
26,001 - 28,000	22.6%	21.2%	0.0%	13.9%	0.4%	4.4%
28,001 - 30,000	21.3%	20.6%	0.0%	12.3%	0.3%	3.6%
30,001 - 35,000	19.6%	19.4%	0.0%	10.1%	0.1%	2.5%
35,001 - 40,000	17.5%	18.4%	0.0%	7.8%	0.1%	1.3%
40,001 - 45,000	15.8%	19.0%	0.0%	5.1%	0.0%	0.6%
45,001 - 50,000	14.6%	19.2%	0.0%	2.0%	0.0%	0.2%
50,001 - 55,000	13.6%	19.8%	0.0%	0.3%	0.0%	0.0%
55,001 - 60,000	13.0%	20.4%	0.0%	0.1%	0.0%	0.0%
60,001 - 65,000	12.4%	20.8%	0.0%	0.0%	0.0%	0.0%
65,001 - 70,000	12.1%	20.6%	0.0%	0.0%	0.0%	0.0%
70,001 - 75,000	11.8%	20.0%	0.0%	0.0%	0.0%	0.0%
75,001 - 80,000	11.4%	19.7%	0.0%	0.0%	0.0%	0.0%

**Exhibit 27 (cont.)**

<b>Adjusted Gross Income Group</b>	<b>Total Effective Exemptions</b>	<b>Subtractions Minus Additions</b>	<b>Nonrefundable Credits<sup>(1)</sup></b>	<b>Property Tax Credits</b>	<b>Home Heating Credits</b>	<b>Michigan Earned Income Tax Credits</b>
80,001 - 85,000	11.0%	19.8%	0.0%	0.0%	0.0%	0.0%
85,001 - 90,000	10.7%	19.4%	0.0%	0.0%	0.0%	0.0%
90,001 - 95,000	10.3%	19.5%	0.0%	0.0%	0.0%	0.0%
95,001 - 100,000	9.9%	19.1%	0.0%	0.0%	0.0%	0.0%
100,001 - 110,000	9.5%	18.0%	0.0%	0.0%	0.0%	0.0%
110,001 - 120,000	9.0%	16.7%	0.0%	0.0%	0.0%	0.0%
120,001 - 130,000	8.4%	16.0%	0.0%	0.0%	0.0%	0.0%
130,001 - 140,000	7.9%	15.4%	0.0%	0.0%	0.0%	0.0%
140,001 - 150,000	7.5%	14.9%	0.0%	0.0%	0.0%	0.0%
150,001 - 160,000	7.1%	14.7%	0.0%	0.0%	0.0%	0.0%
160,001 - 170,000	6.7%	14.5%	0.0%	0.0%	0.0%	0.0%
170,001 - 180,000	6.3%	14.0%	0.0%	0.0%	0.0%	0.0%
180,001 - 190,000	5.9%	14.2%	0.0%	0.0%	0.0%	0.0%
190,001 - 200,000	5.6%	14.5%	0.0%	0.0%	0.0%	0.0%
200,001 - 300,000	4.5%	15.5%	0.0%	0.0%	0.0%	0.0%
300,001 - 400,000	3.0%	17.6%	0.0%	0.0%	0.0%	0.0%
400,001 - 500,000	2.3%	19.6%	0.0%	0.0%	0.0%	0.0%
500,001 - 750,000	1.6%	23.5%	0.0%	0.0%	0.0%	0.0%
750,001 - 1,000,000	1.0%	30.5%	0.0%	0.0%	0.0%	0.0%
Over \$1,000,000	0.1%	74.3%	0.0%	0.0%	0.0%	0.0%
Overall Percent	9.1%	30.3%	0.0%	3.7%	0.5%	0.8%

<sup>(1)</sup> Nonrefundable credits, home heating credits, property tax credits, and earned income tax credits are divided by the tax rate (4.25%) to determine the equivalent income tax deduction. Nonrefundable credits for 2016 are: the Other State Tax credit, and the Michigan Historic Preservation credit.

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

**Exhibit 28**  
**Distribution of Personal Exemptions**  
**Claimed on 2016 Individual Income Tax Returns<sup>(1)</sup>**

Adjusted Gross Income Group	Exemptions Claimed							Total Returns	Total Exemptions <sup>(2)</sup>
	Zero	One	Two	Three	Four	Five	Six or More		
Zero Income	2,759	49,526	17,753	2,392	1,589	722	426	75,167	105,156
\$ 1 - 2,000	56,378	93,006	19,610	2,908	1,274	497	299	173,972	150,624
2,001 - 4,000	71,420	58,808	13,689	2,765	1,213	384	193	148,472	102,604
4,001 - 6,000	57,748	67,709	17,220	4,030	1,640	565	273	149,185	125,535
6,001 - 8,000	44,460	73,930	20,674	5,144	2,220	688	296	147,412	145,102
8,001 - 10,000	32,324	78,364	33,760	7,791	3,017	1,003	424	156,683	189,308
10,001 - 12,000	23,418	79,643	34,755	9,950	4,035	1,246	566	153,613	205,335
12,001 - 14,000	16,876	77,420	30,492	16,410	7,638	2,078	902	151,816	234,890
14,001 - 16,000	12,076	75,262	30,409	19,689	10,528	2,773	1,367	152,104	260,693
16,001 - 18,000	8,428	71,590	30,307	14,477	7,951	2,477	1,159	136,389	227,937
18,001 - 20,000	5,815	69,828	30,025	11,960	6,814	2,491	1,164	128,097	213,617
20,001 - 22,000	3,884	68,126	29,138	11,379	6,067	2,397	1,105	122,096	204,527
22,001 - 24,000	2,737	65,054	28,716	10,929	6,065	2,432	1,262	117,195	200,527
24,001 - 26,000	2,008	61,919	27,861	10,575	5,819	2,359	1,223	111,764	192,998
26,001 - 28,000	1,446	59,142	27,010	10,494	5,754	2,354	1,212	107,412	187,914
28,001 - 30,000	1,079	57,073	26,313	9,790	5,650	2,452	1,205	103,562	182,364
30,001 - 35,000	1,543	128,393	60,435	22,233	13,483	6,089	3,135	235,311	422,284
35,001 - 40,000	806	111,965	53,592	18,805	12,508	5,878	3,388	206,942	378,702
40,001 - 45,000	484	94,102	48,897	16,310	11,646	5,604	3,355	180,398	338,915
45,001 - 50,000	270	79,966	46,246	14,618	11,245	5,374	3,143	160,862	310,163
50,001 - 55,000	156	67,169	45,596	14,187	10,776	5,133	2,833	145,850	289,522
55,001 - 60,000	99	57,383	44,577	14,193	11,172	4,942	2,711	135,077	277,491
60,001 - 65,000	92	48,707	43,755	13,697	11,372	4,839	2,539	125,001	264,764
65,001 - 70,000	49	40,741	42,011	13,584	11,657	4,716	2,396	115,154	252,495
70,001 - 75,000	47	34,056	41,041	13,349	11,809	4,800	2,224	107,326	242,989
75,001 - 80,000	21	27,871	39,334	12,632	11,569	4,651	2,109	98,187	228,729

**Exhibit 28 (cont.)**

Adjusted Gross Income Group	Exemptions Claimed							Total Returns	Total Exemptions <sup>(2)</sup>
	<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	24	23,186	37,823	12,315	11,708	4,492	1,949	91,497	218,712
85,001 - 90,000	29	18,556	35,600	11,787	11,375	4,399	1,790	83,536	205,142
90,001 - 95,000	27	15,422	33,987	11,069	11,231	4,253	1,688	77,677	194,608
95,001 - 100,000	8	13,012	31,860	10,343	11,033	4,043	1,607	71,906	183,357
100,001 - 110,000	28	19,535	53,916	18,720	20,627	7,665	2,934	123,425	324,898
110,001 - 120,000	20	13,939	43,456	15,848	18,482	7,044	2,550	101,339	275,393
120,001 - 130,000	23	10,011	34,964	12,680	15,797	5,943	2,049	81,467	225,225
130,001 - 140,000	6	7,282	27,627	10,562	13,139	4,894	1,714	65,224	183,246
140,001 - 150,000	11	5,641	22,198	8,633	11,120	4,146	1,422	53,171	151,100
150,001 - 160,000	11	4,185	18,354	7,258	9,519	3,467	1,202	43,996	126,492
160,001 - 170,000	13	3,282	15,319	6,143	8,074	3,027	934	36,792	106,318
170,001 - 180,000	14	2,737	12,027	5,152	6,858	2,432	820	30,040	87,579
180,001 - 190,000	6	2,176	9,972	4,166	5,546	2,070	672	24,608	71,856
190,001 - 200,000	4	1,847	8,282	3,338	4,781	1,817	609	20,678	60,897
200,001 - 300,000	30	9,007	39,011	15,936	22,934	8,777	2,791	98,486	289,995
300,001 - 400,000	21	3,163	12,651	4,842	7,191	3,231	1,094	32,193	95,568
400,001 - 500,000	16	1,570	6,299	2,313	3,567	1,715	618	16,098	48,276
500,001 - 750,000	10	1,769	6,767	2,407	3,687	1,865	754	17,259	51,875
750,001 - 1,000,000	13	796	2,941	959	1,401	773	307	7,190	21,173
Over \$1,000,000	<u>29</u>	<u>2,311</u>	<u>6,881</u>	<u>2,017</u>	<u>2,673</u>	<u>1,532</u>	<u>659</u>	<u>16,102</u>	<u>45,089</u>
Totals	346,766	1,956,180	1,343,151	470,779	395,254	156,529	69,072	4,737,731	8,901,984

<sup>(1)</sup> Values in this table are based on 4,737,731 MI-1040 tax returns on file.

<sup>(2)</sup> 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 29**  
**Distribution of Special Exemptions and Dependent Exemptions**  
**Claimed on 2016 Individual Income Tax Returns<sup>(1)</sup>**

<b>Adjusted Gross Income Group</b>	<b>Deaf/Blind/ Disabled Exemptions</b>	<b>Disabled Veteran Exemptions</b>	<b>Claimed as Dependent Exemptions</b>	<b>Total</b>
Zero Income	17,087	945	2,410	20,442
\$ 1 - 2,000	35,368	944	56,387	92,699
2,001 - 4,000	8,406	610	71,437	80,453
4,001 - 6,000	8,326	648	57,774	66,748
6,001 - 8,000	8,511	670	44,445	53,626
8,001 - 10,000	9,491	719	32,322	42,532
10,001 - 12,000	9,105	681	23,434	33,220
12,001 - 14,000	8,712	808	16,876	26,396
14,001 - 16,000	7,640	835	12,083	20,558
16,001 - 18,000	6,764	732	8,426	15,922
18,001 - 20,000	6,390	704	5,826	12,920
20,001 - 22,000	5,719	699	3,890	10,308
22,001 - 24,000	5,567	724	2,742	9,033
24,001 - 26,000	5,018	691	2,010	7,719
26,001 - 28,000	4,575	670	1,449	6,694
28,001 - 30,000	4,459	682	1,074	6,215
30,001 - 35,000	9,676	1,542	1,551	12,769
35,001 - 40,000	8,398	1,331	811	10,540
40,001 - 45,000	7,052	1,298	494	8,844
45,001 - 50,000	5,845	1,185	285	7,315
50,001 - 55,000	5,519	1,050	166	6,735
55,001 - 60,000	5,350	1,107	111	6,568
60,001 - 65,000	4,941	927	97	5,965
65,001 - 70,000	4,541	919	57	5,517
70,001 - 75,000	4,153	865	55	5,073
75,001 - 80,000	3,588	813	28	4,429
80,001 - 85,000	3,269	787	34	4,090
85,001 - 90,000	3,030	718	31	3,779
90,001 - 95,000	2,567	629	28	3,224
95,001 - 100,000	2,224	602	11	2,837
Over \$100,000	15,762	4,414	321	20,497
Totals	237,053	29,949	346,665	613,667

<sup>(1)</sup> Values in this table are based on 4,737,731 MI-1040 tax returns on file.

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

**Exhibit 30**  
**Four-Year Comparison of Individual Income Tax Credits**  
 (Number and Amount in Thousands)

	2013			2014			2015			2016		
	<u>Number</u>	<u>Amount</u>	<u>Average</u>									
Property Tax Credits												
General	662.3	\$279,810.9	\$422.51	633.6	\$274,075.3	\$432.57	608.3	\$267,209.1	\$439.26	619.8	\$282,938.0	\$456.51
Senior Citizen <sup>(1)</sup>												
Total	316.7	\$186,504.7	\$588.97	316.2	\$189,265.4	\$598.62	314.0	\$190,057.2	\$605.33	316.8	\$196,122.2	\$619.06
Low Income Rent	9.3	\$2,386.5	\$257.03	9.4	\$2,368.3	\$252.35	9.4	\$2,352.1	\$249.35	9.9	\$2,450.1	\$247.38
Veteran	4.2	\$467.1	\$112.18	3.5	\$407.9	\$115.42	3.4	\$399.3	\$118.34	3.1	\$363.2	\$118.54
Blind	0.8	\$87.9	\$113.31	0.7	\$75.7	\$114.41	0.6	\$73.9	\$117.36	0.6	\$73.2	\$123.51
Disabled	94.0	\$57,347.0	\$609.87	85.2	\$53,195.8	\$624.20	84.2	\$53,348.8	\$633.35	81.6	\$52,825.4	\$647.52
Farmland	<u>7.5</u>	<u>\$40,226.4</u>	\$5,331.53	<u>7.2</u>	<u>\$40,831.4</u>	\$5,703.51	<u>7.5</u>	<u>\$46,064.6</u>	\$6,163.31	<u>7.4</u>	<u>\$47,383.6</u>	\$6,441.49
Total Property Tax Credits	1,085.4	\$564,444.0	\$520.01	1,046.4	\$557,851.6	\$533.14	1,018.0	\$557,152.9	\$547.30	1,029.2	\$579,705.7	\$563.27
Homeowners Total Credits <sup>(2)</sup>	580.4	\$308,696.0	\$531.86	556.0	\$302,177.5	\$543.48	540.1	\$298,914.1	\$553.39	536.3	\$303,595.6	\$566.09
Renters Total Credits <sup>(2)</sup>	492.6	\$214,966.6	\$436.44	479.0	\$214,359.1	\$447.52	466.4	\$211,700.9	\$453.93	481.9	\$228,290.1	\$473.77
Home Heating Credit Total	356.2	\$48,461.6	\$136.06	379.9	\$52,946.9	\$139.38	332.4	\$45,422.1	\$136.64	320.9	\$68,325.2	\$212.93
HHC regular credit		\$48,461.6	\$136.06		\$52,946.9	\$139.38		\$45,422.1	\$136.64		\$56,275.7	\$175.38
HHC supplemental		n.a.	n.a.		n.a.	n.a.		n.a.	n.a.		\$12,049.5	\$37.55
Tribal Credit	5.1	\$1,268.1	\$250.67	5.1	\$1,268.1	\$250.67	5.1	\$1,268.1	\$250.67	5.1	\$1,268.1	\$250.67
MI Earned Income Tax Credit	780.5	\$109,650.5	\$140.49	775.5	\$111,226.6	\$143.43	756.9	\$109,487.7	\$144.65	770.5	\$113,951.1	\$147.90
Credit for Income Tax Paid to Another State	49.8	\$48,240.6	\$968.51	52.2	\$53,506.8	\$1,025.90	51.5	\$58,372.3	\$1,133.27	51.4	\$57,074.9	\$1,109.85
Historic Preservation Credit	0.6	\$447.0	\$786.92	0.4	\$397.2	\$904.67	0.2	\$266.9	\$1,700.29	0.1	\$163.7	\$1,299.56

<sup>(1)</sup>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.

<sup>(2)</sup>Refers to credits for Disabled, Seniors, and Regular claimants.

