MICHIGAN'S
INDIVIDUAL INCOME TAX
2013

Michigan Department of Treasury
Office of Revenue and Tax Analysis
Tax Analysis Division
May 2016

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I. EXECUTIVE SUMMARY

Returns and Revenue

For tax year 2013, Michigan's personal income tax generated $6.8 billion in state revenues after all credits and refunds were paid. Net revenue decreased $154.6 million (-2.2 percent) from 2012 levels, reflecting the full impact of the rate decrease from 4.33 percent to 4.25 percent from 2012 to 2013. About 4.6 million returns were filed for the 2013 tax year, or 46,200 more filers (1.0 percent) than the previous year.

Although the personal income tax was levied at a nominal flat rate of 4.25 percent in 2013, the average effective tax rate varied from negative 39.82 percent for filers with an AGI under $2,000 to positive 3.35 percent for taxpayers with an AGI between $190,001 and $300,000. Including the impact of all refundable and nonrefundable credits, the overall effective tax rate was 2.36 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 (90.3 percent) of the $6.8 billion in net revenue was paid by income groups with income over $50,000.

Interstate Comparisons

For fiscal year 2013, Michigan's income tax revenue was tenth lowest in the nation on a per capita basis, and twelveth lowest 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 32.7 percent below average on a per capita basis, and 23.1 percent below average as a percent of personal income.

Property Tax Credit

About 1.1 million Michigan homeowners, renters, and farmers received $564.4 million in property tax credits, including farmland preservation credits, for 2013. The average property tax credit was $520. Excluding farmland preservation credits, the average property tax credit for tax year 2013 was $486. The total amount of property tax credits, including farmland preservation credits, decreased by $19.2 million (-3.3 percent) with 52,900 fewer taxpayers benefiting compared to tax year 2012.

Senior citizens received about $186.5 million in homestead property tax credits, a decrease of $7.6 million from tax year 2012. For about 316,700 senior citizens receiving homestead property tax credits, the average credit was $589.

Home Heating Credit

Home heating credits totaled $48.5 million for tax year 2013 with about 356,200 households qualifying for an average credit of $136. Home heating credits increased $0.5 million in 2013, when approximately 19,500 fewer taxpayers claimed the credit.

Michigan Earned Income Tax Credit (EITC)

About 780,500 taxpayers claimed about $109.7 million in Michigan EITC in 2013, resulting in an average credit of $140 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 finally reduced to 6 percent of the federal credit effective in tax year 2012 and after.

Historic Preservation Credit

For tax year 2013, about 600 taxpayers claimed $477,000 in historic preservation credits. Compared with tax year 2012, this was a decrease of $308,700 with 290 fewer taxpayers claiming a credit.

Credit for Income Paid to Another State

For tax year 2013, 49,800 taxpayers received a total of $48.2 million credit for income tax paid to another state, resulting in an average credit of $969. This represented a decrease of $0.3 million with 910 more 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. In 2013, 113,700 taxpayers paid $6.2 million in use tax. Compared to 2012, this was an increase of $370,200 on the total use tax paid, with 3,100 more taxpayers reporting the use tax.

Tax Law Changes in 2014

Public Act 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.

Public Act 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 of federal funding 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 for the current fiscal year.

II. INTRODUCTION

This report summarizes information regarding the Michigan individual income tax for tax year 2013. It is based on returns filed and processed in calendar year 2014.

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 2013 and 2014 and how those changes affect Michigan's income tax base. Section X summarizes the Michigan Public Acts (PA) in 2013 and 2014 that amended the Michigan Income Tax Act.

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

Section XII contains a summary of significant changes in federal income tax law since 2001 through changes in 2012, the Michigan personal income tax legislative history through 2012, and a table with chronological changes to the Michigan income tax requirements and limits since 1967.

III. HISTORY OF THE MICHIGAN INDIVIDUAL INCOME TAX[1]

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

In response to the early 1980s economic recession that plagued Michigan with budget deficits, the state income tax rate was raised to 5.6 percent between April 1 and September 30, 1982, further increasing to 6.35 percent in 1983. As the Michigan economy improved, the income tax rate was rolled back to 5.85 percent in 1984, 5.33 percent in 1985, and 4.6 percent in 1986. On May 1, 1994, the rate was lowered to 4.4 percent, following the passage of the property tax reform package known as Proposal A. For the 1995 tax year only, the Headlee Amendment Refund reduced the income tax liability of all Michigan taxpayers by 2.0 percent. New legislation passed in 1999 reduced the income tax rate to 4.2 percent effective January 1, 2000, and further reduced the rate by 0.1 percentage point on January 2002, January 2003, and July 2004, bringing the rate to 3.9 percent, where it remained through September 2007. As the pace of the Michigan economy slowed considerably in the mid-2000s, renewed budgetary pressures led to new legislation that increased the income tax rate to 4.35 percent effective October 1, 2007, and provided for a gradual reduction of the rate (0.1 percentage point) on each October 1 beginning in 2011, until the rate reached 3.95 percent, and finally dropped to 3.9 percent on October 1, 2015. However, PA 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, respectively. (See Exhibit 41 on page 60 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. 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). A table with chronological changes to the Michigan Income Tax (filing requirements, average rates, maximum limits of deductions and credits, and others) can be found in Appendix A on page 97.

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[1] For a complete Michigan personal income tax legislative history through 2012, see Appendix A, page 71.

For 2013, the following exemptions were available for taxpayers: $3,950 personal exemption, $2,500 special exemption for filers with certain disabilities, $300 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 93). Exhibit 1 depicts the average annual Michigan individual income tax rate and allowed exemptions since 2005.

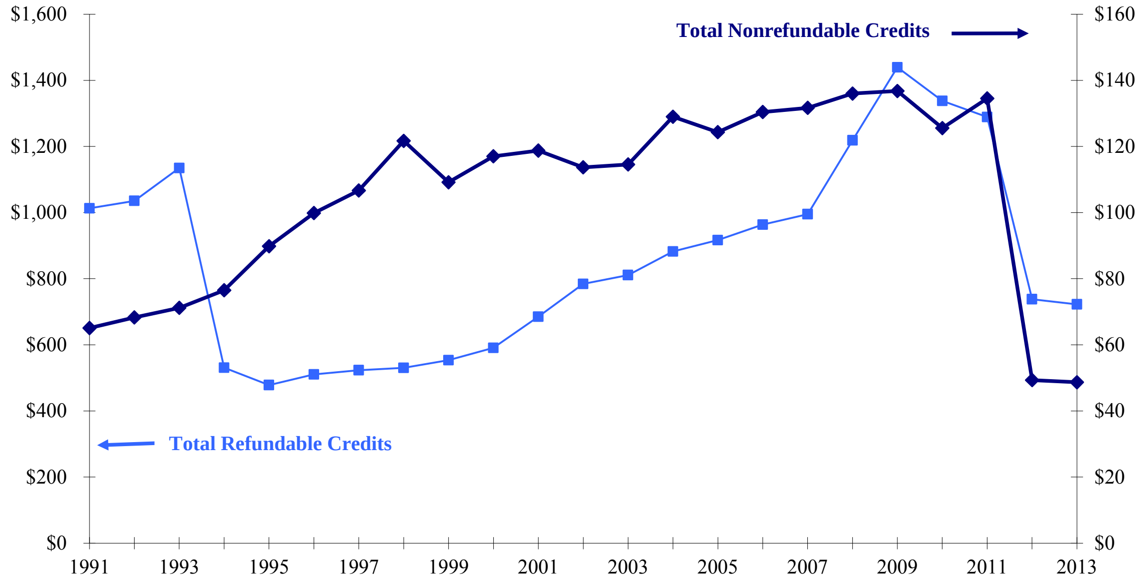
Exhibit 1
Michigan Individual Income Tax Exemption Allowances

				Special Exemptions			
Tax Year	**Average Rate**	**Personal Exemption**	**Claimed as Dependent Exemption**	**Blind, Deaf, or Disabled**	**Disabled Veteran**	**Senior**	**Unemployment Compensation**
2005	3.90%	$3,200	$1,500	$2,000	n.a.	$2,000	$2,000
2006	3.90%	3,300	1,500	2,100	n.a.	2,100	2,100
2007	4.01% *	3,400	1,500	2,200	n.a.	2,200	2,200
2008	4.35%	3,500	1,500	2,200	250	2,200	2,200
2009	4.35%	3,600	1,500	2,300	300	2,300	2,300
2010	4.35%	3,600	1,500	2,300	300	2,300	2,300
2011	4.35%	3,700	1,500	2,400	300	2,400	2,400
2012	4.33% **	3,763 ***	1,500	2,400	300	n.a.	n.a.
2013	4.25%	3,950	1,500	2,500	300	n.a.	n.a.
2014	4.25%	4,000	1,500	2,500	400	n.a.	n.a.
2015	4.25%	4,000	1,500	2,600	400	n.a.	n.a.