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

**Exhibit 31**  
**Distribution of Property Tax Credits Claimed**  
**Individual Income Tax, 2016 <sup>(1)</sup>**

Adjusted Gross Income Group	General			Senior Citizens <sup>(2)</sup>			Veterans			Disabled <sup>(3)</sup>		
	Number of Credits Allowed	% of Total Credits Allowed	Credit Amount	Number of Credits Allowed	% of Total Credits Allowed	Credit Amount	Number of Credits Allowed	% of Total Credits Allowed	Credit Amount	Number of Credits Allowed	% of Total Credits Allowed	Credit Amount
Zero Income <sup>(4)</sup>	9,974	1.6%	\$6,362,978	37,024	11.7%	\$28,524,992	194	6.3%	\$28,400	18,216	22.2%	\$12,453,317
\$ 1 - 2,000	11,437	1.8%	6,596,474	41,769	13.2%	33,200,219	207	6.8%	31,106	23,743	28.9%	16,720,464
2,001 - 4,000	9,550	1.5%	4,841,197	19,799	6.2%	15,102,665	108	3.5%	14,091	3,755	4.6%	2,454,472
4,001 - 6,000	13,112	2.1%	6,375,245	20,162	6.4%	14,738,866	107	3.5%	14,266	3,593	4.4%	2,319,216
6,001 - 8,000	17,488	2.8%	8,516,912	21,042	6.6%	14,664,796	124	4.0%	16,642	3,507	4.3%	2,255,708
8,001 - 10,000	28,649	4.6%	14,856,177	21,005	6.6%	13,762,350	141	4.6%	18,514	3,827	4.7%	2,486,426
10,001 - 12,000	32,129	5.2%	16,940,731	21,003	6.6%	12,798,047	147	4.8%	18,350	3,381	4.1%	2,173,925
12,001 - 14,000	36,211	5.8%	19,120,001	19,706	6.2%	11,169,593	166	5.4%	20,887	2,966	3.6%	1,857,392
14,001 - 16,000	41,784	6.7%	22,319,852	17,536	5.5%	9,427,447	161	5.3%	19,464	2,560	3.1%	1,617,905
16,001 - 18,000	36,555	5.9%	18,748,946	14,181	4.5%	7,317,795	184	6.0%	20,885	2,119	2.6%	1,305,148
18,001 - 20,000	34,625	5.6%	17,030,784	12,439	3.9%	6,209,355	152	5.0%	15,888	1,855	2.3%	1,114,873
20,001 - 22,000	33,098	5.3%	15,814,394	10,996	3.5%	5,272,068	135	4.4%	14,658	1,643	2.0%	927,324
22,001 - 24,000	32,254	5.2%	14,995,353	9,687	3.1%	4,486,242	133	4.3%	15,834	1,472	1.8%	809,208
24,001 - 26,000	30,827	5.0%	14,059,849	8,279	2.6%	3,732,612	132	4.3%	14,548	1,373	1.7%	716,927
26,001 - 28,000	29,908	4.8%	13,364,294	7,026	2.2%	3,123,873	117	3.8%	13,335	1,143	1.4%	574,614
28,001 - 30,000	28,564	4.6%	12,509,581	6,104	1.9%	2,590,466	96	3.1%	11,324	1,086	1.3%	566,070
30,001 - 35,000	63,326	10.2%	27,157,315	11,759	3.7%	4,580,118	229	7.5%	27,539	2,199	2.7%	1,072,434
35,001 - 40,000	52,677	8.5%	21,994,590	8,169	2.6%	2,832,163	206	6.7%	21,554	1,698	2.1%	772,550
40,001 - 45,000	40,796	6.6%	14,348,888	5,384	1.7%	1,678,690	161	5.3%	16,048	1,155	1.4%	456,494
45,001 - 50,000	30,815	5.0%	5,603,238	2,786	0.9%	618,939	131	4.3%	8,319	661	0.8%	166,826
50,001 - 55,000	4,485	0.7%	817,939	658	0.2%	137,388	19	0.6%	649	140	0.2%	40,893
55,001 - 60,000	796	0.1%	202,027	134	0.0%	47,440	5	0.2%	262	39	0.0%	12,125
60,001 - 65,000	265	0.0%	83,804	45	0.0%	25,167	4	0.1%	131	19	0.0%	5,377
65,001 - 70,000	106	0.0%	48,755	35	0.0%	21,079	n.a.	0.1%	n.a.	8	0.0%	5,265
70,001 - 75,000	60	0.0%	29,908	14	0.0%	12,209	-	0.0%	-	n.a.	0.0%	n.a.
75,001 - 80,000	51	0.0%	30,425	8	0.0%	6,249	-	0.0%	-	n.a.	0.0%	n.a.
80,001 - 85,000	33	0.0%	21,163	9	0.0%	6,153	n.a.	0.1%	n.a.	n.a.	0.0%	n.a.
85,001 - 90,000	25	0.0%	17,006	5	0.0%	3,927	-	0.0%	-	n.a.	0.0%	n.a.
90,001 - 95,000	23	0.0%	12,790	n.a.	0.0%	n.a.	-	0.0%	-	n.a.	0.0%	n.a.
95,001 - 100,000	19	0.0%	12,815	n.a.	0.0%	n.a.	-	0.0%	-	n.a.	0.0%	n.a.
Over 100,000	138	0.0%	104,594	38	0.0%	29,585	-	0.0%	-	5	0.0%	3,869
Totals	619,780	100.0%	\$282,938,025	316,807	100.0%	\$196,122,193	3,064	100.0%	\$363,207	82,174	100.0%	\$52,898,657

Notes:

<sup>(1)</sup> Values in this table are based on a sample of the 4,785,781 MI-1040 and MI-1040CR returns.

<sup>(2)</sup> Includes Senior Citizen Low Income Rent Credits.

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

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

<sup>(5)</sup> Per Rule 205.1003, "n.a." was used to protect the confidentiality of filers in this income classification.

**Exhibit 32**  
**Distribution of Senior Citizen Property Tax Credits by Household Resources**  
**Individual Income Tax, 2016**

<b>Household Resources</b>	<b>Number of Returns</b>	<b>Property Tax Paid</b>	<b>Property Tax Credit</b>	<b>Property Tax Paid After Credit</b>
\$1,000 and below	471	\$785,529	\$394,809	\$390,720
1,001 - 2,000	173	270,365	141,478	128,887
2,001 - 3,000	248	366,676	212,853	153,823
3,001 - 4,000	444	595,625	387,871	207,754
4,001 - 5,000	567	707,440	469,646	237,794
5,001 - 6,000	863	1,061,428	698,410	363,018
6,001 - 7,000	1,428	1,825,241	1,190,654	634,587
7,001 - 8,000	2,184	2,753,315	1,802,538	950,777
8,001 - 9,000	5,923	6,847,399	4,866,163	1,981,236
9,001 - 10,000	5,668	6,676,147	4,403,353	2,272,794
10,001 - 11,000	4,973	6,472,108	3,994,773	2,477,335
11,001 - 12,000	5,966	8,063,947	4,766,575	3,297,372
12,001 - 13,000	6,623	9,366,471	5,300,216	4,066,255
13,001 - 14,000	7,925	11,597,443	6,442,819	5,154,624
14,001 - 15,000	7,641	11,419,755	6,116,799	5,302,956
15,001 - 16,000	8,165	12,545,105	6,552,992	5,992,113
16,001 - 17,000	8,245	12,934,225	6,528,452	6,405,773
17,001 - 18,000	8,643	14,055,909	6,902,542	7,153,367
18,001 - 19,000	8,630	14,301,212	6,855,451	7,445,761
19,001 - 20,000	9,058	15,237,221	7,158,725	8,078,496
20,001 - 21,000	8,961	15,378,611	7,015,022	8,363,589
21,001 - 22,000	9,175	16,048,179	7,018,081	9,030,098
22,001 - 23,000	9,136	16,254,410	6,840,822	9,413,588
23,001 - 24,000	9,228	16,766,617	6,685,480	10,081,137
24,001 - 25,000	9,189	16,908,541	6,446,302	10,462,239
25,001 - 26,000	9,000	16,960,788	6,081,183	10,879,605
26,001 - 27,000	8,962	17,192,902	5,891,162	11,301,740
27,001 - 28,000	9,054	17,683,459	5,679,493	12,003,966
28,001 - 29,000	8,794	17,368,446	5,227,287	12,141,159
29,001 - 30,000	8,535	17,091,218	4,863,810	12,227,408
30,001 - 35,000	41,250	87,101,226	22,468,400	64,632,826
35,001 - 40,000	36,516	83,672,344	19,511,601	64,160,743
40,001 - 45,000	30,755	75,040,492	13,147,779	61,892,713
45,001 - 50,000	24,403	63,623,895	4,051,546	59,572,349
50,001 - 60,000	6	93,285	3,801	89,484
60,001 - 70,000	0	0	0	0
70,001 - 80,000	0	0	0	0
Over 80,000	5	8,669	3,305	5,364
<b>Totals</b>	<b>316,807</b>	<b>\$615,075,640</b>	<b>\$196,122,193</b>	<b>\$418,953,447</b>

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

**Exhibit 33**  
**Distribution of General Property Tax Credits by Household Resources**  
**Individual Income Tax, 2016**

Household Resources	Number of Returns	Property Tax Paid	Property Tax Credit	Property Tax Paid After
\$1,000 and below	4,459	\$7,031,340	\$3,013,352	\$4,017,988
1,001 - 2,000	1,959	2,181,325	1,078,052	1,103,273
2,001 - 3,000	2,677	2,717,863	1,339,592	1,378,271
3,001 - 4,000	3,388	3,481,013	1,694,647	1,786,366
4,001 - 5,000	4,477	4,708,554	2,184,955	2,523,599
5,001 - 6,000	5,286	5,638,333	2,546,637	3,091,696
6,001 - 7,000	6,502	7,092,392	3,159,330	3,933,062
7,001 - 8,000	7,940	8,826,840	3,860,615	4,966,225
8,001 - 9,000	10,836	12,418,670	5,343,410	7,075,260
9,001 - 10,000	15,835	19,501,743	8,377,882	11,123,861
10,001 - 11,000	16,005	20,338,437	8,532,332	11,806,105
11,001 - 12,000	14,513	18,662,634	7,673,684	10,988,950
12,001 - 13,000	15,641	20,773,639	8,244,019	12,529,620
13,001 - 14,000	19,670	27,039,397	10,620,972	16,418,425
14,001 - 15,000	21,720	30,708,474	11,819,885	18,888,589
15,001 - 16,000	19,822	28,579,036	10,591,423	17,987,613
16,001 - 17,000	19,159	27,835,954	10,045,561	17,790,393
17,001 - 18,000	18,692	27,648,504	9,709,975	17,938,529
18,001 - 19,000	18,724	28,117,078	9,569,339	18,547,739
19,001 - 20,000	18,075	27,211,976	8,973,026	18,238,950
20,001 - 21,000	18,065	27,734,972	8,929,003	18,805,969
21,001 - 22,000	17,613	27,472,441	8,590,250	18,882,191
22,001 - 23,000	17,355	27,503,709	8,339,527	19,164,182
23,001 - 24,000	17,404	27,953,964	8,204,079	19,749,885
24,001 - 25,000	16,841	27,611,120	7,956,387	19,654,733
25,001 - 26,000	16,638	27,976,052	7,772,595	20,203,457
26,001 - 27,000	16,176	27,358,065	7,405,943	19,952,122
27,001 - 28,000	15,847	27,142,239	7,161,605	19,980,634
28,001 - 29,000	15,286	26,966,110	6,926,456	20,039,654
29,001 - 30,000	15,319	27,283,914	6,898,034	20,385,880
30,001 - 35,000	68,670	129,291,325	30,392,718	98,898,607
35,001 - 40,000	57,926	118,927,556	25,129,306	93,798,250
40,001 - 45,000	46,106	102,379,512	16,077,502	86,302,010
45,001 - 50,000	35,143	85,044,375	4,771,172	80,273,203
50,001 - 60,000	9	51,133	2,722	48,411
60,001 - 70,000	0	0	0	0
70,001 - 80,000	n.a.	n.a.	n.a.	n.a.
Over 80,000	n.a.	n.a.	n.a.	n.a.
Totals	619,780	\$1,041,227,318	\$282,938,025	\$758,289,293

<sup>(3)</sup> Per Rule 205.1003, "n.a." was used to protect the confidentiality of filers in this income classification. These filers were included in the total column.

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

**Exhibit 34**  
**Distribution of Farmland Credit by Household Resources**  
**Individual Income Tax, 2016**

Household Resources	Farmland Credit		
	Number of Returns	Credit Amount	Average Credit
\$1,000 and below	129	\$1,564,137	\$12,125
1,001 - 2,000	15	77,778	5,185
2,001 - 3,000	17	80,987	4,764
3,001 - 4,000	15	64,567	4,304
4,001 - 5,000	21	127,660	6,079
5,001 - 6,000	20	74,789	3,739
6,001 - 7,000	22	109,473	4,976
7,001 - 8,000	33	103,807	3,146
8,001 - 9,000	31	87,347	2,818
9,001 - 10,000	38	139,704	3,676
10,001 - 11,000	49	204,855	4,181
11,001 - 12,000	50	206,818	4,136
12,001 - 13,000	55	198,973	3,618
13,001 - 14,000	55	187,845	3,415
14,001 - 15,000	61	281,787	4,619
15,001 - 16,000	65	217,581	3,347
16,001 - 17,000	68	285,271	4,195
17,001 - 18,000	68	285,482	4,198
18,001 - 19,000	66	209,463	3,174
19,001 - 20,000	71	268,609	3,783
20,001 - 21,000	76	302,780	3,984
21,001 - 22,000	90	337,515	3,750
22,001 - 23,000	71	260,886	3,674
23,001 - 24,000	84	381,450	4,541
24,001 - 25,000	66	300,904	4,559
25,001 - 26,000	81	372,130	4,594
26,001 - 27,000	73	291,354	3,991
27,001 - 28,000	91	391,136	4,298
28,001 - 29,000	87	385,412	4,430
29,001 - 30,000	89	395,482	4,444
30,001 - 35,000	417	1,900,372	4,557
35,001 - 40,000	441	2,015,868	4,571
40,001 - 45,000	440	2,059,209	4,680
45,001 - 50,000	393	1,785,238	4,543
50,001 - 60,000	671	3,407,131	5,078
60,001 - 70,000	567	2,981,961	5,259
70,001 - 80,000	449	2,596,753	5,783
80,001 - 90,000	356	2,244,027	6,303
90,001 - 100,000	302	1,946,840	6,446
100,001 - 125,000	565	4,268,025	7,554
125,001 - 150,000	315	2,928,676	9,297
150,001 - 200,000	303	3,440,056	11,353
Over \$200,000	<u>380</u>	<u>7,613,465</u>	20,035
Totals	7,356	\$47,383,603	\$6,441

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

**Exhibit 35**  
**Distribution of Home Heating Credits by Household Resources**  
**Individual Income Tax, 2016**

Household Resources	Senior Citizens				General				Disabled <sup>(1)</sup>				Veterans			
	Home Heating Credit Amount				Home Heating Credit Amount				Home Heating Credit Amount				Home Heating Credit Amount			
	Count	Regular	Spplmntl	Total	Count	Regular	Spplmntl	Total	Count	Regular	Spplmntl	Total	Count	Regular	Spplmntl	Total
Up to \$ 1,000	389	\$150,721	\$12,012	\$162,733	7,827	\$2,441,448	\$255,486	\$2,696,934	570	\$234,485	\$13,750	\$248,235	8	\$3,555	\$286	\$3,841
1,001 - 2,000	147	49,169	4,796	53,965	3,423	929,343	111,628	1,040,971	133	49,334	3,278	52,612	n.a.	n.a.	n.a.	n.a.
2,001 - 3,000	197	61,971	6,358	68,329	4,204	1,112,829	135,432	1,248,261	182	71,743	4,994	76,737	n.a.	n.a.	n.a.	n.a.
3,001 - 4,000	331	92,244	11,000	103,244	4,974	1,277,850	162,998	1,440,848	232	81,456	6,490	87,946	n.a.	n.a.	n.a.	n.a.
4,001 - 5,000	418	109,120	15,224	124,344	6,076	1,500,523	202,906	1,703,429	342	111,314	10,824	122,138	n.a.	n.a.	n.a.	n.a.
5,001 - 6,000	652	156,207	23,408	179,615	7,032	1,627,377	233,904	1,861,281	475	137,089	14,960	152,049	n.a.	n.a.	n.a.	n.a.
6,001 - 7,000	1,120	233,129	43,274	276,403	8,093	1,749,345	272,624	2,021,969	711	202,708	24,288	226,996	6	1,738	220	1,958
7,001 - 8,000	1,757	339,116	68,222	407,338	9,393	1,938,684	327,844	2,266,528	1,138	290,970	40,260	331,230	12	3,506	506	4,012
8,001 - 9,000	5,145	781,139	191,400	972,539	15,820	2,887,691	550,418	3,438,109	7,981	1,571,893	280,544	1,852,437	10	7,535	418	7,953
9,001 - 10,000	4,856	668,547	187,066	855,613	18,593	3,365,997	663,608	4,029,605	5,357	1,039,953	191,576	1,231,529	12	3,124	484	3,608
10,001 - 11,000	3,939	451,733	156,618	608,351	16,201	2,789,394	596,486	3,385,880	3,270	604,956	121,418	726,374	16	4,384	704	5,088
11,001 - 12,000	4,594	428,647	184,888	613,535	14,705	2,246,447	550,638	2,797,085	3,195	558,225	121,176	679,401	17	3,342	660	4,002
12,001 - 13,000	4,495	322,653	182,138	504,791	14,999	2,151,777	570,460	2,722,237	2,978	474,250	114,004	588,254	21	4,933	748	5,681
13,001 - 14,000	2,413	374,609	94,248	468,857	13,458	2,789,013	520,652	3,309,665	2,960	506,854	115,280	622,134	19	4,683	792	5,475
14,001 - 15,000	1,162	149,267	45,584	194,851	13,961	2,851,036	544,918	3,395,954	2,398	350,955	94,886	445,841	11	2,028	462	2,490
15,001 - 16,000	1,173	122,226	46,310	168,536	11,820	2,130,104	465,080	2,595,184	2,262	301,321	90,640	391,961	14	3,112	594	3,706
16,001 - 17,000	1,111	94,476	43,340	137,816	11,263	1,743,408	444,686	2,188,094	1,706	213,849	68,046	281,895	12	2,283	484	2,767
17,001 - 18,000	817	66,641	31,482	98,123	9,469	1,436,124	377,806	1,813,930	1,488	210,279	60,368	270,647	16	2,385	660	3,045
18,001 - 19,000	308	47,287	11,990	59,277	6,969	1,206,655	279,818	1,486,473	865	166,797	35,398	202,195	8	1,369	330	1,699
19,001 - 20,000	325	41,896	12,760	54,656	6,178	925,574	246,928	1,172,502	781	130,547	32,076	162,623	17	2,569	682	3,251
Over 20,000	<u>1,152</u>	<u>112,905</u>	<u>44,704</u>	<u>157,609</u>	<u>35,997</u>	<u>4,291,000</u>	<u>1,472,086</u>	<u>5,763,086</u>	<u>4,566</u>	<u>651,013</u>	<u>188,430</u>	<u>839,443</u>	<u>125</u>	<u>17,209</u>	<u>5,280</u>	<u>22,489</u>
Totals	36,501	\$4,853,703	\$1,416,822	\$6,270,525	240,455	\$43,391,619	\$8,986,406	\$52,378,025	43,590	\$7,959,991	\$1,632,686	\$9,592,677	333	\$70,381	\$13,596	\$83,977
Average Credit		\$132.97	\$38.82	\$171.79		\$180.46	\$37.37	\$217.83		\$182.61	\$37.46	\$220.07		\$211.35	\$40.83	\$252.18

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

<sup>(2)</sup>Per Rule 205.1003, "n.a." was used to protect the confidentiality of filers in this income category. These filers were included in the total figure.