*Tax rate equals 3.9% through September 2007, then it increases to 4.35% thereafter.
**Tax rate equals 4.35% through September 2012, then it decreases to 4.25% thereafter.
***Exemption equals $3,700 through September 2012, then it increases to $3,950 thereafter.

The Michigan individual income tax is a flat rate tax. The Michigan Constitution prohibits graduated income tax rates. Proposals to allow graduated rates were defeated by voters in 1968, 1972, and 1976. However, a degree of progressivity is achieved with exemptions and credits, such as the homestead property tax and home heating credits, and the Michigan EITC. These provisions help to make the tax less burdensome on low income taxpayers. 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 2013, a total of $722.6 million was paid in refundable credits, and an additional $48.7 million was paid in nonrefundable credits. For a complete list of credits available in tax year 2013 see Chapter V on page 22.

Exhibit 2
Individual Income Tax Credits
(millions)



A portion of income tax revenues is earmarked to the School Aid Fund (SAF) with the remainder distributed as General Fund/General Purpose (GF/GP) revenues. Beginning in fiscal year 1994-95, 14 percent of gross income tax collections was statutorily allocated to the SAF with the remainder of net income tax revenue allocated to GF/GP. For fiscal year 1996-97, the SAF allocated percentage increased to 23 percent, where it remained until tax year 1999. For tax years 2000 and after, the percentage of gross income tax collections earmarked to the SAF changed to equal 1.012 percent divided by the income tax rate. The inverse relationship between the income tax rate and the percent allocated to the SAF has resulted in a steady increase of the earmarking percentage for tax years 2000 through 2006, from 24.1 to 25.95 percent, and a recent decline on that percentage to 25.24 percent in 2007, and 23.26 percent for tax years 2008 through 2011. As the tax rate decreased on October 2012, the earmarked percentage was 23.81 percent for tax year 2013. Exhibit 3, on page 8, summarizes the income tax revenue earmarking to the SAF and GF/GP since 1995.

USE TAX PAYMENTS

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

Starting in tax year 1999, Michigan taxpayers were able to remit use tax payments while filing their income tax return, instead of filing separate use tax forms. This alternative simplifies the tax compliance process for the taxpayer. In tax year 2013, 113,700 taxpayers remitted $6.2 million in use tax (see Exhibit 4 below).

Exhibit 3
Earmarking of Income Tax Gross Collections

Tax Years	Average Tax Rate	Earmarking Percentages SAF	GF/GP	Tax Years	Average Tax Rate	Earmarking Percentages SAF	GF/GP
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	4.10%	24.68	75.32	2012	4.33%	23.40	76.60
2003	4.00%	25.30	74.70	2013 - 2015	4.25%	23.81	76.19
2004	3.95%	25.62	74.38				

Exhibit 4
Use Tax Liability Reported on Income Tax Returns

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

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

IV. INCIDENCE OF THE INDIVIDUAL INCOME TAX

For tax year 2013, about 4.6 million MI-1040 returns were filed, 46,200 more than for 2012 (see Exhibit 5 below). An additional 85,000 "credit-only" returns were filed for 2013. 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, 19,700 claimed only a home heating credit, 19,600 claimed only a property tax credit, and 22,800 claimed both refundable credits.

The personal income tax generated $6.8 billion in net revenue for tax year 2013, which is total revenue after all credits and refunds are paid. Income tax revenues decreased $154.6 million (-2.2%) from 2012, reflecting the full year impact of the tax rate decrease on October 2012.

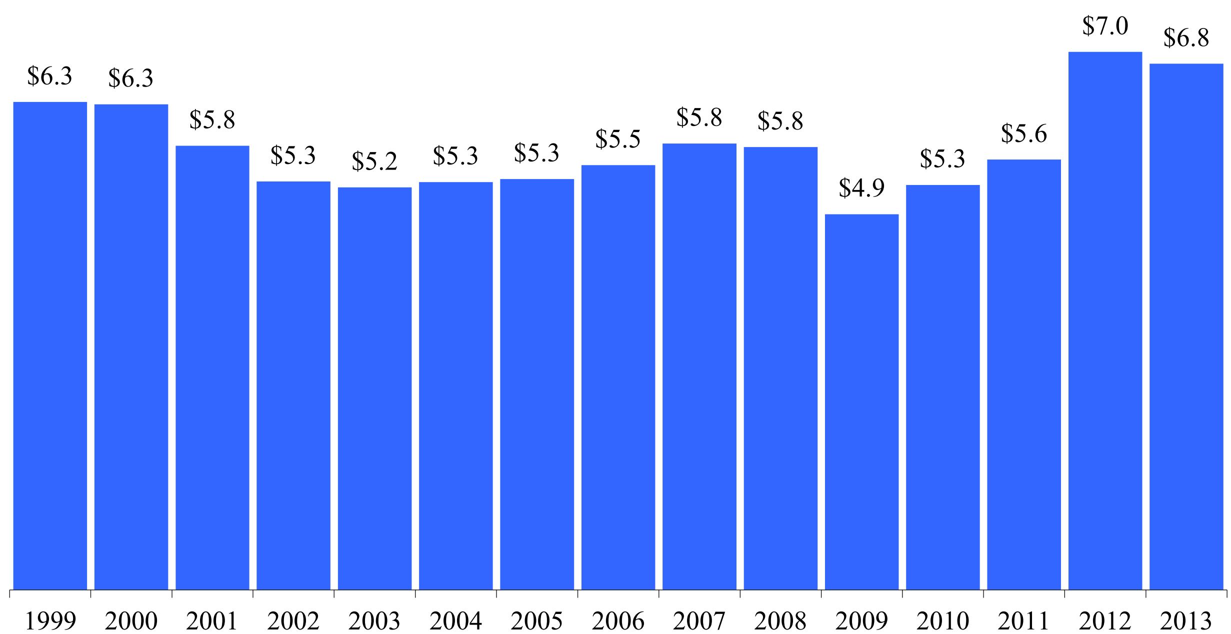
Exhibit 5
Fifteen-Year History of Income Tax Rates and Revenue

Year	Number of 1040s Filed	Adjusted Gross Income	Average AGI	Nominal Rate	Average Effective Rate	Revenue
1999	4,414,720	222,092,788,315	50,307	4.40%	2.86%	6,343,222,500
2000	4,511,561	235,714,626,207	52,247	4.20%	2.68%	6,313,315,900
2001	4,456,031	222,960,889,578	50,036	4.20%	2.59%	5,774,007,800
2002	4,405,687	213,455,154,939	48,450	4.10%	2.49%	5,309,790,100
2003	4,369,995	223,070,894,889	51,046	4.00%	2.35%	5,232,779,200
2004	4,390,300	241,419,608,339	54,989	3.95%	2.20%	5,301,966,200
2005	4,424,662	260,604,722,102	58,898	3.90%	2.05%	5,341,831,700
2006	4,487,257	272,454,940,745	60,717	3.90%	2.03%	5,521,426,800
2007	4,560,672	292,321,301,678	64,096	4.01%	1.99%	5,803,415,000
2008	4,481,511	257,476,490,543	57,453	4.35%	2.24%	5,757,103,800
2009	4,395,979	240,741,775,266	54,268	4.35%	2.03%	4,883,682,400
2010	4,459,933	254,568,181,316	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 [2]	63,550	4.25%	2.36%	6,840,270,600

[2]The AGI above is reduced by returns reporting a negative AGI totaling a negative $5.8 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 1999.

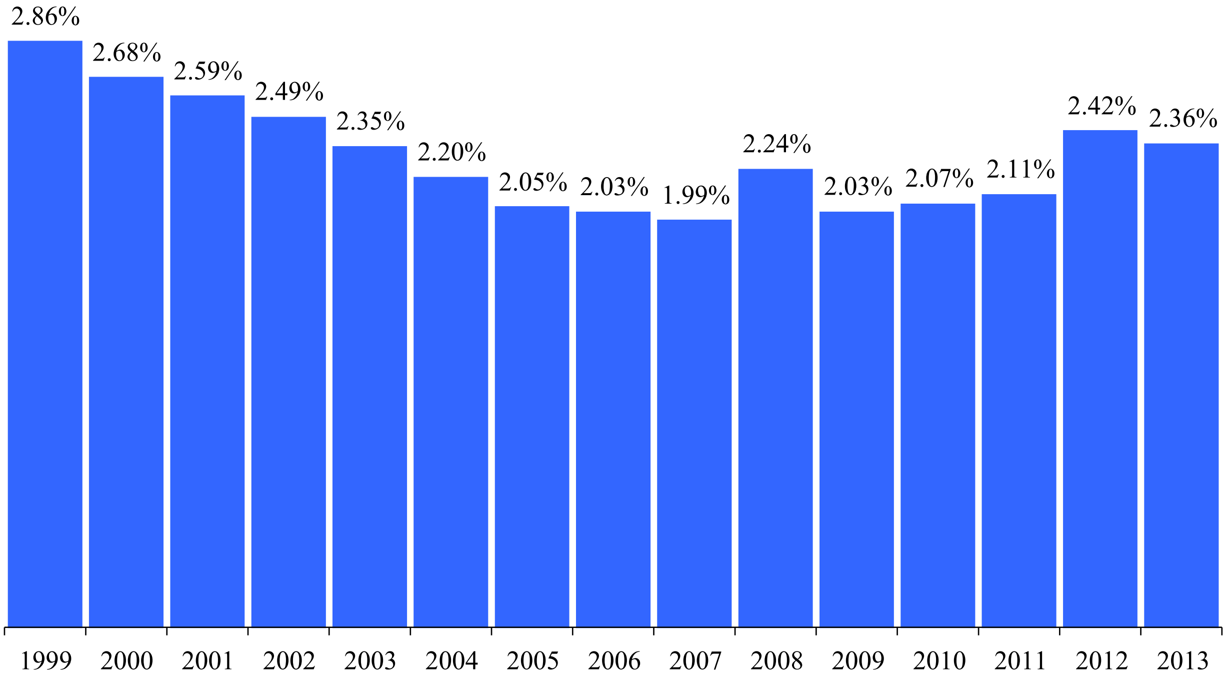
Exhibit 6
Annual Collections from Michigan Individual Income Tax
(billions of dollars)



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 2013 was 2.36 percent, lower than the calculated average of 2.88 percent for the 1997-1999 period, when the tax rate was kept at 4.4 percent. Over the 1999-2013 period, the highest average effective rate was 2.86 percent for 1999, 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, and tax year 2012, when the treatment of retirement income was changed and several credits and special exemptions were either eliminated or reduced, the overall decrease in the average effective rate over past years resulted from a combination of generalized increase in exemption amounts due to inflation indexing, expansion of refundable credits, and decrease in the nominal tax rate.

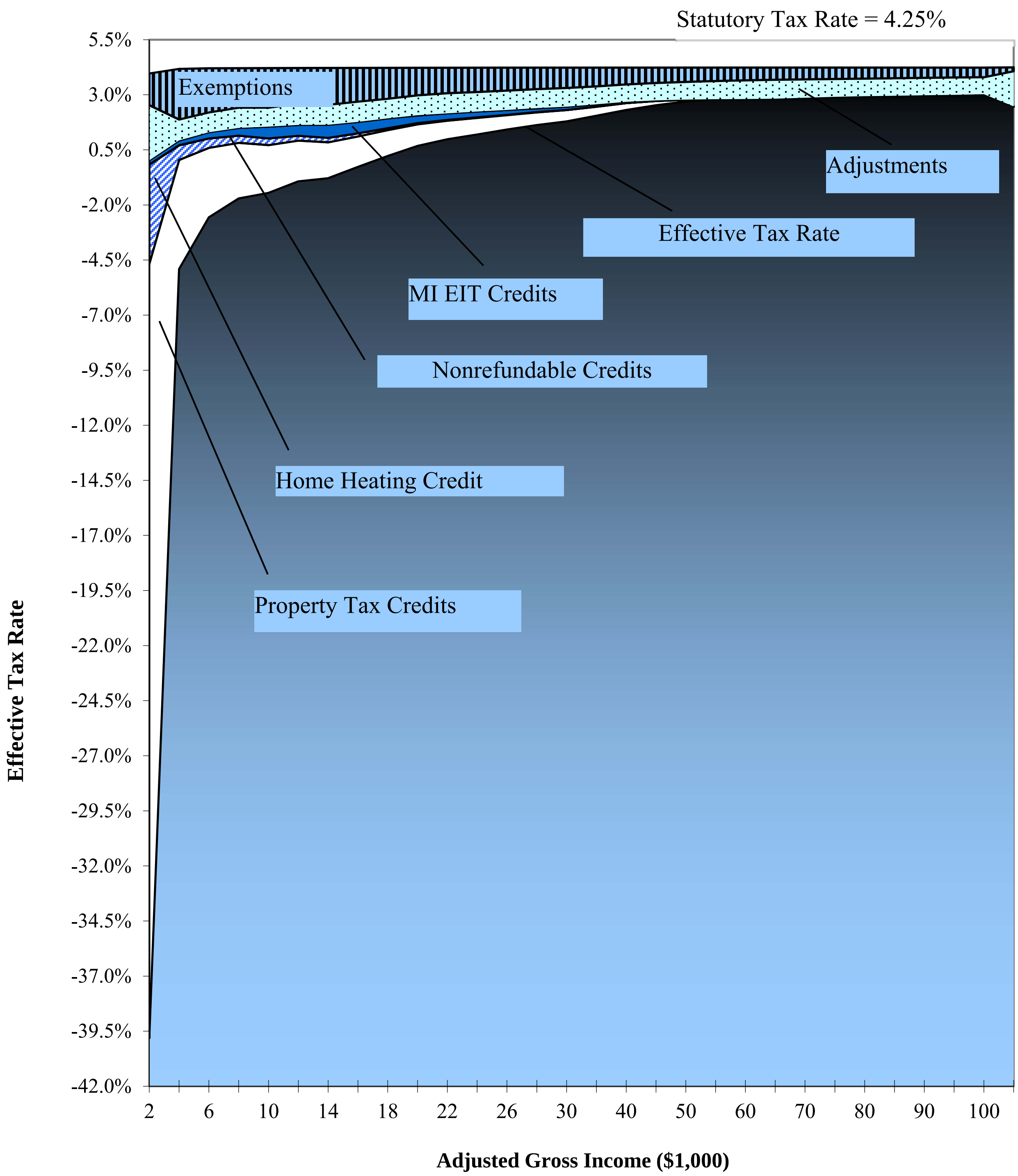
Exhibit 7
Individual Income Tax
Effective Tax Rate



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

As shown in Exhibits 8, 26 and 27 (see pages 12, 41 and 42, respectively), the effective tax rate in 2013 varied from negative 39.82 percent for taxpayers in the $1 - $2,000 AGI group, to positive 3.35 percent for taxpayers with an AGI between $190,001 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 0.89 percent, lower than the peak of 3.35 percent. The reason for this lower rate is because the above $1,000,000 AGI group includes a large number of nonresidents with relatively low Michigan income compared to their total AGI, affording them large subtractions for income not taxable in Michigan and consequently lower taxable income and effective rate. Resident taxpayers included in that AGI group are also more likely than resident taxpayers in other AGI groups to have part of their income from business activities outside of Michigan, resulting in their Michigan tax base being lower than their AGI. Overall, the effective tax rate was 2.36 percent rather than the nominal rate of 4.25 percent.

Exhibit 8
Effective Income Tax Rates,
2013



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 26 (see page 41). Exhibit 26 details the effects of the personal exemption, various adjustments and credits on the distribution of the Michigan income tax burden. As a percentage of income, the $3,950 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. Federal data for tax year 2013 show that 27.3 percent of Michigan taxpayers itemized deductions on their federal income tax returns[3]. With federal deductibility, taxpayers offset part of their state income tax with a lower federal tax liability. For example, taxpayers in the 28 percent federal income tax bracket who itemized would have up to 28 percent of their state income tax offset by lower federal income tax liability. Federal deductibility provides greater benefits to taxpayers with higher incomes, since higher income people are both more likely to itemize their deductions and face higher marginal tax rates. For 2013, 77.6 percent of Michigan taxpayers reporting an AGI of $100,000 or more itemized their deductions, while 15.3 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 8.8 million personal exemptions for 2013. 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 26 (see page 41), there were an estimated 7.4 million effective personal exemptions, i.e., exemptions that actually offset income. The effective exemptions for 2013 were calculated assuming all personal exemptions and special exemptions were equally likely to offset taxable income.