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

**Exhibit 36**  
**2016 Income Tax Collections by County**

<b>County</b>	<b>Property Tax Credits</b>	<b>Home Heating Credits</b>	<b>MI EITC Credits</b>	<b>Tax After Credits</b>	<b>Percent of Total Tax</b>
ALCONA	\$284,280	\$91,392	\$92,587	\$4,046,410	0.0%
ALGER	233,348	58,743	65,015	4,326,005	0.1%
ALLEGAN	5,211,296	498,019	945,354	76,417,520	0.9%
ALPENA	1,033,538	252,169	302,952	16,701,200	0.2%
ANTRIM	884,039	164,851	261,876	15,348,985	0.2%
ARENAC	730,707	122,639	157,727	6,735,629	0.1%
BARAGA	166,268	53,641	83,607	3,173,360	0.0%
BARRY	2,719,936	218,290	425,055	38,696,072	0.5%
BAY	6,561,391	790,321	1,106,346	64,472,802	0.8%
BENZIE	610,809	110,418	165,508	9,691,894	0.1%
BERRIEN	7,670,210	1,303,127	2,136,453	115,556,139	1.4%
BRANCH	2,492,184	251,686	500,264	20,644,252	0.3%
CALHOUN	7,614,240	1,014,335	1,698,188	78,681,681	1.0%
CASS	2,210,303	251,081	474,582	24,994,693	0.3%
CHARLEVOIX	1,201,278	163,915	274,655	22,047,979	0.3%
CHEBOYGAN	773,349	216,061	297,397	10,656,336	0.1%
CHIPPEWA	1,055,870	269,132	400,018	14,213,956	0.2%
CLARE	1,056,453	416,929	421,615	13,261,699	0.2%
CLINTON	3,184,463	203,101	381,638	53,539,630	0.7%
CRAWFORD	340,731	111,166	139,141	4,962,487	0.1%
DELTA	1,476,632	260,647	356,077	21,973,626	0.3%
DICKINSON	1,116,800	145,990	239,640	16,888,521	0.2%
EATON	6,662,981	466,993	961,792	87,485,584	1.1%
EMMET	1,517,472	183,335	332,821	32,869,701	0.4%
GENESEE	19,212,365	3,992,895	6,104,149	259,588,997	3.2%
GLADWIN	902,869	251,740	262,308	11,738,757	0.1%
GOGEBIC	456,487	165,554	150,499	7,219,662	0.1%
GRAND TRAVERSE	5,440,545	382,518	789,132	90,986,749	1.1%
GRATIOT	3,717,341	327,782	486,329	20,538,292	0.3%
HILLSDALE	2,347,042	390,131	520,779	24,009,183	0.3%
HOUGHTON	842,417	243,385	270,348	18,129,713	0.2%
HURON	8,456,780	236,871	306,836	14,210,431	0.2%
INGHAM	18,183,363	1,877,264	3,084,408	210,565,160	2.6%
IONIA	2,942,033	296,450	610,061	37,991,700	0.5%
IOSCO	779,624	240,722	296,385	10,765,314	0.1%
IRON	357,892	93,889	114,492	5,315,407	0.1%
ISABELLA	2,951,837	374,200	504,610	32,654,864	0.4%
JACKSON	7,262,825	1,120,053	1,758,120	101,295,535	1.2%
KALAMAZOO	14,532,435	1,525,652	2,503,457	219,132,632	2.7%
KALKASKA	\$520,434	133,131	\$230,485	\$9,161,326	0.1%
KENT	33,955,353	3,153,568	6,587,071	597,897,112	7.4%
KEWEENAW	37,429	14,184	14,968	1,048,831	0.0%
LAKE	367,740	164,252	129,603	2,724,166	0.0%

**Exhibit 36 (cont.)**

<b>County</b>	<b>Property Tax Credits</b>	<b>Home Heating Credits</b>	<b>MI EITC Credits</b>	<b>Tax After Credits</b>	<b>Percent of Total Tax</b>
LAPEER	3,048,281	404,992	775,462	62,100,869	0.8%
LEELANAU	639,277	58,872	102,451	16,393,236	0.2%
LENAWEE	7,108,520	536,159	988,602	56,021,368	0.7%
LIVINGSTON	6,030,030	332,140	754,110	184,959,149	2.3%
LUCE	77,340	53,672	57,687	2,590,327	0.0%
MACKINAC	356,806	88,507	106,898	5,689,623	0.1%
MACOMB	66,374,782	5,279,407	9,415,312	686,488,729	8.4%
MANISTEE	1,028,190	171,786	244,666	12,096,374	0.1%
MARQUETTE	2,190,238	325,568	474,321	42,322,844	0.5%
MASON	1,770,087	235,239	329,944	15,768,370	0.2%
MECOSTA	1,421,997	300,560	384,856	20,257,311	0.2%
MENOMINEE	791,502	148,127	208,121	12,907,881	0.2%
MIDLAND	3,473,619	453,059	640,955	84,652,834	1.0%
MISSAUKEE	1,190,055	120,059	152,720	5,240,708	0.1%
MONROE	5,682,384	582,656	1,184,670	105,985,358	1.3%
MONTCALM	3,542,833	527,988	784,063	31,868,749	0.4%
MONTMORENCY	292,529	91,510	110,458	3,817,735	0.0%
MUSKEGON	9,445,280	1,318,938	2,450,433	95,682,483	1.2%
NEWAYGO	2,026,279	356,535	486,234	21,437,987	0.3%
OAKLAND	64,034,803	4,285,423	7,920,518	1,770,781,432	21.8%
OCEANA	1,407,544	241,338	360,193	13,850,274	0.2%
OGEMAW	833,858	263,474	274,561	8,530,531	0.1%
ONTONAGON	168,469	51,486	43,758	2,508,908	0.0%
OSCEOLA	1,061,567	257,193	318,706	11,658,071	0.1%
OSCODA	138,400	69,648	80,358	2,717,621	0.0%
OTSEGO	855,822	176,724	287,705	13,829,413	0.2%
OTTAWA	13,777,562	759,759	1,945,693	268,685,208	3.3%
PRESQUE ISLE	477,227	144,467	141,186	6,377,981	0.1%
ROSCOMMON	939,352	248,687	285,119	10,354,503	0.1%
SAGINAW	10,427,624	1,892,193	2,671,125	110,088,246	1.4%
ST. CLAIR	8,012,558	1,013,860	1,658,350	113,915,935	1.4%
ST. JOSEPH	3,162,211	347,728	681,769	33,734,021	0.4%
SANILAC	3,872,062	359,233	475,066	19,394,841	0.2%
SCHOOLCRAFT	179,920	83,483	84,096	3,971,214	0.0%
SHIAWASSEE	4,045,311	467,801	765,169	45,839,321	0.6%
TUSCOLA	5,641,692	402,776	622,664	27,743,848	0.3%
VAN BUREN	4,151,663	620,713	956,623	50,002,500	0.6%
WASHTENAW	19,321,945	1,442,144	2,168,778	396,938,284	4.9%
WAYNE (excludes Detroit)	72,873,661	7,201,053	11,485,323	757,942,405	9.3%
WEXFORD	1,472,776	310,800	461,277	18,024,554	0.2%
OUTSIDE OF MICHIGAN	4,051,775	786,276	2,341,635	282,437,619	3.5%
DETROIT	<u>62,232,465</u>	<u>12,910,949</u>	<u>21,325,151</u>	<u>265,916,656</u>	<u>3.3%</u>
TOTAL	\$579,705,685	\$68,325,204	\$113,951,134	\$8,133,885,314	100.0%

Note: Home Heating Credit amounts include \$12,049,510 in supplemental credit.

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

## Exhibit 37 2016 Income Tax Data by County

County	2016	2016		Income Tax		Average		Average		Credits as a		Ratio of Property		Average	
	AGI	AGI	Rank	Before	Rank	Income Tax	Rank	Income Tax	Rank	Before	Rank	to 1040s Filed	Rank	Property Tax	Rank
	(Millions)			Credits		Before Credits		After Credits		% of Tax				Credit <sup>(1)</sup>	
ALCONA	\$188.0	\$41,536	72	\$4,577,830	75	\$1,012	80	\$894	79	11.6%	29	16.6%	69	\$380	74
ALGER	174.0	45,241	54	4,700,900	74	1,222	61	1,125	56	8.0%	67	15.5%	74	391	68
ALLEGAN	2,596.3	55,165	20	83,594,727	21	1,776	17	1,624	15	8.6%	64	19.1%	42	580	18
ALPENA	644.5	47,010	44	18,364,878	49	1,339	50	1,218	44	9.1%	57	20.0%	36	377	76
ANTRIM	595.2	53,737	22	16,802,653	52	1,517	30	1,386	26	8.7%	62	17.4%	63	458	48
ARENAC	267.8	42,583	68	7,771,664	68	1,236	58	1,071	60	13.3%	15	19.9%	37	584	17
BARAGA	139.0	42,777	66	3,497,028	78	1,076	74	976	70	9.3%	55	13.1%	81	389	69
BARRY	1,323.0	57,128	14	42,157,061	29	1,820	15	1,671	12	8.2%	65	18.5%	50	634	12
BAY	2,407.2	48,137	39	73,097,102	22	1,462	35	1,289	34	11.8%	26	24.0%	9	547	27
BENZIE	384.6	48,981	34	10,641,030	64	1,355	46	1,234	43	8.9%	58	18.6%	49	419	58
BERRIEN	4,189.3	56,721	16	129,119,312	11	1,748	19	1,565	20	10.5%	41	21.8%	19	477	46
BRANCH	813.2	45,491	52	24,125,859	42	1,350	49	1,155	50	14.4%	11	20.4%	32	683	8
CALHOUN	2,924.2	50,454	30	89,196,091	20	1,539	28	1,358	29	11.8%	27	24.1%	8	545	28
CASS	999.5	55,205	19	29,222,533	36	1,614	24	1,381	27	14.5%	10	17.8%	59	687	7
CHARLEVOIX	808.4	59,993	12	23,874,525	43	1,772	18	1,636	14	7.7%	69	19.1%	43	467	47
CHEBOYGAN	447.5	42,605	67	12,024,348	62	1,145	68	1,015	67	11.4%	32	20.0%	35	368	79
CHIPPEWA	649.6	42,332	69	16,084,244	53	1,048	77	926	76	11.6%	28	17.5%	62	393	67
CLARE	553.5	40,252	79	15,309,597	55	1,113	72	964	71	13.4%	14	18.5%	51	416	60
CLINTON	1,759.4	64,185	7	57,464,984	25	2,096	8	1,953	8	6.8%	74	17.7%	60	657	9
CRAWFORD	209.5	41,929	70	5,608,754	73	1,122	69	993	69	11.5%	30	18.7%	46	365	80
DELTA	831.7	47,767	41	24,237,079	40	1,392	43	1,262	38	9.3%	54	20.0%	34	423	57
DICKINSON	639.4	51,121	26	18,510,581	48	1,480	34	1,350	30	8.8%	60	20.5%	31	437	54
EATON	3,081.7	55,685	18	95,709,084	18	1,729	20	1,581	18	8.6%	63	21.5%	24	560	24
EMMET	1,132.2	61,294	11	35,113,199	34	1,901	12	1,779	11	6.4%	77	18.3%	54	448	50
GENESEE	9,554.3	50,570	29	289,537,733	6	1,532	29	1,374	28	10.3%	45	22.8%	12	446	51
GLADWIN	491.6	43,942	59	13,231,642	60	1,183	65	1,049	62	11.3%	34	19.4%	40	416	59
GOGEBIC	296.7	45,255	53	8,063,852	67	1,230	60	1,101	57	10.5%	43	18.6%	48	374	78
GRAND TRAVERSE	3,086.3	61,792	10	98,184,629	17	1,966	11	1,822	10	7.3%	71	20.9%	28	521	35
GRATIOT	811.2	46,154	47	25,130,208	38	1,430	38	1,169	49	18.3%	7	21.4%	25	987	4
HILLSDALE	911.2	45,724	49	27,633,371	37	1,387	44	1,205	46	13.1%	18	18.4%	53	639	11
HOUGHTON	679.3	45,637	50	19,671,207	47	1,322	53	1,218	45	7.8%	68	14.9%	77	379	75
HURON	763.3	47,064	43	23,304,396	44	1,437	37	876	81	39.0%	1	26.4%	3	1,977	1
INGHAM	7,335.1	57,077	15	234,583,981	9	1,825	14	1,638	13	10.2%	46	25.6%	5	552	26
IONIA	1,324.9	49,281	33	41,907,153	30	1,559	26	1,413	24	9.3%	53	17.7%	61	620	13
IOSCO	485.6	40,368	78	12,122,334	61	1,008	81	895	78	11.2%	35	17.0%	67	382	72
IRON	222.5	41,879	71	5,957,232	72	1,121	70	1,000	68	10.8%	39	17.1%	66	394	66
ISABELLA	1,248.1	50,608	28	36,684,350	33	1,487	33	1,324	33	11.0%	36	21.1%	26	568	21
JACKSON	3,590.1	52,100	24	111,781,592	15	1,622	23	1,470	22	9.4%	51	21.8%	18	483	41
KALAMAZOO	7,336.9	63,846	9	238,580,388	8	2,076	9	1,907	9	8.2%	66	23.8%	10	532	30
KALKASKA	349.8	43,540	62	10,113,870	65	1,259	57	1,140	54	9.4%	50	17.2%	65	377	77
KENT	19,540.5	63,988	8	643,533,253	4	2,107	6	1,958	7	7.1%	72	22.3%	14	498	39
KEWEENAW	44.5	48,928	35	1,120,648	83	1,233	59	1,154	52	6.4%	76	10.0%	83	411	61
LAKE	133.0	36,945	83	3,398,015	79	944	82	757	83	19.8%	4	26.4%	2	387	71
LAPEER	2,097.8	54,214	21	66,489,280	24	1,718	21	1,605	17	6.6%	75	16.4%	71	480	44