Michigan taxpayers claimed over about 241,600 special exemptions for tax year 2013. Almost all of the special exemptions were claimed by deaf/blind/disabled filers (only 24,800 exemptions for disabled veterans were claimed in the tax year). Exhibits 29 and 30 (see pages 45 through 47) present distributions of all the exemptions claimed for tax year 2013 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 26 (see page 41) by the number of claimed exemptions, and then multiplying that quotient by the number of exemptions/deductions in Exhibit 30 (see page 47). For example, the number of effective deductions for disabled veterans in the $30,001 to $35,000 income group would be estimated by dividing 360,454 by 414,463 and then multiplying the result (0.8697) by 1,263. The result is an estimate of 1,098 effective exemptions.

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[3]Data on itemized deductions was obtained from the Internal Revenue Service, Statistics of Income Division, Individual Master File System, December 2014.

The Michigan income tax is paid almost exclusively by Michigan residents. Non- or part-year residents pay about 3.6 percent of the income tax. Exhibit 9 below summarizes the distribution of Michigan returns and net tax liability by residency. While nonresidents report $52.0 billion in AGI, they claim subtractions totaling $52.2 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 not required to file a Michigan income tax return.

Exhibit 9
2013 Income Tax Returns Distribution by Residency

Residency	Number of Returns	Adjusted Gross Income	Total Tax Liability
Resident	4,338,320	$231,674,581,092	$6,624,142,005
Part-year resident	100,062	6,195,595,835	99,214,654
Nonresident	122,593	51,980,118,376	150,000,589
Totals	4,560,975	$289,850,295,303	$6,873,357,247

Married taxpayers filing jointly reported 68.4 percent of AGI and paid 71.8 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.

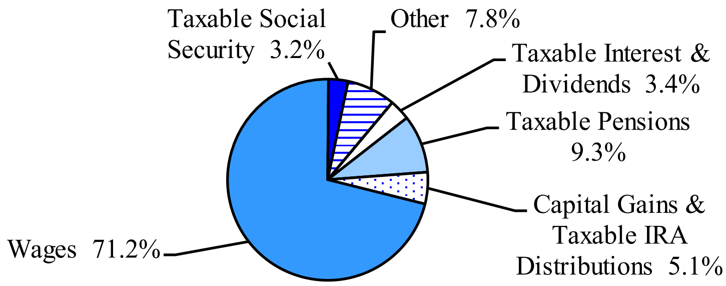
Exhibit 10
2013 Income Tax Returns Distribution by Filing Status

Filing Status	Number of Returns	Adjusted Gross Income	Total Tax Liability
Single	2,709,597	$84,835,693,387	$1,841,097,722
Married filing jointly	1,786,509	198,285,138,133	4,937,762,013
Married filing separately	64,867	6,729,271,207	94,489,600
Status not reported	n.a.	192,577	7,912
Totals	4,560,975	$289,850,295,303	$6,873,357,247

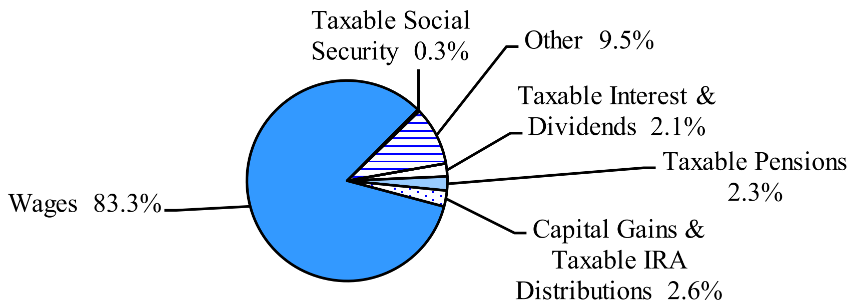
The starting point for the Michigan individual income tax is federal AGI, which is total federal income less adjustments. Federal total income is comprised of wage income, taxable pensions, interest and dividends, capital gains and some Social Security income, but excludes most Social Security and social service assistance. Using tax year 2011 detailed federal data for Michigan taxpayers we can see how the composition of federal total income varied across age groups (see Exhibit 11)

Exhibit 11
2011 Michigan Federal Total Income Categories by Age Group

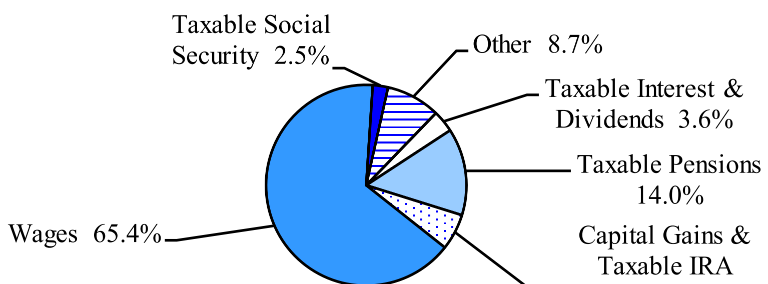
All Taxpayers



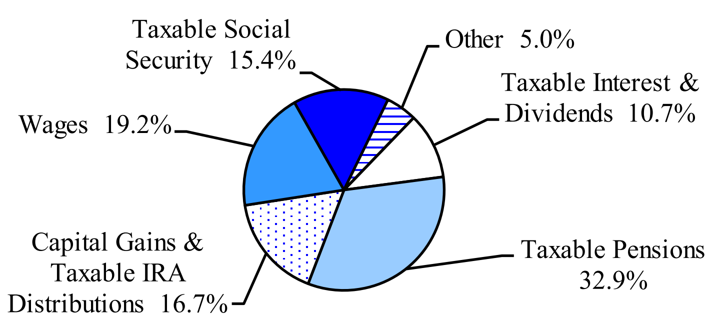
Taxpayers in Age Group 45 years to 54 years



Taxpayers in Age Group 55 years to 64 years



Taxpayers in Age Group 65 years old and above



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

In 2011, wage income comprised the largest part of income for all taxpayers (71.2 percent), representing 83.3 percent of total income for taxpayers in age group 45 to 54 years, and 19.2 percent of total income for those 65 and older.

Federal adjustments to income provided an average reduction of 1.4 percent of taxpayers' total income in 2011 (see Exhibit 12). The reduction of the total income varies across age group, ranging from a low of 0.4 percent reduction for filers in the 85 and over age group to 1.9 percent reduction for those on the under 25 year group.

Exhibit 12
2011 Federal Adjustments to Income for all Michigan Taxpayers by Age Group

Age Group	Nr of Returns	(A) Total Income	(B) Adjustments to Income	(C) = (A) - (B) Adjusted Gross Income	Percentage Change C)/(A) - 1
Under 25 Yrs	726,301	$8,382,256,607	($156,339,199)	$8,225,917,408	-1.9%
25 to 34 Yrs	781,011	$28,269,230,766	($407,676,598)	$27,861,554,168	-1.4%
35 to 44 Yrs	721,889	$45,267,936,065	($539,402,989)	$44,728,533,076	-1.2%
45 to 54 Yrs	829,083	$62,312,427,162	($920,509,256)	$61,391,917,906	-1.5%
55 to 64 Yrs	736,671	$53,535,460,091	($944,987,952)	$52,590,472,139	-1.8%
65 to 74 Yrs	433,068	$23,516,180,329	($310,712,650)	$23,205,467,679	-1.3%
75 to 84 Yrs	256,827	$10,284,389,672	($64,013,262)	$10,220,376,410	-0.6%
85 and Over	124,437	$4,073,913,125	($18,254,603)	$4,055,658,522	-0.4%
Missing Age	6,955	$232,090,760	($4,419,454)	$227,671,306	-1.9%
Totals	4,616,242	$235,873,884,577	($3,366,315,963)	$232,507,568,614	-1.4%

Certain types of income are added back to federal AGI to determine the Michigan income tax base. Principal additions include interest on obligations (bonds) issued by other states, and the federal deduction of self-employment tax. Tax base subtractions include mainly income from U.S. Government bonds, military pay, social security benefits, most pension income, and income attributable to another state. Exhibits 13, 14, and 15 on pages 17 and 19 provide information by age group on AGI, total additions, and total subtractions for tax year 2013 Michigan income tax base.

In 2013, total additions represented about 2.7 percent of total AGI, varying from 0.4 percent for taxpayers in age group under 34, up to 9.0 percent for those 85 and older (see Exhibit 13). Total subtractions represented about 31.3 percent of total AGI, and varied from 8.1 percent for filers in age group 35 to 44 years old, to 73.6 percent for those in age group 75 to 84 years.