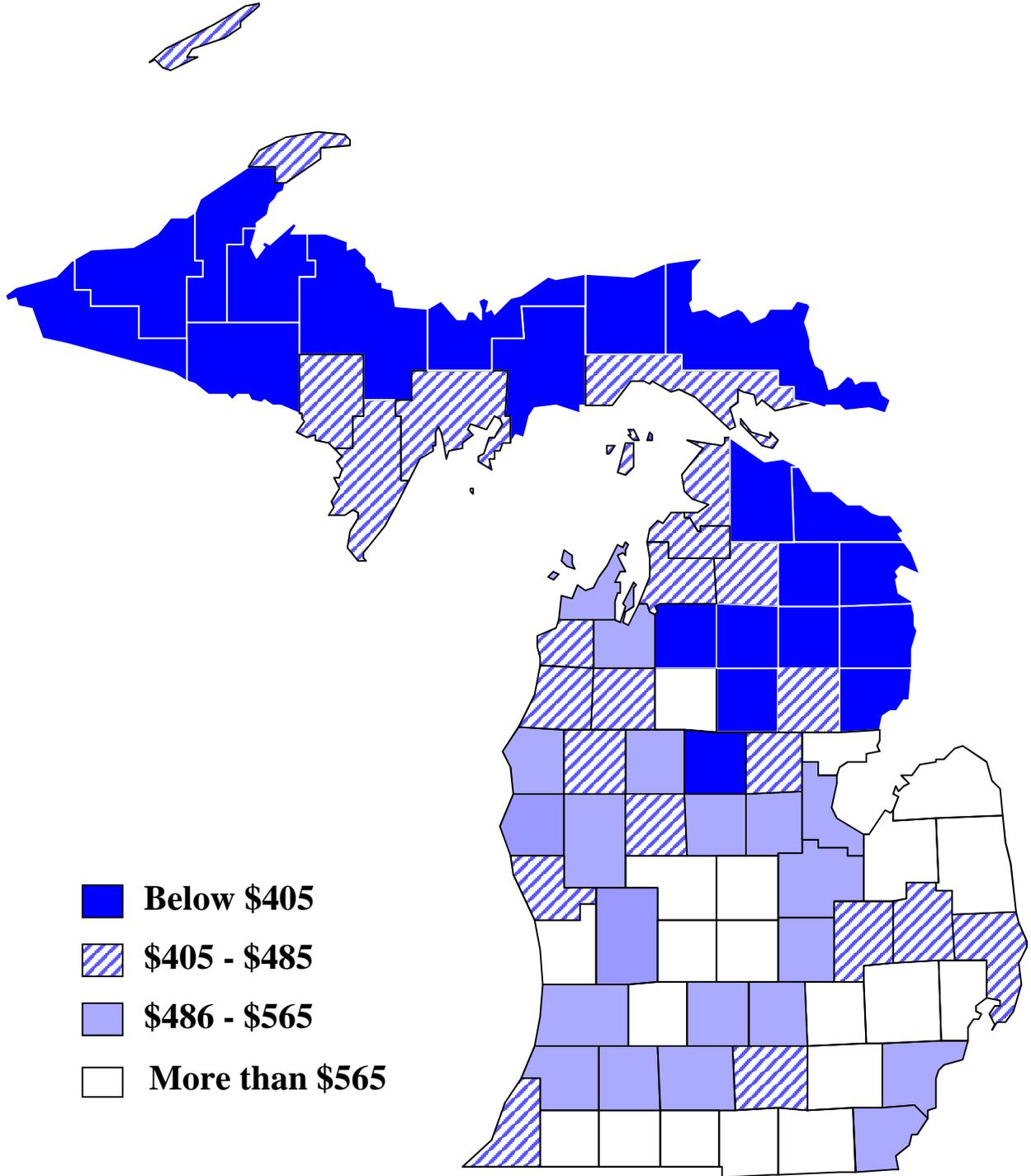
**Exhibit 37 (cont.)**

<u>County</u>	<u>2016</u>	<u>2016</u>	<u>Income Tax</u>		<u>Average</u>			<u>Average</u>			<u>Credits as a</u>		<u>Ratio of Property</u>		<u>Average</u>		
	<u>AGI</u>	<u>Average</u>	<u>Rank</u>	<u>Before</u>	<u>Rank</u>	<u>Income Tax</u>	<u>Rank</u>	<u>Income Tax</u>	<u>Rank</u>	<u>Before</u>	<u>Rank</u>	<u>% of Tax</u>	<u>Rank</u>	<u>to 1040s Filed</u>	<u>Rank</u>	<u>Property Tax</u>	<u>Rank</u>
	<u>(Millions)</u>	<u>AGI</u>		<u>Credits</u>		<u>Before</u>		<u>After</u>		<u>Credits</u>		<u>Before</u>		<u>Credit</u> <sup>(1)</sup>			
LEELANAU	\$593.3	\$71,744	5	\$17,339,962	51	\$2,097	7	\$1,982	6	5.5%	80	15.0%	76	\$514	37		
LENAWEE	2,193.4	49,467	32	66,574,681	23	1,501	31	1,263	37	15.9%	8	23.2%	11	691	6		
LIVINGSTON	5,738.0	75,472	3	192,865,028	10	2,537	3	2,433	3	4.1%	83	14.0%	79	566	22		
LUCE	104.0	42,839	65	2,799,888	82	1,154	67	1,067	61	7.5%	70	10.7%	82	297	83		
MACKINAC	245.5	45,090	55	6,317,578	71	1,160	66	1,045	63	9.9%	47	15.3%	75	428	56		
MACOMB	23,808.3	55,702	17	769,132,810	3	1,799	16	1,606	16	10.7%	40	25.5%	6	609	15		
MANISTEE	497.9	44,538	58	13,580,918	58	1,215	62	1,082	58	10.9%	37	20.9%	30	441	53		
MARQUETTE	1,538.4	52,401	23	45,540,614	28	1,551	27	1,442	23	7.1%	73	18.5%	52	404	63		
MASON	621.2	46,145	48	18,175,093	50	1,350	48	1,171	48	13.2%	17	24.8%	7	529	32		
MECOSTA	774.3	48,035	40	22,480,400	45	1,395	42	1,257	39	9.9%	48	18.3%	55	482	42		
MENOMINEE	505.0	48,591	37	14,143,323	57	1,361	45	1,242	41	8.7%	61	16.7%	68	456	49		
MIDLAND	2,720.6	72,729	4	89,517,333	19	2,393	4	2,263	4	5.4%	81	19.0%	45	489	40		
MISSAUKEE	226.5	40,595	77	6,719,746	70	1,204	63	939	74	22.0%	3	19.7%	39	1085	2		
MONROE	3,953.4	58,384	13	124,439,901	14	1,838	13	1,565	19	14.8%	9	16.2%	72	518	36		
MONTCALM	1,218.1	43,499	63	36,809,862	32	1,314	54	1,138	55	13.4%	13	22.1%	17	573	20		
MONTMORENCY	181.6	38,844	80	4,353,341	77	931	83	817	82	12.3%	22	16.4%	70	380	73		
MUSKEGON	3,542.6	46,338	46	109,095,414	16	1,427	39	1,252	40	12.3%	23	25.8%	4	479	45		
NEWAYGO	808.7	44,857	56	24,429,319	39	1,355	47	1,189	47	12.2%	24	22.3%	15	505	38		
OAKLAND	53,752.0	90,440	1	1,856,169,010	1	3,123	1	2,979	1	4.6%	82	17.4%	64	620	14		
OCEANA	548.2	45,506	51	15,977,896	54	1,326	52	1,150	53	13.3%	16	21.0%	27	557	25		
OGEMAW	359.2	38,157	82	9,955,296	66	1,057	76	906	77	14.3%	12	19.9%	38	445	52		
ONTONAGON	110.2	41,199	74	2,801,810	81	1,047	78	938	75	10.5%	44	15.9%	73	396	64		
OSCEOLA	461.6	41,171	75	13,350,629	59	1,191	64	1,040	65	12.7%	21	18.1%	57	523	34		
OSCODA	108.9	38,328	81	3,013,155	80	1,061	75	957	73	9.8%	49	14.2%	78	343	82		
OTSEGO	516.1	47,243	42	15,237,376	56	1,395	41	1,266	36	9.2%	56	19.3%	41	405	62		
OTTAWA	8,653.8	65,517	6	286,000,109	7	2,165	5	2,034	5	6.1%	79	18.0%	58	579	19		
PRESQUE ISLE	272.9	41,201	73	7,192,946	69	1,086	73	963	72	11.3%	33	18.2%	56	396	65		
ROSCOMMON	474.5	40,891	76	11,885,006	63	1,024	79	892	80	12.9%	20	20.9%	29	388	70		
SAGINAW	4,181.5	48,573	38	125,317,422	12	1,456	36	1,279	35	12.2%	25	22.8%	13	532	31		
ST. CLAIR	3,963.0	51,757	25	125,017,106	13	1,633	22	1,488	21	8.9%	59	21.7%	21	482	43		
ST. JOSEPH	1,279.1	46,842	45	38,806,924	31	1,421	40	1,235	42	13.1%	19	19.0%	44	609	16		
SANILAC	805.8	43,407	64	24,182,791	41	1,303	55	1,045	64	19.8%	5	21.7%	22	963	5		
SCHOOLCRAFT	171.6	43,891	60	4,382,291	76	1,121	71	1,016	66	9.4%	52	13.3%	80	347	81		
SHIAWASSEE	1,676.9	48,843	36	51,200,624	27	1,491	32	1,335	31	10.5%	42	21.8%	20	541	29		
TUSCOLA	1,155.2	44,700	57	34,486,365	35	1,334	51	1,074	59	19.6%	6	20.3%	33	1077	3		
VAN BUREN	1,794.1	50,692	27	56,053,881	26	1,584	25	1,413	25	10.8%	38	22.2%	16	528	33		
WASHTENAW	12,471.4	78,443	2	423,651,352	5	2,665	2	2,497	2	6.3%	78	18.7%	47	651	10		
WAYNE (including Detroit)	38,680.5	50,122	31	1,581,301,523	2	2,049	10	1,327	32	35.3%	2	31.1%	1	564	23		
WEXFORD	682.7	43,712	61	20,343,779	46	1,303	56	1,154	51	11.4%	31	21.7%	23	435	55		
OUTSIDE MICHIGAN	71,017.0	328,082		293,247,949		1,355		1,305		3.7%		3.4%		545			
DETROIT	12,222.3	39,110		364,067,653		1,165		851		27.0%		38.8%		513			
<b>TOTALS</b>	<b>\$340,468.7</b>	<b>\$71,863</b>		<b>\$9,402,369,493</b>		<b>\$1,985</b>		<b>\$1,717</b>		<b>13.5%</b>		<b>21.7%</b>		<b>\$563</b>			

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



**Exhibit 39**  
**Average Property Tax Credits by County**  
**2016**



**Exhibit 40**  
**Average Annual Individual Income Tax Rates**

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
1968	2.60%	1993	4.60%
1969	2.60%	1994	4.47%
1970	2.60%	1995	4.40%
1971	3.14%	1996	4.40%
1972	3.90%	1997	4.40%
1973	3.90%	1998	4.40%
1974	3.90%	1999	4.40%
1975	4.37%	2000	4.20%
1976	4.60%	2001	4.20%
1977	4.60%	2002	4.10%
1978	4.60%	2003	4.00%
1979	4.60%	2004	3.95%
1980	4.60%	2005	3.90%
1981	4.60%	2006	3.90%
1982	5.10%	2007	4.01%
1983	6.35%	2008	4.35%
1984	5.85%	2009	4.35%
1985	5.33%	2010	4.35%
1986	4.60%	2011	4.35%
1987	4.60%	2012	4.33%
1988	4.60%	2013	4.25%
1989	4.60%	2014	4.25%
1990	4.60%	2015	4.25%
1991	4.60%	2016	4.25%
1992	4.60%	2017	4.25%

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

## **XII. APPENDIX A**

## **FEDERAL TAX LAW CHANGES<sup>9</sup> (from 2010 through 2015)**

### **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.

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 2011 through 2012.

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**

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.

### **2012**

A number of provisions were set to expire in 2012, but were extended as follows:

- The above-the-line \$250 deduction for qualified out-of-pocket classroom expenses incurred by certain teachers and other elementary and secondary school professionals was extended to taxable year 2013;
- The exclusion from employee's income of qualified transportation fringe benefits received from employer provided transit passes and vanpooling and other qualified parking benefits was extended to taxable year 2013, where the maximum benefit exclusion limits were increased to \$240 per month in 2012 and \$245 per month in 2013;

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<sup>9</sup> For federal legislative changes from 1987 through 2010, see reports listed below and found at [http://www.michigan.gov/treasury/0,4679,7-121-44402\\_44404\\_44406\\_44410\\_65751---,00.html](http://www.michigan.gov/treasury/0,4679,7-121-44402_44404_44406_44410_65751---,00.html).

. For years 1987 – 2000: Office of Revenue and Tax Analysis, *Individual Income Tax 2007*, June 2009; and

. For years 2001 – 2010: see Office of Revenue and Tax Analysis, *Individual Income Tax 2014*, October 2016.

- The above-the-line deduction of up to \$4,000 for qualified higher education expenses incurred and paid by qualified taxpayer during the taxable year under qualified circumstances was extended to taxable year 2013;
- The exclusion from gross income of otherwise taxable distributions from traditional or Roth IRA made directly to a qualified charitable organization was extended to taxable year 2013, where special transition rules enable taxpayers to have amounts distributed after November 2012 and donated before February 2013 to be treated as qualified charitable distribution for 2012;
- The exclusion from gross receipts of qualified discharges of indebtedness on principal residence of up to \$2 million (\$1 million per spouse, if married filing separately) was extended to apply for indebtedness discharged in 2013;
- The placed-in-service deadline for certain longer-lived and transportation property eligible to the additional first-year depreciation deduction of 50 percent of the adjusted basis was extended to calendar year 2014;
- The annual expensing and investment limits for qualified property (including off-the-shelf computer software and certain real property) was extended to apply to placed-in-service property in taxable years beginning in 2012 and 2013;
- The immediate expense of 50 percent of the cost of qualified underground mine safety equipment that is above and beyond existing safety equipment requirements was extended to taxable year 2013;
- The election to deduct up to \$15 million (\$20 million for productions in certain areas) of the aggregate costs of any qualifying film and television production in the year in which the expenses are incurred, in lieu of capitalizing the cost and recovering it through depreciation allowances was extended to apply to qualified film and television productions commencing in 2012 and 2013;
- The domestic production activities deduction for activities in Puerto Rico provision was extended to apply from the first six taxable years of a taxpayer beginning in 2004 and before 2012 to the first eight taxable years of a taxpayers beginning after 2004 and before 2014;
- The exclusion of 100 percent gain realized on certain small business stock held by an individual for more than five years was extended to apply to qualified small business stocks issued in 2012 and 2013;
- The reduced recognition period of five-years (instead of ten) used by C corporations who convert to S corporation status, and is used as a basis to calculate net recognized built-in gain of the S corporation that arose prior to the status conversion was extended to apply to dispositions of property in taxable years beginning in 2012 and 2013.

In 2012, current or former employees who were participants in qualified defined benefit pension plan terminated by a commercial airline carrier are allowed to contribute any portion of a payment received from the carrier (under qualified Federal bankruptcy court order) not only to a Roth Individual Retirement Account (IRA) within 180 days of receipt of such amount per previous law, but also to a traditional IRA under new law. All or part of such payments not rolled over into a Roth IRA under prior law (including earnings) may be rolled over to a traditional ITA within 180 days of the receipt of the payment or, if later, within 180 days of February 14, 2012. Individuals making a rollover contribution to a traditional IRA may exclude the amount contributed from gross income in the taxable year in which the airline payment was made to the employee.

After July 6, 2012 and before January 2022, excess pension assets transferred by employers from a defined benefit plan covered by ERISA to a retiree life insurance account within the plan are not includable in the gross income of the employer.

## **2013**

Starting in 2013, individuals joining the Federal work force will increase their contributions to the federal defined benefit retirement plans by 2.3 percentage points.

After December 2013, and before January 2022, excess assets transferred by employers from a defined benefit plan covered by ERISA to a retiree medical account within the plan are not includable in the gross income of the employer.