Exhibit 13
2013 Total AGI, Additions and Subtractions by Age Group
(millions of dollars)

Age Group	Number of Returns	Total AGI	Total Additions	Additions As a % of AGI	Total Subtractions	Subtractions As a % of AGI
Under 25 Yrs	704,450	$9,115.6	$32.2	0.4%	$810.1	8.9%
25 to 34 Yrs	779,968	$31,853.3	$142.5	0.4%	$3,595.2	11.3%
35 to 44 Yrs	671,483	$46,161.8	$324.6	0.7%	$3,754.6	8.1%
45 to 54 Yrs	759,451	$62,459.8	$764.1	1.2%	$5,159.3	8.3%
55 to 64 Yrs	730,498	$57,737.5	$1,191.7	2.1%	$9,817.1	17.0%
65 to 74 Yrs	465,627	$29,473.4	$1,187.0	4.0%	$17,800.4	60.4%
75 to 84 Yrs	250,671	$11,270.2	$510.7	4.5%	$8,298.4	73.6%
85 and Over	127,476	$4,200.2	$190.2	4.5%	$2,952.5	70.3%
Missing Age	71,351	$37,578.6	$3,395.0	9.0%	$38,570.7	102.6%
Totals	4,560,975	$289,850.3	$7,737.9	2.7%	$90,758.3	31.3%

Exhibit 14
2013 Total Additions Detail by Age Group
(millions of dollars)

Age Group	Total Additions	Interest & Dividends	Self Employment Taxes and Other Taxes	Gains from MI 1040D & MI 4797	Losses Attributable to Other States	Net Loss from Fed Column MI 1040D or MI 4797	Other (1)
Under 25 Yrs	$32.2	$1.7	$15.4	$2.1	$2.2	$0.6	$10.2
25 to 34 Yrs	$142.5	$3.7	$63.0	$10.3	$15.0	$1.8	$48.8
35 to 44 Yrs	$324.6	$11.0	$103.7	$20.0	$45.9	$8.1	$135.8
45 to 54 Yrs	$764.1	$43.8	$137.3	$56.5	$130.2	$13.8	$382.5
55 to 64 Yrs	$1,191.7	$110.5	$133.9	$131.9	$159.7	$26.9	$628.9
65 to 74 Yrs	$1,187.0	$123.3	$55.1	$178.9	$135.6	$18.7	$675.4
75 to 84 Yrs	$510.7	$102.0	$10.4	$49.3	$72.5	$9.0	$267.4
85 and Over	$190.2	$70.9	$1.8	$34.0	$6.2	$3.5	$73.9
Missing Age	$3,395.0	$25.4	$3.9	$3.3	$3,073.1	$0.6	$288.8
Total	$7,737.9	$492.2	$524.6	$486.3	$3,640.2	$82.9	$2,511.7
% of Total Additions	100.0%	6.4%	6.8%	6.3%	47.0%	1.1%	32.5%

Notes:
1. In 2013, others included Michigan Education Savings Program (MESP) account not qualified money withdrawn that were not included in AGI; amount of NOL deductions used to reduce AGI; refunds and qualified gross expenses from nonferrous metalic minerals extractions used to reduce AGI.

The largest components of total additions in tax year 2013 was the add back of losses attributable to other states (47.0 percent of total additions), and the other category (32.5 percent of total additions, see Exhibit 14).

The largest components of total subtractions in tax year 2013 were income attributable to other states (63.2 percent of total subtractions), and retirement or pension benefits exemption (19.7 percent of total subtractions, see Exhibit 15). The average AGI reduction for taxpayers 35 to 44 years old was 8.1 percent, and 64.6 percent for taxpayers 65 or older (see Exhibit 13).

Beginning in 2012, pension and retirement benefits[4] are taxed differently depending on the age of the benefit recipient and the age of the oldest filer on a joint return. All taxable pension or retirement benefit income is exempted up to $48,302 (single)/$96,605 (joint) per return for filers with birth date prior to 1946, and up to $20,000 (single)/$40,000 (joint) per return for filers born on 1946 through 1952. Filers born after 1952 are not entitled to a pension subtraction.

Filers born before 1946 may also deduct interest, dividend and capital gains income up to the statutory limits. For 2013 this exclusion was for up to $10,767 (single)/$21,534 (joint) per return and it was reduced by any pension income deducted by the taxpayer.

While the favorable treatment of pension income and interest, dividends and capital gains remains for filers born before 1946, it is substantially reduced or non-existent for the remaining filers starting in tax year 2012. These changes reduce the instances when filers with similar income levels face significantly different tax burden due to the source of their income.

[4] 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.

Exhibit 15
2013 Total Subtractions Detail by Age Group
(millions of dollars)

Age Group	Total Subtractions	Income from US Gov't Bonds	Military & Railroad Retirement Benefit	Gains from MI 1040D and MI 4797	Income Attributable to Other States	Retirement/ Pension Incl. in MI-1040	Dividend/ Interest/ Capital Gain Exemption
Under 25 Yrs	$810.1	$5.7	$5.8	$3.1	$577.5	$0.1	$0.0
25 to 34 Yrs	$3,595.2	$6.4	$11.7	$16.5	$3,126.3	$0.2	$0.1
35 to 44 Yrs	$3,754.6	$6.3	$23.4	$35.4	$3,186.5	$1.6	$0.1
45 to 54 Yrs	$5,159.3	$17.3	$84.8	$92.0	$4,214.9	$37.2	$0.7
55 to 64 Yrs	$9,817.1	$39.0	$163.1	$197.6	$4,564.7	$3,056.6	$9.3
65 to 74 Yrs	$17,800.4	$47.6	$152.6	$274.1	$2,800.3	$7,877.9	$263.5
75 to 84 Yrs	$8,298.4	$52.3	$80.8	$84.7	$814.4	$5,030.1	$236.6
85 and Over	$2,952.5	$49.6	$28.4	$48.4	$198.5	$1,785.1	$189.5
Missing Age	$38,570.7	$5.0	$3.3	$12.6	$37,854.8	$47.2	$9.7
Totals	$90,758.3	$229.3	$553.8	$764.5	$57,337.9	$17,835.9	$709.6
% of Total Subtractions	100.0%	0.3%	0.6%	0.8%	63.2%	19.7%	0.8%

Age Group	Social Security & Active Military Benefits	Income from Renaissance Zones	State and Local IIT Refunds	MESP Subtraction	MET Subtraction	Miscellaneous Subtraction [(1)]
Under 25 Yrs	$183.7	$1.1	$1.8	$0.5	$0.3	$30.5
25 to 34 Yrs	$321.2	$6.9	$28.2	$12.2	$2.1	$63.6
35 to 44 Yrs	$227.2	$7.5	$75.8	$67.9	$19.5	$103.5
45 to 54 Yrs	$279.7	$9.1	$106.3	$75.3	$18.1	$223.9
55 to 64 Yrs	$1,288.7	$7.4	$118.2	$23.1	$5.0	$344.3
65 to 74 Yrs	$4,409.7	$3.9	$64.4	$17.0	$2.9	$1,886.4
75 to 84 Yrs	$1,856.6	$2.0	$19.6	$6.7	$1.0	$113.4
85 and Over	$618.2	$3.9	$7.4	$1.2	$0.3	$21.9
Missing Age	$61.0	$0.7	$6.2	$0.8	$0.4	$569.1
Totals	$9,246.0	$42.3	$428.0	$204.7	$49.7	$3,356.6
% of Total Subtractions	10.2%	0.0%	0.5%	0.2%	0.1%	3.7%

Notes:

1. In 2013, miscellaneous subtractions included: qualified withdrawal from an MESP account; benefits a discriminatory self-insured medical expense reimbursement plan; qualified losses from disposal o property; amount used to determine the federal credit for elderly or totally and permanently disabled income from producing oil and gas subject to Michigan severance tax; Holocaust victim payments; qualified resident tribal member income; and Michigan NOL used to reduce AGI.

Exhibit 16 presents estimates of the growth of Michigan personal income from 2012 to 2013 prepared by the U.S. Bureau of Economic Analysis. Personal income increased 1.4 percent overall in 2013, with strong growth in adjustment for contributions for social insurance (31.7 percent), adjustment for residence (5.6 percent), and proprietor's income (5.6 percent).

Exhibit 16
Growth in Michigan Income from 2012 to 2013
(thousands)

Labor Earnings		**2012**	**2013**	**Percentage Change**
Wage and salary disbursements		$189,723,746	$195,203,414	2.9%
Other labor income		31,739,505	31,256,630	-1.5%
Proprietors' income		26,209,180	27,670,142	5.6%
Total labor earnings	(A)	$247,672,431	$254,130,186	2.6%
Adjustments				
Personal contributions for social insurance		-$12,837,071	-$16,907,732	31.7%
Adjustment for residence		1,955,185	2,064,325	5.6%
Total adjustments	(B)	-$10,881,886	-$14,843,407	36.4%
Net Michigan labor earnings	(C)=(A)-(B)	$236,790,545	$239,286,779	1.1%
Dividends, interest, and rent	(D)	$62,747,781	$63,638,463	1.4%
Transfer payments	(E)	81,775,927	83,545,960	2.2%
Michigan Personal Income	(C)+(D)+(E)	$381,314,253	$386,471,202	1.4%

Source: Bureau of Economic Analysis, U.S. Department of Commerce, March 25, 2015 update.

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

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

A simple calculation will clarify the concept of elasticity. In Exhibit 5 (see page 9), net tax revenues increased by 7.16 percent from 1998 to 1999, and total AGI increased by 8.22 percent for the same period. This resulted in an elasticity estimate of 0.871 (7.16 divided by 8.22), meaning that a 10 percent increase/decrease in income will, on average, increase/decrease tax revenues by 8.71 percent. However, this method of calculating income elasticity is not suitable when changes in other important variables that affect tax revenues are also present (e.g., tax rate, or exemption amounts). Using 1999 and 2000 data, the reported changes of net income tax revenues and of AGI would result in a calculated elasticity of -0.077, suggesting that a 10 percent increase in income will lead, on average, to tax revenues declining 0.7 percent. The problem with this estimate is that the drop in tax revenue in 2000 reflected not only the change in AGI, but also the decrease in the tax rate and the increase in the exemption amount, which cannot be accounted for using this simple method. Using 2000 and 2001 data, the simple method yields an income elasticity estimate of 1.58, suggesting that a 10 percent increase in income will increase tax revenues by, on average, 15.8 percent. Here, the strong responsiveness of tax revenues to income suggested by the elasticity estimate results from the fact that the simple calculation method does not properly account for the large drop in capital gains, which was concentrated among taxpayers with high marginal rates.

Regression analysis provides a more thorough method of estimating the income elasticity of net income tax revenues. It allows the investigator to isolate the effect of changes in income on tax revenues by controlling for other variables that influence tax collections, such as changes in the personal exemption or tax rate. Regression analysis of Michigan income tax collections from the first quarter of 1978 through the fourth quarter of 2014 results in an estimated elasticity of 0.940, suggesting that a 10 percent increase in income will increase tax revenue by, on average, 9.40 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).[5]

[5] 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 2013, Michigan's personal income tax offered 6 different credits to taxpayers: four refundable credits (homestead property tax, farmland preservation property tax, home heating, and the Michigan earned income tax (EITC)), and two 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[6], 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 93.

For tax year 2013, 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:

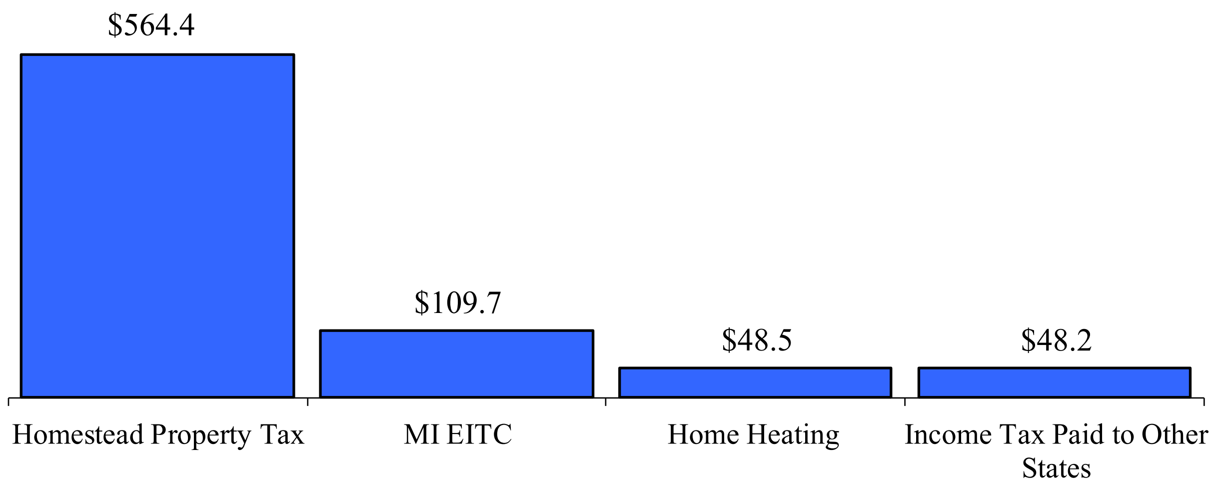
Household Resources	Percent Not Refundable
$ 0 - $3,000	0.0%
$3,001 - $4,000	1.0%
$4,001 - $5,000	2.0%
$5,001 - $6,000	3.0%
Over $6,000	3.5%

[6] 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 1.1 million Michigan taxpayers received $524.2 million of homestead property tax credits and $40.2 million in farmland preservation property tax credits for tax year 2013. The $564.4 million in total 2013 homestead property tax credits represented a decrease of $19.2 million (-3.3 percent) from the prior year, and 52,900 fewer taxpayers received assistance. Senior citizens received $186.5 million of the credits, a $7.6 million decrease from 2012. Exhibit 17 compares the amount of property tax credits paid to taxpayers compared to other credits.

Exhibit 17
2013 Individual Income Tax Credits
(millions of dollars)



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

The average 2013 homestead property tax credit was $486.33 (excluding the farmland credit), a $5.55 increase from the tax year 2012 average. Senior citizens' credits averaged $588.97, a $1.02 increase from 2012 (see Exhibit 31 on page 48). Exhibit 18, on page 24, provides a summary of the number of credits received by taxpayers, according to AGI levels.

Exhibits 18 and 28 (on pages 24 and 43) 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 3.8 percent of total AGI, taxpayers with incomes between $10,001 and $20,000 received 28.5 percent of the total homestead credits. On the other hand, taxpayers with AGIs over $50,000 accounted for 82.2 percent of total 2013 Michigan AGI, but received only 0.2 percent of total homestead credits. Exhibits 32 through 35 (see pages 49 through 52) provide the distribution of property tax credits by income group.

Exhibit 18
2013 Homestead Property Tax Credits
(Excludes Farmland Credit)

AGI Range	Number of Credits Allowed	Dollar Amount of Credit	Average Credit
Under $10,000	342,962	$213,729,328	$623.19
$10,001 - $20,000	304,910	149,630,190	490.74
$20,001 - $50,000	425,922	159,986,870	375.62
Over $50,000	4,100	870,008	212.20
Total	1,077,894	$524,216,396	$486.33

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 7,500 farms in 2013, providing credits of $40.2 million for an average credit of $5,331.53. Including the farmland preservation credit, the average property tax credit was $520.01 in tax year 2013. For 2,900 farmers claiming both a farmland credit and homestead property tax credit, the combined credits averaged about 91.8 percent of total property taxes paid. Those taxpayers paid $14.3 million in property taxes, receiving $10.4 million in farmland credits, and $2.7 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 2013, 9,300 senior citizens claimed an additional $2.4 million using this alternate homestead property tax credit calculation, representing an increase of about $0.1 million from 2012 with about 840 more people receiving the additional credit. The amount of this credit is included in the senior citizens' homestead property tax credit statistics, but shown separately in Exhibit 31 (see page 48).

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 31 (see page 48).

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 tax year 2012. In tax year 2013, individuals who are disabled, deaf, blind, or qualified disabled veteran were entitled to extra exemptions.

Home heating credits for tax year 2013 totaled $48.5 million, with 356,200 households qualifying. This represented a $0.5 million increase from the previous year regular credit amount, with 19,500 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 $4.1 million of the total home heating credits claimed for tax year 2013 (see Exhibit 19). Exhibit 36 (see page 53) provides information on the distribution of the home heating credit by household resources.

Exhibit 19
2013 Home Heating Credits

	Number of Credits Allowed	Dollar Amount of Credit	Average Credit
Senior Citizens	36,423	$4,111,249	$112.88
General	269,124	37,320,279	138.67
Disabled	50,289	6,983,901	138.88
Veteran	349	46,175	132.31
Total	356,185	$48,461,604	$136.06

About 45,800 taxpayers used the alternative calculation based on energy consumption claiming credits worth $14.1 million. The average credit under the standard calculation was $103.80 compared to $308.77 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 2012. 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 780,500 taxpayers claimed $109.7 million in Michigan EITC in 2013, resulting in an average credit of $140.49 per taxpayer. Exhibit 20 provides information on the distribution of credit recipients by AGI[7].