Besides the changes above, a number of provisions that were set to expire in 2013 were extended. The provisions extended are as follows:

- The above-the-line \$250 deduction for qualified out-of-pocket classroom expenses incurred by certain teachers and other elementary and secondary school professionals was extended to taxable year 2014;
- The exclusion from employee's income of qualified transportation fringe benefits received from employer provided transit passes and vanpooling and other qualified parking benefits was extended to taxable year 2014, where the maximum benefit exclusion limits were increased from \$245 per month in 2013 to \$250 per month in 2014;
- The above-the-line deduction of up to \$4,000 for qualified higher education expenses incurred and paid by qualified taxpayer during the taxable year under qualified circumstances was extended to taxable year 2014;
- The exclusion from gross income of otherwise taxable distributions from traditional or Roth IRA made directly to a qualified charitable organization was extended to taxable year 2014, where special transition rules enable taxpayers to have amounts distributed after December 31, 2013 and donated before January 1, 2015 to be treated as qualified charitable distribution for 2014;
- The exclusion from gross receipts of qualified discharges of indebtedness on principal residence of up to \$2 million (\$1 million per spouse, if married filing separately) was extended to apply for indebtedness discharged in 2014;
- The placed-in-service deadline for certain longer-lived and transportation property eligible to the additional first-year depreciation deduction of 50 percent of the adjusted basis was extended through 2015;
- The annual expensing and investment limits for qualified property (including off-the-shelf computer software and certain real property) was extended to apply to placed-in-service property in taxable years beginning in 2014;
- The immediate expensing of 50 percent of the cost of qualified underground mine safety equipment that is above and beyond existing safety equipment requirements was extended to taxable year 2014;
- The election to deduct up to \$15 million (\$20 million for productions in certain areas) of the aggregate costs of any qualifying film and television production in the year in which the expenses are incurred, in lieu of capitalizing the cost and recovering it through

depreciation allowances was extended to apply to qualified film and television productions commencing in 2014;

- The domestic production activities deduction for activities in Puerto Rico provision was extended to apply for the first nine taxable years of a taxpayer beginning after 2005 and before 2015;
- The exclusion of 100 percent gain realized on certain small business stock held by an individual for more than five years was extended to apply to qualified small business stocks issued in 2014;
- The reduced recognition period of five-years (instead of ten) used by C corporations who convert to S corporation status, and is used as a basis to calculate net recognized built-in gain of the S corporation that arose prior to the status conversion was extended to apply to dispositions of property in taxable years beginning in 2014;
- The additional first-year depreciation deduction, equal to 50 percent of the adjusted basis of qualified second generation biofuel plant property for one year was extended, to apply to such property placed in service in 2014;
- The accelerated depreciation for qualified business property used in the active conduct of a trade or business within an Indian reservation was extended for one year, through December 2014.

## **2014**

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 2011.

## **2015**

Payments received under a comprehensive student work-learning-service program operated by a work college; or civil damages, restitution, or other monetary awards received by a taxpayer as compensation for a wrongful incarceration are no longer included in gross income. Also, the definition of qualified higher education expenses eligible for tax-preferred distributions from a qualified tuition program was expanded.

Several provisions that were set to expire were extended or made permanent in 2015. They are:

- The above-the-line \$250 deduction for qualified out-of-pocket classroom expenses was made permanent and the amount was annually indexed. The deduction was also expanded to apply to professional development expenses incurred after 2015;
- The exclusion from employee's income of qualified transportation fringe benefits received from employer provided transit passes and vanpooling and other qualified parking benefits was made permanent;
- The above-the-line deduction of up to \$4,000 for qualified higher education was extended to taxable year 2016;
- The exclusion from gross income of otherwise taxable distributions from traditional or Roth IRA made directly to a qualified charitable organization was made permanent in 2015;

- The exclusion from gross receipts of qualified discharges of indebtedness on principal residence of up to \$2 million was extended to apply for indebtedness discharged in 2015, and 2016;
- The placed-in-service deadline for certain longer-lived and transportation property eligible to the additional first-year depreciation deduction of 50 percent of the adjusted basis was extended through 2019;
- The annual expensing and investment limits for qualified property was made permanent in 2015. The \$250,000 cap on annual expensing was eliminated, and both the \$500,000 and \$2 million amounts were indexed annually for inflation starting in 2016. Qualifying property definition was expanded to include air conditioning and heating units;
- The immediate expensing of 50 percent of the cost of qualified underground mine safety equipment that is above and beyond existing safety equipment requirements was extended to taxable year 2016;
- The election to deduct up to \$15 million (\$20 million for productions in certain areas) of the aggregate costs of any qualifying film and television production was extended to apply to qualified film and television productions commencing before 2017. The provision was also extended to include qualified live theatrical productions;
- The domestic production activities deduction for activities in Puerto Rico was extended to apply for the first nine taxable years of a taxpayer beginning before 2017;
- The exclusion of 100 percent gain realized on certain small business stock held by an individual for more than five years was made permanent in 2015;
- The reduced recognition period of five-years (instead of ten) used by C corporations who convert to S corporation status, and is used as a basis to calculate net recognized built-in gain of the S corporation that arose prior to the status conversion was made permanent for any disposition of property in taxable year 2015 or after;
- The additional first-year depreciation deduction, equal to 50 percent of the adjusted basis of qualified second generation biofuel plant property for one year was extended, to apply to such property placed in service in 2016;
- The accelerated depreciation for qualified business property used in the active conduct of a trade or business within an Indian reservation was extended to 2016. After 2016, qualified taxpayers also may elect out of the accelerated depreciation rules.

## MICHIGAN PERSONAL INCOME TAX LEGISLATIVE HISTORY (1967 – 2015)<sup>10</sup>

### 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.

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<sup>10</sup> Source for Public Acts from 1967 through 1994 from Michigan House Fiscal Agency, *State of Michigan: The Income Tax*, April 1999. The report can be found at [http://www.house.mi.gov/hfa/Archives/PDF/inco\\_tax.pdf](http://www.house.mi.gov/hfa/Archives/PDF/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 agreements<sup>11</sup> with the Michigan Department of Treasury to deduct all non-business 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.

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<sup>11</sup> 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 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.

## **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.

**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, 2012, 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 2011, 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**

**PA 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.

**PA 143** 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 2011.

**PA 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.

**PA 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.

**PA 287** established two new credits: 1) a new refundable credit, effective for tax years 2009 through 2012, 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 2012, 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)).

**PA 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.

**PA 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.

**PA 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.

**PA 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**

**PA 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 2011 tax year and each subsequent tax year.

**PA 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.

## **2010**

**PA 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.

**PA 214** allowed 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 2011 and 2012.

**PA 235** created 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.

**PA 346 and 347** allowed taxpayers to contribute towards the newly created Girl Scouts of Michigan Fund via a checkoff on the income tax form, starting in tax year 2012.

## **2011**

**PA 38** adjusted the income tax rate for future years, eliminated and reduced several exemptions, deductions, and tax credits, and imposed 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 2012; 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. Total household resources replace household income as the definition of income for determining income eligibility for the credit. Business losses no longer offset other income for purpose of calculating total household resources, unlike the calculation of household income<sup>12</sup>.

PA 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 1952<sup>13</sup>.

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 2012. New and updated requirements for flow-through income withholding were also implemented by the new law.

**PAs 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.

**PAs 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 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

**PAs 172, 174, 177, 178 and 180** clarified portions of the individual income tax and correct certain technical issues that were identified or had arisen since the passage of PA 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.

**PAs 188 and 192 through 194** corrected and clarified the withholding provisions in the Income Tax Act. They amended provisions related to withholding from pension and retirement benefits and income from flow-through entities.

**PA 273** allowed 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

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<sup>12</sup> A chart with detailed information on differences between AGI, taxable income, total household resources, and household income can be found at [https://www.michigan.gov/documents/taxes/CC-41011\\_608354\\_7.pdf](https://www.michigan.gov/documents/taxes/CC-41011_608354_7.pdf)

<sup>13</sup> 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](http://www.michigan.gov/documents/taxes/Tax_Change_Summaries_-_Retirement_Exemptions_359799_7.pdf)

eligibility for the homestead property tax credit (effective 2012, credit only applies to homesteads with a taxable value up to \$135,000).

**PA 314** restored 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.

## **2012**

**PA 211** amended the Revenue Act to provide that filing a return includes filing a combined, consolidated, composite return regardless of whether any tax was paid or the taxpayer reported any amount in the tax line including zero. Once the return is filed, the 4-year period of review under the general statute of limitations begins. The Public Act was applied retroactively and took effect for all tax years open under the statute of limitations.

**PA 217** provided withholding exemption for a flow-through entity on any member that elects to be taxed under the Michigan Business Tax. The Act also allowed a corporate member of a flow-through entity to exempt that flow-through entity from the withholding requirements by filing an exemption certificate with the Department of Treasury, and providing a copy to the flow-through entity.

**PA 223** reduced the income tax rate for individuals and trusts to 4.25 percent, effective October 1, 2012. The income tax rate for individuals and trusts was previously scheduled to be reduced to 4.25 percent on January 1, 2013. A lower income tax rate reduces the revenue loss from tax deductions and exemptions.

**PA 224** created an alternative calculation of the personal exemption amount. The taxpayer would be allowed the greater of the new calculation or the personal exemption in existing law. The new exemption amount would be \$3,950, beginning October 1, 2012, and before January 1, 2014. On and after January 1, 2014, the alternative exemption amount is \$4,000. The Public Act allows for the exemption for tax year 2012 to be annualized, resulting in an exemption amount of \$3,763 for calendar-year filers. This is greater than the \$3,700 exemption allowed under law prior to PA 224.

**PA 394** amended the City Income Tax Act to set the tax rates for a city of more than 600,000 at 2.4 percent on residents and 1.2 percent on non-residents beginning January 1, 2013. The rates would remain at those levels until the January 1 after all bonds, obligations, and other evidence of indebtedness issued by a lighting authority have been fully paid at which time the rates would be reduced to 2.2 percent on residents and 1.1 percent on non-residents.

**PA 414** eliminated both the individual and corporate income taxes on income derived from minerals, effective for the 2013 tax year.

**PA 597** exempted retirement or pension benefits received for services in the Michigan National Guard, effective January 1, 2012. The Public Act also increased the allowable deduction for retirement or pension benefits received by taxpayers through employment with a governmental agency that was not covered by the Social Security Act. The allowable deduction for taxpayers

born in 1946 through 1952 was increased by up to \$15,000 for each taxpayer receiving such benefits, effective January 1, 2013. Beginning in 2015, taxpayers who were born after 1952, have reached 62 years of age, and are receiving benefits from employment with governmental agency that was not covered under the Social Security Act would be eligible to deduct up to \$15,000 of those benefits.

## **2013**

**PA 15** allowed a flow-through entity to avoid withholding on the distributive share of business income for a member other than a non-resident individual if the member submits an exemption certificate to the flow-through entity. Previously, only corporate members could elect to avoid withholding on the distributive share of business income.

**PAs 88 and 90** created the Michigan Alzheimer's Association Fund and a new checkoff on the 2013 income tax return for the new fund. Contributions to this fund will be used to benefit the programs and services for unpaid caregivers of individuals with Alzheimer's disease provided by the Greater Michigan Chapter and the Michigan Great Lakes Chapter of the Alzheimer's Association.

**PAs 89 and 90** created the ALS of Michigan ('Lou Gehrig's disease') Fund and instituted a new checkoff on the 2013 income tax return for the newly established fund. Contributions to this fund will provide funds for donation to ALS of Michigan to support research to find a cure for ALS (amyotrophic lateral sclerosis), to provide services to patients and their families through a variety of programs, and to support clinics in Michigan that provide a multidisciplinary approach to caring for people with ALS.

**PAs 91 and 92** created the Michigan Amber Alert Fund, and instituted a new checkoff on the 2013 income tax return for the fund. Contributions to this fund will support maintenance, operation, and administration of the Michigan Amber Alert Plan.

**PA 133** amended the Revenue Act to require additional interest to be paid on refunds claimed by individuals, estates, or trusts under the Income Tax Act, if certain conditions are met. The additional interest of 3 percent per year would be due if an eligible refund is paid after May 1, for returns received on or before March 1, or if a refund is paid more than 60 days from the date the return was received if received after March 1. To be eligible for the additional interest a return would have to be generally free from errors and be complete when originally filed.

**PA 206** treated all blind filers of the homestead property tax credit the same as taxpayers who are classified as disabled. Prior to the passage of the Public Act, blind claimants over the age of 65 were classified as senior citizens and not disabled, and thus eligible for a less generous calculation of the homestead property tax credit if the claimant's total household resources were over \$21,000.

## **2014**

**PA 240** amended the Revenue Act to create an "offer-in-compromise" program within the Department of Treasury. Under the program, the State Treasurer or authorized representative can

“compromise” all or any part of any payment of a tax subject to administration under the Revenue Act, including any related penalties and interest, if certain conditions exist, as prescribed by law.

**PA 523** amended the Income Tax Act to require that an owner of property weatherized under MCL 206.527a must contribute at least 25 percent of the total cost of the weatherization services, unless the owner was also eligible for weatherization assistance or was a nonprofit organization, governmental agency, or municipal corporations. The Act also revised the determination of the amount used for weatherization, which impacts the amount available for the home heating credit. For fiscal years 2015 through 2017, the amount used for weatherization would be subject to the following limits:

- at least \$6 million, if the total Federal appropriation of Low Income Home Energy Assistance Program (LIHEAP) block grant received for the current fiscal year was 90 percent or more than the amount of block grant funds received in the prior fiscal year; or
- at least \$5 million, if the total LIHEAP block grant received for the current fiscal year was less than 90 percent of the amount received in the prior fiscal year; and
- up to a maximum of 15% of the total LIHEAP block grant funds received in the current fiscal year.

## **2015**

**PA 160** created the Michigan Achieving a Better Life Experience (ABLE) Program Act, and allowed individuals to open an ABLE savings account to pay qualified disability expenses of a designated beneficiary. The maximum account balance limit for an ABLE account could not exceed the maximum allowed for an education savings account. Also, contributions, earnings, and distributions from an ABLE account for qualified disability expenses are disregarded in a determination of eligibility to receive, or the amount of, any assistance program offered by the State that requires consideration of the financial circumstances of an individual for any period during which the individual maintained contributed to, or received distributions from his or her ABLE savings account. The Act was tie-barred to PAs 161 and 163.

**PA 161** allowed taxpayers to deduct from taxable income, to the extent not deducted from adjusted gross income, contributions made less qualified withdrawals made in the tax year from an ABLE savings account, not to exceed \$5,000 (single filer) or \$10,000 (married, filed jointly) per tax year. The Act was tie-barred to PAs 160 and 163.

**PA 163** amended the Michigan Education Savings Program Act to increase the maximum account balance limit for an education savings account from \$235,000 to \$500,000. The Act was tie-barred to PAs 160 and 161.

**PA 179** provided for earmarked revenue to the Michigan Transportation Fund (MTF), and revised the Homestead Property Tax credit. From the amounts of revenue collected under the Individual Income Tax, the following amounts are to be deposited into the State Treasury to the credit of the MTF: \$150.0 million during fiscal year 2019; \$325.0 million during fiscal year 2020, and \$600.0 million thereafter. The amounts credited to the MTF are further to be distributed to the State Trunkline Fund (39.1 percent); county road commissions (30.1 percent); and cities and villages (21.8 percent). The Act was tie-barred to PA 180.

The Act provided several changes to the homestead property tax credit by making more filers eligible for a larger credit. It increased the maximum credit from \$1,200 per year to \$1,500 effective tax year 2018, and indexed the maximum credit amount to the increase in the US CPI of the previous calendar year starting in tax year 2021 (where the adjustment is rounded to the nearest \$100 increment). The Act also increased the amount of household resources above which the credit is phased out from \$41,000 to \$51,000 beginning in tax year 2018. Starting in tax year 2021, that amount is indexed to the US CPI for that year, and rounded to the nearest \$100 increment. Starting in tax year 2018, the credit for homeowners is to be based on property taxes that exceed 3.2 percent (rather than 3.5 percent) of total household resources, while the credit for filers who rent or lease a homestead is to be based on 23 percent (rather than 20 percent) of gross rent paid. The taxable value amount of the homestead eligible for the credit, currently \$135,000, is also indexed to the US CPI for the previous year and rounded to the nearest \$100 increment starting in tax year 2021.

**PA 180** reduces the individual income tax rate for a tax year beginning on or after January 2023 if the percentage increase in General Fund/General Purpose revenue from the prior fiscal year exceeds 1.425 times a positive inflation rate for the same period. The Act was tie-barred to PA 179.