Exhibit 20
2013 Michigan Earned Income Tax Credits

AGI Range	Number of Credits Allowed	Dollar Amount of Credit	Average Credit
Under $10,000	220,306	$15,929,604	$72.31
$10,001 - $15,000	173,196	27,508,459	$158.83
$15,001 - $20,000	103,716	24,591,898	$237.11
$20,001 - $25,000	77,876	17,241,188	$221.39
$25,001 - $30,000	67,249	11,630,996	$172.95
$30,001 - $40,000	99,036	10,690,606	$107.95
Over $40,000	39,123	2,057,755	$52.60
Total	780,502	$109,650,506	$140.49

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 2013, 600 taxpayers claimed a total of $447,000 in historic preservation credits (see Exhibit 31 on page 48). Starting in tax year 2012, this credit is no longer available for historic rehabilitation plans certified after December 31, 2011 (PA 38 of 2011).

[7] For additional information on the characteristics of claimants of the Michigan EITC, see Office of Revenue and Tax Analysis, *Earned Income Tax Credit, Tax Year 2013*, February 2015 (http://www.michigan.gov/documents/treasury/2013EITCReport_480688_7.pdf?20150811150402)

Credit for Income Paid to Another State

For tax year 2013, 49,800 Michigan residents received a total of $48.2 million in credits for income tax paid to another state on income also subject to tax in Michigan, resulting in an average credit of $968.51. This credit was designed so that taxpayers were not taxed twice (in two states) for the same income (see Exhibit 31 on page 48).

VI. DESIGNATED CONTRIBUTIONS

For tax year 2013, 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 Girl Scouts of Michigan 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, and the AMBER Alert Fund of Michigan. 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 designations available per tax year to ten (10). In tax year 2013, three of the voluntary contribution did not raise the $50,000 minimum (see Exhibits 21 and 22).

State Campaign Fund

For the 2013 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 2013, 254,100 taxpayers contributed $0.8 million to the State Campaign Fund (see Exhibit 21). On average, there was one designation for every 18 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[8] 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 2013, 7,100 taxpayers contributed a total of $77,700 to the fund (see Exhibit 21).

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

[8] 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.

to active duty by the federal government. About $127,200 was contributed by 8,900 taxpayers for 2013 to the Military Family Relief Fund (see Exhibit 21).

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 $63,100 was contributed by 5,100 taxpayers to fund this program for tax year 2013 (see Exhibit 21).

Exhibit 21
Returns Designating Contributions 1990 – 2013

Tax	Number of 1040's	State Campaign Fund		Children's Trust Fund		Military Family Relief Fund		Children of Veterans Tuition Grant Program	
Year	Filed	Number	Amount	Number	Amount	Number	Amount	Number	Amount
1990	4,022,300	741,900	$1,483,800	138,294	$959,428	--	--	--	--
1991	4,011,600	653,000	1,306,000	119,468	858,263	--	--	--	--
1992	3,984,600	593,000	1,186,000	86,430	923,018	--	--	--	--
1993	4,034,000	491,333	1,474,000	72,458	807,617	--	--	--	--
1994	4,123,200	473,600	1,420,800	63,375	697,414	--	--	--	--
1995	4,214,300	437,200	1,311,600	62,971	779,471	--	--	--	--
1996	4,260,200	459,400	1,378,200	57,251	650,323	--	--	--	--
1997	4,308,575	469,000	1,407,000	54,639	629,652	--	--	--	--
1998	4,350,006	429,632	1,288,896	70,496	859,000	--	--	--	--
1999	4,414,720	393,111	1,179,333	78,242	938,300	--	--	--	--
2000	4,511,561	496,840	1,490,520	--	--	--	--	--	--
2001	4,456,031	534,955	1,604,865	--	--	--	--	--	--
2002	4,405,687	506,120	1,518,360	--	--	--	--	--	--
2003	4,369,995	492,625	1,477,875	--	--	--	--	--	--
2004	4,390,300	467,503	1,402,509	--	--	53,541	$1,233,661	--	--
2005	4,424,662	425,526	1,276,578	28,613	$390,695	34,484	549,167	--	--
2006	4,487,257	406,646	1,219,938	28,587	325,337	36,603	553,021	22,970	$212,110
2007	4,560,672	399,482	1,198,446	35,043	333,912	46,849	473,501	34,226	252,582
2008	4,481,511	366,911	1,100,733	35,448	318,945	46,019	415,611	34,524	242,270
2009	4,395,979	347,147	1,041,441	17,021	183,319	22,162	264,733	14,965	124,312
2010	4,459,933	339,663	1,018,989	6,817	82,233	6,919	115,167	5,406	66,339
2011	4,491,741	294,728	884,184	10,384	113,455	11,627	170,338	7,367	90,436
2012	4,514,771	265,901	797,703	8,594	88,736	10,125	140,093	6,242	68,911
2013	4,560,975	254,101	762,303	7,067	77,677	8,862	127,239	5,122	63,137

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.

Other Funds

Of the remaining funds available for taxpayer voluntary contributions on tax year 2013, the Animal Welfare Fund and the United Way Fund have been available for the longest time (since 2008 and 2009, respectively), followed by the Girls Scout Fund (effective in 2011), the Special Olympics of Michigan Fund (effective in 2012), while the remaining Funds became available in 2013. 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 22).

Exhibit 22
Returns Designating Additional Contributions 2008 – 2013

	TY 2008		TY 2009		TY 2010		TY 2011	
Current Contributions:	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Animal Welfare Fund	15,429	$142,358	7,982	$103,162	10,855	$148,766	13,080	$159,168
United Way Fund	--	--	5,934	$256,740	7,824	$407,369	7,101	$246,514
Girl Scouts Fund	--	--	--	--	--	--	4,517	$62,983
Discontinued Contributions:								
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	--	--

	TY 2012		TY 2013	
Current Contributions:	Number	Amount	Number	Amount
Animal Welfare Fund	11,687	$135,862	9,690	$115,215
United Way Fund	5,426	$185,530	4,679	$151,346
Girl Scouts Fund	3,522	$43,623	2,834	$35,619
Special Olympics Michigan	6,698	$83,797	5,470	$78,719
ALS of Michigan Fund	--	--	3,343	$41,504
Alzheimer's Association of Michigan	--	--	6,161	$75,982
AMBER Alert Fund of Michigan	--	--	4,325	$35,121

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

VII. INTERSTATE COMPARISONS

In 2013, Michigan along with six other states (Colorado, Illinois, Indiana, Massachusetts, 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 34 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 23 (see page 32). Exhibits 24 and 25 (see page 33) compare Michigan's income tax to that of other states in the Great Lakes region.

Michigan ranked tenth lowest in income taxes per person among the 41 states with a general income tax in fiscal year 2013, and Connecticut ranked highest. For fiscal year 2013, the average collections of $832 per person in Michigan were higher than the average of $750 in fiscal year 1999, when the tax rate was 4.4 percent (for Michigan income tax rates from 1968 to present, see Exhibit 41 on page 60). National average income tax collections per person were $979, and for the 41 states with an income tax, average income tax collections per person were $1,238.

For fiscal year 2013, Michigan ranked twelfth 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 2.83 percent, 0.08 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 2012, when Michigan's income tax as a percent of personal income was 1.85 percent. The above calculations use estimates of quarterly state personal income, released by the U.S. Bureau of Economic Analysis on March 2015, 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.

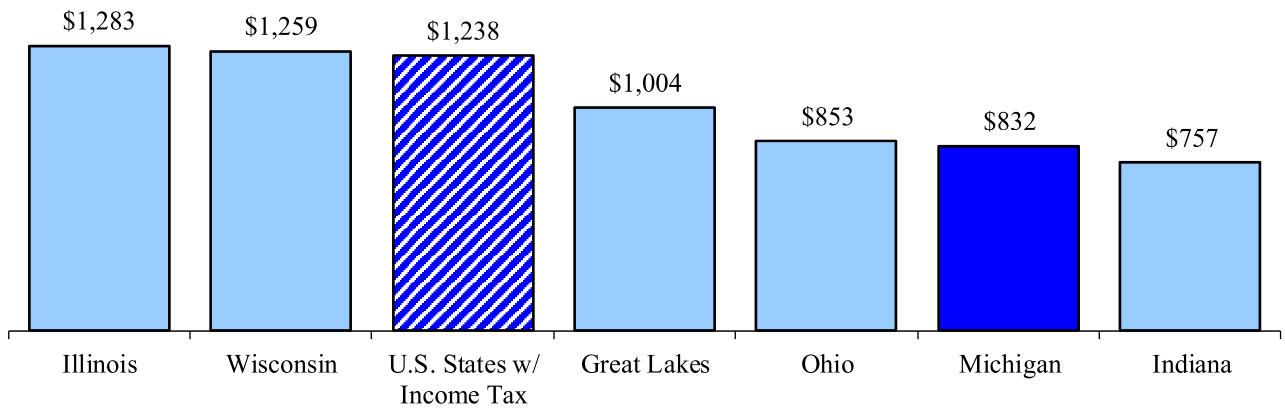
The income tax burden in Michigan has been declining relative to that in other states over the FY 1994-2013 period. In fiscal year 1994, Michigan ranked 11th highest in per capita income taxes and 14th highest in income taxes as a percent of personal income. For fiscal year 2013, Michigan ranked 32nd and 30th highest in each category, respectively.