**MICHIGAN INCOME TAX REQUIREMENTS  
(1967 – 2017)**

<b><u>General MI-IIT Information:</u></b>	<b><u>MCL Section</u></b>	<b><u>TY 1967</u></b>	<b><u>TY 1968</u></b>	<b><u>TY 1969</u></b>	<b><u>TY 1970</u></b>	<b><u>TY 1971</u></b>	<b><u>TY 1972</u></b>	<b><u>TY 1973</u></b>	<b><u>TY 1974</u></b>	<b><u>TY 1975</u></b>	<b><u>TY 1976</u></b>	<b><u>TY 1977</u></b>
. IRC compliance (*)	206.12(3)	1954 IRC	1954 IRC	1954 IRC	1969 IRC	1970 IRC	1976 IRC	1976 IRC				
. Exemption from MI - IIT:	206.201	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	GI	GI	GI	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					
. Liability Threshold for Estimated Pmt	(3)	206.301	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
. Tax Rate	206.51(1), 51(b)-51(h)	2.60%	2.60%	2.60%	2.60%	3.14%	3.90%	3.90%	3.90%	4.37%	4.60%	4.60%
<b><u>Exemptions Amounts:</u></b>												
. Personal Exemption:	206.30(2), 30a	\$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)	No	Yes	Yes	Yes						
. Para/Hemi/Quadriplegic (**)(***)	206.30(3)	n.a.	\$1,500	\$1,500	\$1,500							

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

<b>General MI-IIT Information:</b>		<b>MCL Section</b>	<b>TY 1978</b>	<b>TY 1979</b>	<b>TY 1980</b>	<b>TY 1981</b>	<b>TY 1982</b>	<b>TY 1983</b>	<b>TY 1984</b>	<b>TY 1985</b>	<b>TY 1986</b>	<b>TY 1987</b>	<b>TY 1988</b>
. 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										
. 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	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	\$1,600	\$1,800
		Joint Return	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,200	\$3,600
. Reciprocity States			IN, WI, KY, IL, OH	IN, WI, KY, IL, OH, MN									
. Liability Threshold for Estimated Pmt	(3)	206.301	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$500	\$500
. Use Tax Return in MI-1040 Booklet			n.a.	n.a.	n.a.	n.a.	n.a.	Yes	Yes	No	No	Yes	Yes
. Tax Rate		206.51(1), 51(b)-51(h)	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), 30a	\$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)	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.	\$1,400	\$1,200								
. Blind (***)		206.30(3)	n.a.	\$1,400	\$1,200								
. Deaf (****)		206.30(3)	n.a.	\$1,500	\$1,500	\$1,400	\$1,200						
. Senior (#)		206.30(3)	n.a.	\$1,400	\$1,200								
. Unemployed (#)		206.30(3)	n.a.	\$1,400	\$1,200								
. Claimed as Dependent		206.30(4)	n.a.	\$500									

## MICHIGAN INCOME TAX REQUIREMENTS (cont.)

<b><u>General MI-IIT Information:</u></b>	<b><u>MCL Section</u></b>	<b><u>TY 1989</u></b>	<b><u>TY 1990</u></b>	<b><u>TY 1991</u></b>	<b><u>TY 1992</u></b>	<b><u>TY 1993</u></b>	<b><u>TY 1994</u></b>	<b><u>TY 1995</u></b>	<b><u>TY 1996</u></b>	<b><u>TY 1997</u></b>	<b><u>TY 1998</u></b>	<b><u>TY 1999</u></b>
. IRC compliance (*)	206.12(3)	1987 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC						
. Exemption from MI - IIT:	206.201	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)											
(Gross income (GI) or AGI above threshold)	206.315	AGI										
	Single Return	\$2,000	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,400	\$2,400	\$2,500	\$2,800	\$2,800
	Joint Return	\$4,000	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,800	\$4,800	\$5,000	\$5,600	\$5,600
. Reciprocity States		IN, WI, KY, IL, OH, MN										
. Liability Threshold for Estimated Pmt	(3)	206.301	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
. Use Tax Return in MI-1040 Booklet			Yes	Yes, line in MI-1040								
. Tax Rate	206.51(1), 51(b)-51(h)	4.60%	4.60%	4.60%	4.60%	4.60%	4.47%	4.40%	4.40%	4.40%	4.40%	4.40%

### **Exemptions Amounts:**

. Personal Exemption:	206.30(2), 30a	\$2,000	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,400	\$2,400	\$2,500	\$2,800	\$2,800
. Special Exemptions:	(4)	206.30(3)	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
. Unemployed	(#)	206.30(3)	\$1,000	\$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
. Child	(#)	206.30d(2)	n.a.	\$600	\$600							
. Age 6 and Under			n.a.	\$300	\$300							
. Age 7 to 12			n.a.	\$300	\$300							

For notes, see page 120.

## MICHIGAN INCOME TAX REQUIREMENTS (cont.)

<b><u>General MI-IIT Information:</u></b>	<b><u>MCL Section</u></b>	<b><u>TY 2000</u></b>	<b><u>TY 2001</u></b>	<b><u>TY 2002</u></b>	<b><u>TY 2003</u></b>	<b><u>TY 2004</u></b>	<b><u>TY 2005</u></b>	<b><u>TY 2006</u></b>	<b><u>TY 2007</u></b>	<b><u>TY 2008</u></b>	<b><u>TY 2009</u></b>	<b><u>TY 2010</u></b>
. IRC compliance (*)	206.12(3)	1996 IRC										
. Exemption from MI - IIT:	206.201	Exempt from Federal IIT										
. Revenue Distribution: (1)												
. To School Aid Fund:	206.51(2)	Formula										
. Filing Requirement: (2)	206.315	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	\$3,600	\$3,600
	Joint Return	\$5,800	\$5,800	\$6,000	\$6,200	\$6,200	\$6,400	\$6,600	\$6,800	\$7,000	\$7,200	\$7,200
. Reciprocity States		IN, WI, KY, IL, OH, MN										
. Liability Threshold for Estimated Pmt (3)	206.301	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
. Use Tax Return in MI-1040 Booklet		Yes, line in MI-1040										
. Tax Rate	206.51(1), 51(b)-51(h)	4.20%	4.20%	4.10%	4.00%	3.95%	3.90%	3.90%	4.01%	4.35%	4.35%	4.35%

### **Exemptions Amounts:**

. Personal Exemption:	206.30(2), 30a	\$2,900	\$2,900	\$3,000	\$3,100	\$3,100	\$3,200	\$3,300	\$3,400	\$3,500	\$3,600	\$3,600
. Special Exemptions: (4)	206.30(3)	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	\$2,300	\$2,300
. Disabled	206.30(3)	\$1,800	\$1,900	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200	\$2,300	\$2,300
. Blind (***)	206.30(3)	\$1,800	\$1,900	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200	\$2,300	\$2,300
. Deaf (****)	206.30(3)	\$1,800	\$1,900	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200	\$2,300	\$2,300
. Senior	206.30(3)	\$1,800	\$1,900	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200	\$2,300	\$2,300
. Unemployed	206.30(3)	\$1,800	\$1,900	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200	\$2,300	\$2,300
. Claimed as Dependent	206.30(4)	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
. Child . Age 6 and Under	206.30d(2)	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600
. . Age 7 to 12		\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600
. Disabled Veteran	206.30(3)	n.a.	\$250	\$300	\$300							

For notes, see page 120.

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

<b><u>General MI-IIT Information:</u></b>	<b><u>MCL Section</u></b>	<b><u>Form</u></b>	<b><u>TY 2011</u></b>	<b><u>TY 2012</u></b>	<b><u>TY 2013</u></b>	<b><u>TY 2014</u></b>	<b><u>TY 2015</u></b>	<b><u>TY 2016</u></b>	<b><u>TY 2017</u></b>
. IRC compliance (*)	206.12(3)		1996 IRC						
. Exemption from MI - IIT:	206.201		Exempt from Federal IIT						
. Revenue Distribution:	(1)								
. To School Aid Fund:	206.51(2)		Formula						
. Filing Requirement:	(2)	206.315	MI-1040	AGI	AGI	AGI	AGI	AGI	AGI
(Gross income (GI) or			Single Return	\$3,700	\$3,763	\$3,950	\$4,000	\$4,000	\$4,000
AGI above threshold)			Joint Return	\$7,400	\$7,526	\$7,900	\$8,000	\$8,000	\$8,000
. Reciprocity States			IN, WI, KY, IL, OH, MN						
. Liability Threshold for Estimated Pmt	(3)	206.301	MI-1040	\$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
. Tax Rate	206.51(1), 51(b)-51(h)	MI-1040	4.35%	4.33%	4.25%	4.25%	4.25%	4.25%	4.25%

**Exemptions Amounts:**

. Personal Exemption:	206.30(2), 30a	MI-1040	\$3,700	\$3,763	\$3,950	\$4,000	\$4,000	\$4,000	\$4,000
. Special Exemptions:	(4)	206.30(3)	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes
. Para/Hemi/Quadriplegic (**) (***)		206.30(3)		\$2,400	\$2,400	\$2,500	\$2,500	\$2,600	\$2,600
. Disabled		206.30(3)		\$2,400	\$2,400	\$2,500	\$2,500	\$2,600	\$2,600
. Blind (***)		206.30(3)		\$2,400	\$2,400	\$2,500	\$2,500	\$2,600	\$2,600
. Deaf (****)		206.30(3)		\$2,400	\$2,400	\$2,500	\$2,500	\$2,600	\$2,600
. Senior	(#)	206.30(3)		\$2,400	n.a.	n.a.	n.a.	n.a.	n.a.
. Unemployed	(#)	206.30(3)		\$2,400	n.a.	n.a.	n.a.	n.a.	n.a.
. Claimed as Dependent		206.30(4)		\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
. Child	(#)	206.30d(2)		\$600	n.a.	n.a.	n.a.	n.a.	n.a.
. Age 6 and Under				\$600	n.a.	n.a.	n.a.	n.a.	n.a.
. Age 7 to 12				\$600	n.a.	n.a.	n.a.	n.a.	n.a.
. Disabled Veteran		206.30(3)		\$300	\$300	\$300	\$400	\$400	\$400

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

	<b>MCL Section</b>	<b>TY 1967</b>	<b>TY 1968</b>	<b>TY 1969</b>	<b>TY 1970</b>	<b>TY 1971</b>	<b>TY 1972</b>	<b>TY 1973</b>	<b>TY 1974</b>	<b>TY 1975</b>	<b>TY 1976</b>	<b>TY 1977</b>
<b><u>Check-Offs:</u></b>												
. State Campaign Fund	(5) 169.261(2)	No	Yes	Yes	Yes							
	Single Return	n.a.	\$2	\$2	\$2							
	Joint Return	n.a.	\$4	\$4	\$4							
<b><u>Tax Base Adjustments Limits</u></b>												
. Maximum Private Pension Deduction (*****)	206.30(1)(f)(iv) (7)	No	Yes	Yes	Yes	Yes						
	Single Return	n.a.	\$7,500	\$7,500	\$7,500	\$7,500						
	Joint Return	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												
. 401(k)		\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000

96

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

		<b>MCL Section</b>	<b>TY 1978</b>	<b>TY 1979</b>	<b>TY 1980</b>	<b>TY 1981</b>	<b>TY 1982</b>	<b>TY 1983</b>	<b>TY 1984</b>	<b>TY 1985</b>	<b>TY 1986</b>	<b>TY 1987</b>	<b>TY 1988</b>
<b><u>Check-Offs:</u></b>													
. State Campaign Fund	(5)	169.261(2)	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
Other Voluntary Contributions:													
. Nongame Wildlife Trust Fund	(6)	206.439	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
. Children's Trust Fund		206.440	No	No	No	No	Yes						
<b><u>Tax Base Adjustments Limits</u></b>													
. Maximum Private Pension Deduction (****)	(7)	206.30(1)(f)(iv)	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										
		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>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>
<b><u>Check-Offs:</u></b>													
. State Campaign Fund	(5)	169.261(2)	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
Other Voluntary Contributions:													
. Nongame Wildlife Trust Fund	(6)	206.439	Yes										
. Children's Trust Fund		206.440	Yes										
<b><u>Tax Base Adjustments Limits</u></b>													
. Maximum Private Pension Deduction (*****)	(7)	206.30(1)(f)(iv)	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										
		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 (*****)	(8)	206.30(1)(p)	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.	\$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>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>2009</u>	<u>2010</u>
<b><u>Check-Offs:</u></b>													
. State Campaign Fund	(5)	169.261(2)	Yes										
		Single Return	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3
		Joint Return	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6
Other Voluntary Contributions: (6)													
. Children of Veterans													
Tuition Grant		206.437	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes
. Military Family Relief Fund		206.438	No	No	No	No	Yes						
. Children's Trust Fund		206.440	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
. Prostrate Cancer Research Fund		206.435	No	Yes	Yes	No							
. Amanda's Fund		206.435	No	Yes	Yes	No							
. Animal Welfare Fund		206.435	No	Yes	Yes	Yes							
. Michigan Housing and Community													
Development Fund		206.435	No	Yes	Yes	No							
. Michigan Law Enforcement													
Memorial Monument Fund		206.435	No	Yes	Yes	No							

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

		<b><u>MCL</u></b>	<b><u>Form</u></b>	<b><u>TY</u></b>						
		<b><u>Section</u></b>		<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
<b><u>Check-Offs:</u></b>										
. State Campaign Fund	(5)	169.261(2)	MI-1040	Yes						
			Single Return	\$3	\$3	\$3	\$3	\$3	\$3	\$3
			Joint Return	\$6	\$6	\$6	\$6	\$6	\$6	\$6
Other Voluntary Contributions:	(6)									
. Children of Veterans										
Tuition Grant		206.437	Form 4642	Yes	Yes	Yes	Yes	Yes	Yes	No
. Military Family Relief Fund		206.438	Form 4642	Yes						
. Children's Trust Fund		206.440	Form 4642	Yes						
. Prostrate Cancer Research Fund		206.435	Form 4642	No						
. Amanda's Fund		206.435	Form 4642	No						
. Animal Welfare Fund		206.435	Form 4642	Yes						
. Michigan Housing and Community										
Development Fund		206.435	Form 4642	No						
. Michigan Law Enforcement										
Memorial Monument Fund		206.435	Form 4642	No						
. Renewable Fuels Fund		206.435	Form 4642	No						
. Foster Care Trust Fund		206.435	Form 4642	No						
. Children's Miracle Network Fund		206.435	Form 4642	No						
. MI Council for the Arts Fund		206.435	Form 4642	No						
. Renewable Fuels Fund		206.435	Form 4642	No						
. United Way Fund		206.435	Form 4642	Yes						
. Girl Scout of Michigan Fund		206.435	Form 4642	Yes	Yes	Yes	No	No	No	No
. Special Olympics Michigan Fund		206.435	Form 4642	No	Yes	Yes	Yes	Yes	Yes	No
. AMBER Alert Fund of Michigan		206.435	Form 4642	No	No	Yes	Yes	No	No	No
. ALS of Michigan ("Lou Gehrig's										
Disease") Fund		206.435	Form 4642	No	No	Yes	Yes	Yes	Yes	No
. Alzheimer's Association of Michigan		206.435	Form 4642	No	No	Yes	Yes	Yes	Yes	No
. Michigan Junior Achievement		206.435	Form 4642	No	No	No	No	No	Yes	Yes
. American Red Cross Michigan		206.435	Form 4642	No	No	No	No	No	Yes	Yes

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

	<u>MCL</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>2009</u>	<u>2010</u>
<b><u>Tax Base Adjustments Limits</u></b>												
. Maximum Private Pension Deduction (***) (7)	206.30(1)(f)(iv) Single Return Joint Return	Yes \$34,920 \$69,840	Yes \$36,090 \$72,180	Yes \$37,110 \$74,220	Yes \$37,710 \$75,420	Yes \$38,550 \$77,100	Yes \$39,570 \$79,140	Yes \$40,920 \$81,840	Yes \$42,240 \$84,480	Yes \$43,440 \$86,880	Yes \$45,120 \$90,240	Yes \$45,120 \$90,240
. Political Contribution	206.30(1)(j) Single Return Joint Return	Yes \$50 \$100										
. Maximum Senior Interest, Dividends, and Capital Gains Deduction (****) (8)	206.30(1)(p) Single Return Joint Return	Yes \$7,785 \$15,570	Yes \$8,048 \$16,095	Yes \$8,273 \$16,545	Yes \$8,408 \$16,815	Yes \$8,595 \$17,190	Yes \$8,828 \$17,655	Yes \$9,128 \$18,255	Yes \$9,420 \$18,840	Yes \$9,690 \$19,380	Yes \$10,058 \$20,115	Yes \$10,058 \$20,115
. Maximum MESP Contribution	206.30(1)(i)(i) Single Return Joint Return	Yes \$5,000 \$10,000	Yes \$5,000 \$10,000	Yes \$5,000 \$10,000	Yes \$5,000 \$10,000	Yes \$5,000 \$10,000	Yes 5000 10000	Yes \$5,000 \$10,000	Yes \$5,000 \$10,000	Yes \$5,000 \$10,000	Yes \$5,000 \$10,000	Yes \$5,000 \$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	\$106,800	\$106,800
. Federal Salary Elective Deferrals												
. 401(k)		\$10,500	\$10,500	\$11,000	\$12,000	\$13,000	\$14,000	\$15,000	\$15,500	\$15,500	\$16,500	\$16,500
. 403(b), or 457		\$8,000	\$8,500	\$11,000	\$12,000	\$13,000	\$14,000	\$15,000	\$15,500	\$15,500	\$16,500	\$16,500
. 50 and over		n.a.	n.a.	\$12,000	\$14,000	\$16,000	\$18,000	\$20,000	\$20,500	\$20,500	\$22,000	\$22,000
. Federal IRA Contribution Limit		Yes										
. General		\$2,000	\$2,000	\$3,000	\$3,000	\$3,000	\$4,000	\$4,000	\$4,000	\$5,000	\$5,000	\$5,000
. 50 and over		n.a.	n.a.	\$3,500	\$3,500	\$3,500	\$4,500	\$5,000	\$5,000	\$6,000	\$6,000	\$6,000

104

For notes, see page 120.

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

	<b>MCL Section</b>	<b>Form</b>	<b>TY 2011</b>	<b>TY 2012</b>	<b>TY 2013</b>	<b>TY 2014</b>	<b>TY 2015</b>	<b>TY 2016</b>	<b>TY 2017</b>
<b><u>Tax Base Adjustments Limits</u></b>									
		MI-1040							
. Maximum Private Pension Deduction (*****)	(7)	206.30(1)(f)(iv)	Form 4884	Yes	Yes	Yes	Yes	Yes	Yes
For those born before 1946			Single Return	\$45,842	\$47,309	\$48,302	\$49,027	\$49,811	\$49,861
			Joint Return	\$91,684	\$94,618	\$96,605	\$98,054	\$99,623	\$99,723
									\$101,019
For those born after 1945 and before 1953	(7)	203.30(9)	Form 4884	Yes	Yes	Yes	Yes	Yes	Yes
			Single Return	\$45,842	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
			Joint Return	\$91,684	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
For those born after 1952	(7 <sup>)</sup>	203.30(9)	Form 4884	Yes	No	No	No	No	No
			Single Return	\$45,842	n.a.	n.a.	n.a.	n.a.	n.a.
			Joint Return	\$91,684	n.a.	n.a.	n.a.	n.a.	n.a.
. Political Contribution	(#)	206.30(1)(j)		Yes	No	No	No	No	No
			Single Return	\$50	n.a.	n.a.	n.a.	n.a.	n.a.
			Joint Return	\$100	n.a.	n.a.	n.a.	n.a.	n.a.
. Maximum Senior Interest, Dividends, and Capital Gains Deduction (*****)	(8)	206.30(1)(p)	Schedule 1	Yes	Yes	Yes	Yes	Yes	Yes
			Single Return	\$10,218	\$10,545	\$10,767	\$10,929	\$11,104	\$11,115
			Joint Return	\$20,437	\$21,091	\$21,534	\$21,857	\$22,207	\$22,229
For those born after 1945	(8)	206.30(1)(p)	Schedule 1	Yes	No	No	No	No	No
			Single Return	\$10,218	n.a.	n.a.	n.a.	n.a.	n.a.
			Joint Return	\$20,437	n.a.	n.a.	n.a.	n.a.	n.a.
. Maximum MESP Contribution		206.30(1)(t)(i)	Schedule 1	Yes	Yes	Yes	Yes	Yes	Yes
			Single Return	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
			Joint Return	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
. Federal Taxable Wage Base for FICA				\$106,800	\$110,100	\$113,700	\$117,000	\$118,500	\$118,500
. Federal Salary Elective Deferrals									
. 401(k)				\$16,500	\$17,000	\$17,500	\$17,500	\$18,000	\$18,000
. 403(b), or 457				\$16,500	\$17,000	\$17,500	\$17,500	\$18,000	\$18,000
. 50 and over				\$22,000	\$22,500	\$23,000	\$23,000	\$24,000	\$24,000
. Federal IRA Contribution Limit				Yes	Yes	Yes	Yes	Yes	Yes
. General				\$5,000	\$5,000	\$5,500	\$5,500	\$5,500	\$5,500
. 50 and over				\$6,000	\$6,000	\$6,500	\$6,500	\$6,500	\$6,500

## MICHIGAN INCOME TAX REQUIREMENTS (cont.)

For notes, see page 120.

		<u>MCL</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>
<b><u>NonRefundable Credits</u></b>													
. Taxes Paid to													
Another State Cr.	(10)	206.255(1)	No	Yes									
. Nonresident Cr. for Reciprocal State													
Income Tax Exemption	(11)	206.256	No	Yes									
. City Income Taxes Cr.	(12) (#	206.257	No	Yes									
. Public Contribution Cr.	(13) (#	206.26	No	Yes (a)									
<b><u>Refundable Credits</u></b>													
. Inventory Tax Cr.	(22)	206.258(1)	No	No	No	No	No	No	Yes	Yes	Yes	No	No
or Franchise Fee Cr.		206.258(1)	No	No	No	No	No	No	Yes	Yes	Yes	No	No

For notes, see page 120.

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

		<b><u>MCL</u></b>	<b><u>TY</u></b>										
		<b><u>Section</u></b>	<b><u>1978</u></b>	<b><u>1979</u></b>	<b><u>1980</u></b>	<b><u>1981</u></b>	<b><u>1982</u></b>	<b><u>1983</u></b>	<b><u>1984</u></b>	<b><u>1985</u></b>	<b><u>1986</u></b>	<b><u>1987</u></b>	<b><u>1988</u></b>
<b><u>NonRefundable Credits</u></b>													
. Taxes Paid to Another State Cr.	(10)	206.255(1)	Yes										
. Nonresident Cr. for Reciprocal State Income Tax Exemption	(11)	206.256	Yes										
. City Income Taxes Cr.	(12) (#)	206.257	Yes										
. Public Contribution Cr.	(13) (#)	206.26	Yes (a)										
. Renewable/Solar Energy Cr.	(14) (#)	206.262	No	Yes									
. Agricultural Products Gleaned Cr.		206.263	No	No	No	No	Yes						
<b><u>Refundable Credits</u></b>													
. Inventory Tax Cr. or Franchise Fee Cr.	(22)	206.258(1)	No										
		206.258(1)	No										

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

		<u>MCL</u> <u>Section</u>	<u>TY</u> <u>1989</u>	<u>TY</u> <u>1990</u>	<u>TY</u> <u>1991</u>	<u>TY</u> <u>1992</u>	<u>TY</u> <u>1993</u>	<u>TY</u> <u>1994</u>	<u>TY</u> <u>1995</u>	<u>TY</u> <u>1996</u>	<u>TY</u> <u>1997</u>	<u>TY</u> <u>1998</u>	<u>TY</u> <u>1999</u>
<b><u>NonRefundable Credits</u></b>													
. Headlee Amendment Refund	(9)	206.252	No	No	No	No	No	No	Yes	No	No	No	No
. Taxes Paid to Another State Cr.	(10)	206.255(1)	Yes										
. Nonresident Cr. for Reciprocal State Income Tax Exemption	(11)	206.256	Yes										
. City Income Taxes Cr.	(12) (#)	206.257	Yes										
. Public Contribution Cr.	(13) (#)	206.26	Yes (a')										
. Community Foundation Cr.	(13) (#)	206.261	Yes (a')										
. Homeless Shelter/Foodbank Cr	(13) (#)	206.261	No	No	No	Yes (a')							
. Renewable/Solar Energy Cr.	(14) (#)	206.262	Yes	Yes	Yes	No							
. Medical Care Savings Acct. Cr.	(15) (#)	206.264	No	No	No	No	No	Yes	Yes	Yes	No	No	No
. MI Historic Preservation Cr.	(16)	206.266	No	Yes									
. College Tuition Cr.	(18) (#)	206.274	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes
<b><u>Refundable Credits</u></b>													
. Sec. 1341 of IRC Cr.		206.265	No	No	Yes								
. Prescription Drug Cr.	(24)	206.273	Yes										

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

		<u>MCL</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>2009</u>	<u>2010</u>
<b><u>NonRefundable Credits</u></b>													
. Taxes Paid to													
Another State Cr.	(10)	206.255(1)	Yes										
. Nonresident Cr. for Reciprocal State													
Income Tax Exemption	(11)	206.256	Yes										
. City Income Taxes Cr.	(12) (#)	206.257	Yes										
. Public Contribution Cr.	(13) (#)	206.260	Yes (a')										
. Community Foundation Cr.	(13) (#)	206.261	Yes (a')										
. Homeless Shelter/Foodbank C	(13) (#)	206.261	Yes (a')										
. MI Historic Preservation Cr.	(16)	206.266	Yes										
. Vehicle Donation Cr.	(17) (#)	206.269	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
. College Tuition Cr.	(18) (#)	206.274	Yes										
. Individual or Family													
Development Account Cr.		206.276	No	Yes	Yes	Yes	Yes						
. Film Production Cr.	(19) (#)	206.367	No	Yes	Yes	Yes							
<b><u>Refundable Credits</u></b>													
. Sec. 1341 of IRC Cr.		206.265	Yes										
. Adoption Cr.	(23) (#)	206.267, 268	No	Yes									
. Prescription Drug Cr.	(24)	206.273	Yes	Yes	No								
. Stillbirth Credit	(26) (#)	206.275	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes
. Earned Income Tax Credit	(27)	206.272	No	Yes	Yes	Yes							

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

<u>NonRefundable Credits</u>		<u>MCL</u> <u>Section</u>	<u>Form</u>	<u>TY</u> <u>2011</u>	<u>TY</u> <u>2012</u>	<u>TY</u> <u>2013</u>	<u>TY</u> <u>2014</u>	<u>TY</u> <u>2015</u>	<u>TY</u> <u>2016</u>	<u>TY</u> <u>2017</u>
. Taxes Paid to Another State Cr.	(10)	206.255(1)	MI-1040	Yes						
. Nonresident Cr. for Reciprocal State Income Tax Exemption	(11)	206.256	MI-1040	Yes						
. City Income Taxes Cr.	(12) (#)	206.257	MI-1040, Sch. 2	Yes	No	No	No	No	No	No
. Public Contribution Cr.	(13) (#)	206.260	MI-1040, Sch. 2	Yes (a')	No	No	No	No	No	No
. Community Foundation Cr.	(13) (#)	206.261	MI-1040, Sch. 2	Yes (a')	No	No	No	No	No	No
. Homeless Shelter/Foodbank Cr.	(13) (#)	206.261	MI-1040, Sch. 2	Yes (a')	No	No	No	No	No	No
. MI Historic Preservation Cr.	(16)	206.266	Form 3581	Yes						
. Vehicle Donation Cr.	(17) (#)	206.269	MI-1040, Sch. 2	Yes	No	No	No	No	No	No
. College Tuition Cr.	(18) (#)	206.274	MI-1040, Sch. 2	Yes	No	No	No	No	No	No
. Individual or Family Development Account Cr.		206.276	MI-1040, Sch. 2	Yes	No	No	No	No	No	No
. Film Production Cr.	(19) (#)	206.367	MI-1040, Sch. 2	Yes	No	No	No	No	No	No
. Energy Cost Recovery Surcharge Cr.	(20) (#)	206.253(2)	MI-1040, Sch. 2	Yes	No	No	No	No	No	No
. Small Business Investment Tax Cr.	(21)	206.278	MI-1040	Yes						
<hr/>										
<b><u>Refundable Credits</u></b>										
. Sec. 1341 of IRC Cr.		206.265	MI-1040	Yes						
. Adoption Cr.	(23) (#)	206.267, 268	0	Yes	No	No	No	No	No	No
. Stillbirth Credit	(26) (#)	206.275	0	Yes	No	No	No	No	No	No
. Earned Income Tax Credit	(27)	206.272	MI-1040	Yes						
. Energy Efficient Qualified	(28) (#)	206.253(1)	0	Yes	No	No	No	No	No	No
. MI Historic Preservation Cr.	(29)	206.266(8)	Form 3581	Yes						

For notes, see page 120.

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

<b>Refundable Credits (cont.)</b>	<b>MCL Section</b>	<b>TY 1967</b>	<b>TY 1968</b>	<b>TY 1969</b>	<b>TY 1970</b>	<b>TY 1971</b>	<b>TY 1972</b>	<b>TY 1973</b>	<b>TY 1974</b>	<b>TY 1975</b>	<b>TY 1976</b>	<b>TY 1977</b>
. <u>Homestead Property Tax Cr.</u> (30)	206.520, 522	No	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.	30%	30%	30%						
. Homeowner Veterans Cr. Requirements:												
. Taxable Value Allowance	206.506	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$2,500 to \$4,500				
. 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
. Total HPTC Limit	206.520(15)	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)				
. Special Credits:												
. Seniors												
. General	206.522(1)(b), (c)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (d)				
. 1973 Homestead Exempt	206.522(5)	n.a.	Yes (f)	Yes (f)	Yes (f)	Yes (f)						
. Para/hemi/quadruplegic	206.522(1)(c)	n.a.	Yes (d)	Yes (d)	Yes (d)	Yes (d)						
. Disabled	206.522(1)(c)	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)				
. Blind	206.522(1)(e)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (i)				
. Farmland Preservation Credit (31)	554.710(1)	No	No	No	Yes (j)	Yes (j)						

For notes, see page 120.

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

<b>Refundable Credits (cont.)</b>	<b>MCL Section</b>	<b>TY 1978</b>	<b>TY 1979</b>	<b>TY 1980</b>	<b>TY 1981</b>	<b>TY 1982</b>	<b>TY 1983</b>	<b>TY 1984</b>	<b>TY 1985</b>	<b>TY 1986</b>	<b>TY 1987</b>	<b>TY 1988</b>
. <u>Homestead Property Tax Cr.</u> (30)	206.520, 522	Yes (b <sup>'''</sup> )										
. 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										
. Homeowner Veterans Cr. Requirements:												
. Taxable Value Allowance	206.506	\$2,500 to \$4,500										
. 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
Credit phase out before limit		n.a.	n.a.	n.a.	n.a.	10% per \$1,000						
. Total HPTC Limit	206.520(15)	\$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)										
. Special Credits:												
. Seniors												
. General	206.522(1)(b), (c)	Yes (d)										
. Low Income Renters	206.520(9), (10)	n.a.	n.a.	n.a.	n.a.	Yes (e)						
. 1973 Homestead Exempt	206.522(5)	Yes (f)										
. Para/hemi/quadruplegic	206.522(1)(c)	Yes (d)										
. Disabled	206.522(1)(e)	Yes (g)										
. Deaf	206.522(1)(e)	n.a.										
. Veterans	206.522(1)(d)	Yes (h)										
. Blind	206.522(1)(e)	Yes (i)										
. Farmland Preservation Credit (31)	554.710(1)	Yes (j)										

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

<b>Refundable Credits (cont.)</b>	<b>MCL Section</b>	<b>TY 1989</b>	<b>TY 1990</b>	<b>TY 1991</b>	<b>TY 1992</b>	<b>TY 1993</b>	<b>TY 1994</b>	<b>TY 1995</b>	<b>TY 1996</b>	<b>TY 1997</b>	<b>TY 1998</b>	<b>TY 1999</b>
. <b>Homestead Property Tax Cr.</b> (30)	206.520, 522	Yes (b''')										
. <b>Eligible Property Tax Paid Percent</b>												
. 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										
. <b>Homeowner Veterans Cr. Requirements:</b>												
. Taxable Value Allowance	206.506	\$2,500 to \$4,500										
. 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
. <b>Homeowner Blind Cr. Requirements:</b>												
. Taxable Value Allowance												
. Taxpayer only blind	206.522(1)(e)(i), (i)	\$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
. <b>Household Income Limit</b>	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
<b>Credit phase out before limit</b>		10% per \$1,000										
. <b>Total HPTC Limit</b>	206.520(15)	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
. <b>Cr. Availability/Calculation</b>												
. <b>General:</b>	206.522(1)(a)	Yes (c)										
. <b>Special Credits:</b>												
. <b>Seniors</b>												
. General	206.522(1)(b), (c)	Yes (d)										
. Low Income Renters	206.520(9), (10)	Yes (e)										
. 1973 Homestead Exempt	206.522(5)	Yes (f)										
. Para/hemi/quadruplegic	206.522(1)(c)	Yes (d)										
. Disabled	206.522(1)(c)	Yes (g)										
. Deaf	206.522(1)(c)	n.a.										
. Veterans	206.522(1)(d)	Yes (h)										
. Blind	206.522(1)(e)	Yes (i)										
. <b>Farmland Preservation Credit</b> (31)	554.710(1)	Yes (j)										

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

<b>Refundable Credits (cont.)</b>	<b>MCL Section</b>	<b>TY 2000</b>	<b>TY 2001</b>	<b>TY 2002</b>	<b>TY 2003</b>	<b>TY 2004</b>	<b>TY 2005</b>	<b>TY 2006</b>	<b>TY 2007</b>	<b>TY 2008</b>	<b>TY 2009</b>	<b>TY 2010</b>
. <u>Homestead Property Tax Cr.</u> (30)	206.520, 522	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		20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
. Service Charges		10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
. Nursing Home Patient		share										
. Homeowner Veterans Cr. Requirements:												
. Taxable Value Allowance	206.506	\$2,500 to \$4,500										
. 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)	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	n.a.	n.a.
Credit phase out before limit		10% per \$1,000										
. Total HPTC Limit	206.520(15)	\$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)										
. Special Credits:												
. Seniors												
. General	206.522(1)(b), (c)	Yes (d)										
. Low Income Renters	206.520(9), (10)	Yes (e)										
. 1973 Homestead Exempt	206.522(5)	Yes (f)										
. Para/hemi/quadruplegic	206.522(1)(c)	Yes (d)										
. Disabled	206.522(1)(c)	Yes (d)										
. Deaf	206.522(1)(c)	Yes (d)										
. Veterans	206.522(1)(d)	Yes (h)										
. Blind	206.522(1)(e)	Yes (i) or (d)										
. Farmland Preservation Credit (31)	554.710(1)	Yes (j)	Yes (j')									

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

<b>Refundable Credits (cont.)</b>	<b>MCL Section</b>	<b>Form</b>	<b>TY 2011</b>	<b>TY 2012</b>	<b>TY 2013</b>	<b>TY 2014</b>	<b>TY 2015</b>	<b>TY 2016</b>	<b>TY 2017</b>
. <u>Homestead Property Tax Cr.</u> (30)	206.520, 522	MI-1040CR	Yes (b''')						
. Eligible Property Tax Paid Percent									
. Homeowners	206.520(1)		100%	100%	100%	100%	100%	100%	100%
. Renters	206.520(2)								
. Ad Valorem Taxes			20%	20%	20%	20%	20%	20%	20%
. Service Charges			10%	10%	10%	10%	10%	10%	10%
. Nursing Home Patient			share						
. Homeowner Veterans Cr. Requirements:		MI-1040CR-2							
. Taxable Value Allowance	206.506		\$2,500 to \$4,500						
. Income Limit	206.506		\$7,500	\$7,500 (b''')					
. Homeowner Blind Cr. Requirements:		MI-1040CR-2							
. 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
. Taxpayer and Spouse blind	206.522(3)		\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
. Homestead Taxable Value Limit	206.520(1)		n.a.	≤ \$135,000	≤ \$135,000	≤ \$135,000	≤ \$135,000	≤ \$135,000	≤ \$135,000
. Household Income Limit	206.520(8)		\$82,650	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Household Resources Limit	206.520(8)		n.a.	≤ \$50,000 (b''')					
. Credit phase out before limit			10% per \$1,000						
. Total HPTC Limit	206.520(15)		\$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')					
. Special Credits:									
. Seniors									
. General	206.522(1)(b), (c)		Yes (d)	Yes (d) (d')					
. Low Income Renters	206.520(9), (10)		Yes (e)						
. 1973 Homestead Exempt	206.522(5)		Yes (f)						
. Para/hemi/quadruplegic	206.522(1)(c)		Yes (d)						
. Disabled	206.522(1)(c)		Yes (d)						
. Deaf	206.522(1)(c)		Yes (d)						
. Veterans	206.522(1)(d)		Yes (h)						
. Blind	206.522(1)(e)		Yes (i) or (d)	Yes (i) or (d')	Yes (i) or (d)				
. Farmland Preservation Credit (31)	554.710(1)	MI-1040CR-5	Yes (j')						

For notes, see page 120.

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

<b>Refundable Credits (cont.)</b>	<b>MCL Section</b>	<b>TY 1978</b>	<b>TY 1979</b>	<b>TY 1980</b>	<b>TY 1981</b>	<b>TY 1982</b>	<b>TY 1983</b>	<b>TY 1984</b>	<b>TY 1985</b>	<b>TY 1986</b>	<b>TY 1987</b>	<b>TY 1988</b>
. <u>Home Heating Credit</u>	(32) 206.527a(1)	Yes	Yes	Yes	Yes							
. Federal Poverty Income Limit	206.527a(1)(b)	n.a.	110%	110%	110%	110%						
. General Credit	206.527a(1)(c)(i)	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.)**

<b>Refundable Credits (cont.)</b>	<b>MCL Section</b>	<b>TY 1989</b>	<b>TY 1990</b>	<b>TY 1991</b>	<b>TY 1992</b>	<b>TY 1993</b>	<b>TY 1994</b>	<b>TY 1995</b>	<b>TY 1996</b>	<b>TY 1997</b>	<b>TY 1998</b>	<b>TY 1999</b>
. <u>Home Heating Credit</u>	(32) 206.527a(1)	Yes										
. Federal Poverty Income Limit	206.527a(1)(b)	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%
. <u>General Credit</u>	206.527a(1)(c)(i)	Yes (k')	Yes (k')	Yes (k'')								
. <u>Maximum Credit:</u>	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.
. <u>Maximum Income Limit Requirement:</u>												
. 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.
. <u>Alternative Credit</u>	206.527a(1)(c)(ii)	Yes (l''')										
. <u>Heating Fuel Cost Limit</u>	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
. <u>Maximum Income:</u>												
. 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
. <u>Credit Proration (%)</u>	206.527a(18)	100%	100%	100%	100%	100%	100%	62%	70%	74%	82%	90%

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

<b>Refundable Credits (cont.)</b>	<b>MCL Section</b>	<b>TY 2000</b>	<b>TY 2001</b>	<b>TY 2002</b>	<b>TY 2003</b>	<b>TY 2004</b>	<b>TY 2005</b>	<b>TY 2006</b>	<b>TY 2007</b>	<b>TY 2008</b>	<b>TY 2009</b>	<b>TY 2010</b>
. <u>Home Heating Credit</u>	(32) 206.527a(1)	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')										
. Maximum Credit:	206.527a(1)(a)											
. 0 or 1 Exemption		\$323	\$332	\$342	\$347	\$359	\$369	\$378	\$394	\$401	\$418	\$418
. 2 Exemptions		\$435	\$448	\$461	\$468	\$482	\$495	\$509	\$528	\$540	\$562	\$562
. 3 Exemptions		\$547	\$565	\$579	\$589	\$604	\$620	\$640	\$662	\$679	\$706	\$706
. 4 Exemptions		\$658	\$681	\$698	\$709	\$727	\$746	\$771	\$496	\$817	\$850	\$850
. 5 Exemptions		\$770	\$797	\$816	\$830	\$849	\$871	\$902	\$930	\$956	\$994	\$994
. 6 Exemptions		\$882	\$914	\$935	\$951	\$972	\$997	\$1,033	\$1,064	\$1,094	\$1,138	\$1,138
. more than 6 exemp.		+\$112/exemp.	+\$116/exemp.	+\$119/exemp.	+\$121/exemp.	+\$122/exemp.	+\$126/exemp.	+\$131/exemp.	+\$134/exemp.	+\$139/exemp.	+\$144/exemp.	+\$144/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	\$11,929	\$11,929
. 2 Exemptions		\$12,429	\$12,800	\$13,171	\$13,371	\$13,771	\$14,129	\$14,529	\$15,072	\$15,415	\$16,043	\$16,043
. 3 Exemptions		\$15,629	\$16,143	\$16,543	\$16,829	\$17,257	\$17,700	\$18,271	\$18,900	\$19,386	\$20,158	\$20,158
. 4 Exemptions		\$18,800	\$19,457	\$19,943	\$20,257	\$20,771	\$21,300	\$22,014	\$22,729	\$23,329	\$24,272	\$24,272
. 5 Exemptions		\$22,000	\$22,771	\$23,314	\$23,714	\$24,257	\$24,871	\$25,757	\$26,558	\$27,301	\$28,387	\$28,387
. 6 Exemptions		\$25,200	\$26,114	\$26,714	\$27,171	\$27,771	\$28,471	\$29,500	\$30,386	\$31,243	\$32,500	\$32,500
. 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.	+\$4,114/exemp.	+\$4,114/exemp.
. Alternative Credit	206.527a(1)(c)(ii)	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	\$2,430	\$2,506
. Maximum Income:												
. 0 or 1 Exemptions		\$10,350	\$10,703	\$10,922	\$11,211	\$11,360	\$11,635	\$12,066	\$12,263	\$12,590	\$12,590	\$12,691
. 2 Exemptions		\$13,209	\$13,573	\$14,345	\$15,088	\$15,287	\$15,658	\$16,230	\$16,502	\$16,942	\$16,942	\$17,078
. 3 or more		\$13,209	\$13,573	\$14,345	\$15,340	\$16,757	\$18,433	\$20,282	\$20,282	\$21,298	\$21,298	\$21,469
. Credit Proration (%)	206.527a(18)	100%	100%	100%	80%	76%	76%	76%	53%	65%	65%	52%

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

<b>Refundable Credits (cont.)</b>	<b>MCL Section</b>	<b>Form</b>	<b>TY 2011</b>	<b>TY 2012</b>	<b>TY 2013</b>	<b>TY 2014</b>	<b>TY 2015</b>	<b>TY 2016</b>	<b>TY 2017</b>
. <u>Home Heating Credit</u>	(32) 206.527a(1)	MI-1040CR-7	Yes						
. Federal Poverty Income Limit	206.527a(1)(b)		110%	110%	110%	110%	110%	110%	110%
. General Credit	206.527a(1)(c)(i)		Yes (k")	Yes (k''')					
. Maximum Credit:	206.527a(1)(a)								
. 0 or 1 Exemption			\$420	\$431	\$443	\$450	\$454	\$458	\$465
. 2 Exemptions			\$567	\$584	\$598	\$607	\$614	\$618	\$626
. 3 Exemptions			\$714	\$736	\$753	\$763	\$774	\$777	\$787
. 4 Exemptions			\$861	\$888	\$908	\$919	\$935	\$937	\$948
. 5 Exemptions			\$1,009	\$1,041	\$1,062	\$1,076	\$1,095	\$1,096	\$1,109
. 6 Exemptions			\$1,156	\$1,193	\$1,217	\$1,232	\$1,255	\$1,255	\$1,270
. more than 6 exemp.			+\$147/exemp.	+\$152/exemp.	+\$155/exemp.	+\$156/exemp.	+\$160/exemp.	+\$160/exemp.	+\$161/exemp.
. Maximum Income Limit Requirement:									
. 0 or 1 Exemption			\$11,986	\$12,299	\$12,642	\$12,842	\$12,956	\$13,070	\$13,271
. 2 Exemptions			\$16,186	\$16,671	\$17,071	\$17,329	\$17,528	\$17,642	\$17,871
. 3 Exemptions			\$20,387	\$21,014	\$21,500	\$21,786	\$22,099	\$22,185	\$22,471
. 4 Exemptions			\$24,587	\$25,357	\$25,929	\$26,243	\$26,699	\$26,753	\$27,071
. 5 Exemptions			\$28,815	\$29,728	\$30,328	\$30,728	\$31,270	\$31,299	\$31,671
. 6 Exemptions			\$33,014	\$34,071	\$34,757	\$35,186	\$35,842	\$35,842	\$36,271
. more than 6 exemp.			+\$4,200/exemp.	+\$4,343/exemp.	+\$4,429/exemp.	+\$4,457/exemp.	+\$4,571/exemp.	+\$4,571/exemp.	+\$4,600/exemp.
. Alternative Credit	206.527a(1)(c)(ii)		Yes (l'')	Yes (l''')					
. Heating Fuel Cost Limit	206.527a(1)(d)		\$2,506	\$2,598	\$2,642	\$2,642	\$2,642	\$2,642	\$2,737
. Maximum Income:									
. 0 or 1 Exemptions			\$12,973	\$13,317	\$13,576	\$13,727	\$13,727	\$13,826	\$14,111
. 2 Exemptions			\$17,458	\$17,920	\$18,269	\$18,472	\$18,472	\$18,605	\$18,989
. 3 or more			\$21,946	\$22,527	\$22,967	\$23,222	\$23,222	\$23,389	\$23,872
. Credit Proration (%)	206.527a(18)		52%	48%	49%	50%	50%	67%	75%

119

**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.
  - .(#) Repealed by PA 38 of 2011.
- (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. Exceptions to rule: no estimated payments are needed if withholding and credits for tax year equals 100% of previous tax year liability, or 90% of present tax year liability.
  - (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. In 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. Starting TY 2012, pension deduction is reduced only for those born after 1945. See footnotes (7') and (7").
- (7') Starting TY 2012, those born after 1945 and before 1953 are entitled to the lower maximum pension deduction limit. For taxpayers with pensions from government agencies not covered by the Social Security Act (SSA), the maximum pension deduction limits are \$35,000 (single) / \$55,000 (joint) / \$70,000 (joint) when both spouses worked for an "uncovered" agency. Once taxpayers reach the age of 67, this deduction - for covered or uncovered agencies - may offset all types of income, and is not restricted to retirement and pension income. Taxpayers who choose to take the lower maximum pension deduction are not eligible to take a military subtraction or MI National Guard or Railroad pension subtraction on the same tax year.
- (7") Starting TY 2012, those born after 1952, only taxpayers at the age of 62 through 66 who receive pensions from government agencies not covered by the SSA are entitled to a lower maximum pension deduction limit equal to \$15,000 (single or joint filer) or \$30,000 for joint filers when both spouses worked for an "uncovered" agency. For all filers born after 1952, once age 67 is reached, taxpayer may take a \$20,000 (single) / \$40,000 (joint) deduction against all income. Taxpayers who choose to take the lower maximum deduction against all income are not eligible to take exemptions for Social Security, Military, MI National Guard or railroad retirement, nor any personal exemptions in the same tax year.

(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. Starting TY 2012, this deduction is no longer available for those born after 1945.

**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. Credit percentage is as follows: 25% for TY 2009, 20% for TY 2010 and TY 2011.
- (21) Small Business Investment Tax Credit (Venture credit) equals to 25 percent of a qualified investment made in a qualified business during tax years 2011 and 2012. Taxpayers may not claim a credit of more than \$250,000 in any one year, and shall be taken by the taxpayer in equal installments over 2 years beginning with the tax year i which the certification was approved.

**Refundable Credits:**

- (22) 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.
- (23) 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.
- (24) 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}.
- (25) 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

- (26) 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.
- (27) Earned Income Tax Credit: equals to 10% of federal EITC claimed for TY 2008, 20% of federal EITC claimed for TY 2009 through TY 2011 and 6% for TY 2012 and after.
- (28) 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)}.
- (29) 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.  
Starting in TY 2012, only taxpayers with a rehabilitation certificate issued between 1999 and 2011 are eligible to claim this credit.
- (30) 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.
- (b'''). Starting in TY 2012, the credit became subject no longer to household income, but to household resources. Household resources refer to total household income plus any net business loss after netting all business income and loss, plus any net rental or royalty loss, plus any deduction from federal adjusted gross income for a carryback or carryforward of a net operating loss as defined in IRC sec. 172 (b) (2).
- (c). Through TY 2011, General Credit (for homeowners or renters) equals to 60% of property tax amount paid in excess of 3.5% of household income.
- (c'). Starting TY 2012, General Credit (for homeowners or renters) equals to 60% of property tax amount paid in excess of 3.5% of household resources.

- (d). Credit for homeowners or renters who are: Seniors (General Credit, only through TY 2011); Para/Quadriplegic (starting TY 1974); Hemiplegic (starting TY 1984); Blind (starting TY 2000 through TY 2011, and TY 2013 and on), 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%

- (d'). Starting TY 2012, homeowners or renters who are Seniors or Blind (for TY 2012 only) with household income above \$21,000 have credit amount equaled to percentage of eligible property tax paid in excess of 3.5% taxpayer's household resources as follows:

Household Income	Credit %	Household Income	Credit %
<=\$21,000	same as (d)	>\$26,000, <=\$27,000	76.0%
>\$21,000, <=\$22,000	96.0%	>\$27,000, <=\$28,000	72.0%
>\$22,000, <=\$23,000	92.0%	>\$28,000, <=\$29,000	68.0%
>\$23,000, <=\$24,000	88.0%	>\$29,000, <=\$30,000	64.0%
>\$24,000, <=\$25,000	84.0%	>\$30,000	60.0%
>\$25,000, <=\$26,000	80.0%		

- (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% }, starting TY 1973 through TY 1999 (solely), and after TY 1999, homeowners or renters who are Blind may claim a credit as Disabled (TY2000 through TY2011, and after TY 2012) or as Seniors (TY 2012).

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

.(32) 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).
- (k'''). Starting TY 2012, credit calculation remains the same as before, but becomes subject to household resources, and not household income.

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.
- (l'''). Starting TY 2012, credit calculation remains the same as before, but becomes subject to household resources, and not household income.