Exhibit 23
State Individual Income Taxes for FY 2013
Per Person and Percentage of Personal Income

State	Per Person Individual Income Taxes	Rank	Income Taxes as a Percent of Personal Income	Rank
Alabama	$662	37	1.82%	36
Alaska	No Tax	N/A	No Tax	N/A
Arizona	512	41	1.40%	41
Arkansas	896	25	2.44%	19
California	1,738	4	3.64%	3
Colorado	1,049	19	2.26%	26
Connecticut	2,170	1	3.58%	4
Delaware	1,222	13	2.76%	11
Florida	No Tax	N/A	No Tax	N/A
Georgia	878	28	2.34%	24
Hawaii	1,232	12	2.76%	10
Idaho	801	33	2.26%	27
Illinois	1,283	10	2.76%	12
Indiana	757	35	1.97%	33
Iowa	1,111	17	2.51%	17
Kansas	1,021	22	2.33%	25
Kentucky	846	30	2.35%	23
Louisiana	592	38	1.45%	40
Maine	1,153	14	2.86%	9
Maryland	1,295	9	2.42%	20
Massachusetts	1,919	3	3.38%	6
Michigan	832	32	2.13%	30
Minnesota	1,651	5	3.48%	5
Mississippi	587	39	1.75%	37
Missouri	890	26	2.21%	29
Montana	1,030	21	2.62%	16
Nebraska	1,125	15	2.41%	21
Nevada	No Tax	N/A	No Tax	N/A
New Hampshire	75	42	0.15%	42
New Jersey	1,359	7	2.47%	18
New Mexico	586	40	1.63%	38
New York	2,043	2	3.78%	2
North Carolina	1,124	16	2.92%	8
North Dakota	887	27	1.63%	39
Ohio	853	29	2.10%	31
Oklahoma	757	34	1.82%	35
Oregon	1,594	6	4.05%	1
Pennsylvania	843	31	1.84%	34
Rhode Island	1,034	20	2.22%	28
South Carolina	729	36	2.06%	32
South Dakota	No Tax	N/A	No Tax	N/A
Tennessee	40	43	0.10%	43
Texas	No Tax	N/A	No Tax	N/A
Utah	983	23	2.73%	14
Vermont	1,058	18	2.36%	22
Virginia	1,318	8	2.71%	15
Washington	No Tax	N/A	No Tax	N/A
West Virginia	969	24	2.74%	13
Wisconsin	1,259	11	2.94%	7
Wyoming	No Tax	N/A	No Tax	N/A
U.S. Average	$979		2.21%	
U.S. Average for States W/ General Income Tax	$1,238		2.77%	

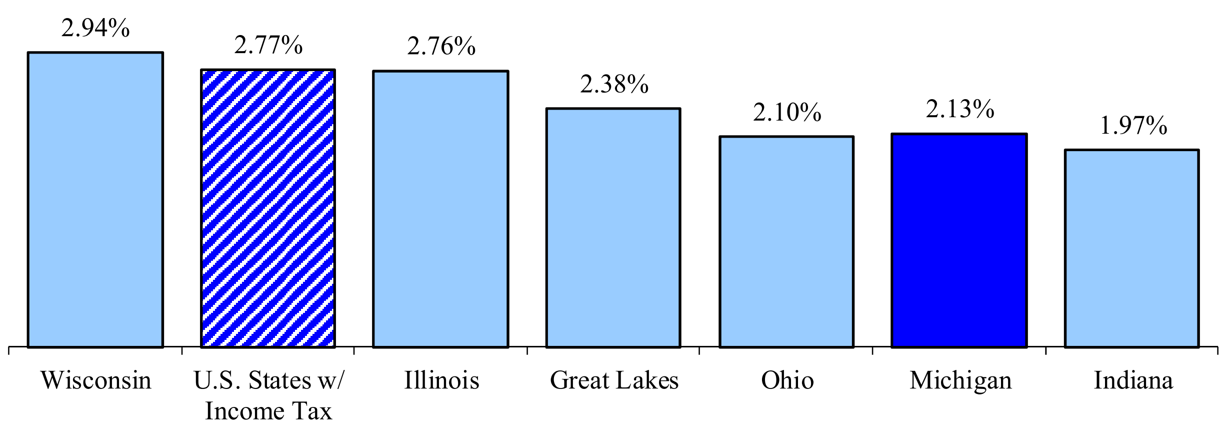
Sources: Census Bureau and Bureau of Economic Analysis, U.S. Department of Commerce.

Exhibit 24
State Income Taxes Per Person
Great Lakes Region – FY 2013



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

Exhibit 25
State Income Taxes
Percentage of Personal Income
Great Lakes Region – FY 2013



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

VIII. GEOGRAPHIC PATTERN OF TAX AND CREDITS

Exhibit 37 (see pages 54 and 55) 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 38 (see pages 56 and 57) 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 32 is provided below.

Exhibits 39 and 40 (see pages 58 and 59) compare the average AGI and property tax credit for each Michigan county.

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

Personal Income Tax
Tax Year 2013 County Data Summary

	State Average	Highest County	Lowest County
Average AGI	$63,550	$78,055 Oakland	$34,449 Lake
Average Income Tax Before Credits	$1,665	$2,670 Oakland	$805 Montmorency
Average Income Tax After Credits	$1,500	$2,523 Oakland	$672 Lake
Income Tax Credits as a Percent of Tax Before Credits	9.9%	34.5% Huron	4.7% Livingston
Ratio of Property Tax Credits to 1040s Filed	23.8%	33.6% Wayne	10.8% Keweenaw
Average Property Tax Credit	$520	$1,702 Huron	$264 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 2013, the Michigan personal exemption was $3,950, and Michigan special exemptions were $2,500.

Summary of Federal Tax Law Changes Passed Before 2014

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 2013, see Appendix A on page 62.

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, Congress followed the same pattern of 2012, and extended a number of provisions that were set to expire in 2013, for another year. 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.

<u>2014 and beyond</u>

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.

X. MICHIGAN PUBLIC ACTS – INCOME TAX

For changes prior to 2013, see Appendix A on page 70.

2013

Public Act 15 amended the Income Tax Act to allow 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.

Public Acts 88 and 90 amended the Income Tax Act to create 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.

Public Acts 89 and 90 amended the Income Tax Act to create 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 (amyothophic 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.

Public Acts 91 and 92 amended the Income Tax Act to create 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.

Public Act 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.

Public Act 206 amended the Income Tax Act to treat 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

Public Act 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.

Public Act 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.

XI. EXHIBITS 26 THROUGH 41

Exhibit 26
Effective Rate of the Michigan Individual Income Tax, 2013

Adjusted Gross Income Group	Number of Returns Filed[1]	Adjusted Gross Income	Effective Personal Exemptions[2]	Claimed Exemptions	Subtractions Minus Additions	Total Credits	Effective Tax	Effective Tax as a % of Income
Less than $1[3]	217,840	($5,773,643,911)		96,608	($4,557,180,139)	$67,076,936	($61,789,530)	
$ 1 - 2,000	179,340	146,664,228	10,879	152,734	86,456,714	58,849,098	(58,401,061)	-39.82%
2,001 - 4,000	161,266	484,033,452	53,154	116,767	108,635,681	28,608,493	(23,773,136)	-4.91%
4,001 - 6,000	157,243	786,008,283	81,209	140,918	166,723,614	30,730,570	(20,121,241)	-2.56%
6,001 - 8,000	156,057	1,092,286,610	106,394	166,038	236,389,195	35,436,752	(18,618,006)	-1.70%
8,001 - 10,000	168,176	1,520,711,668	155,872	216,489	307,504,675	46,124,770	(22,085,101)	-1.45%
10,001 - 12,000	159,781	1,756,014,261	164,018	225,253	397,770,482	45,529,559	(16,292,135)	-0.93%
12,001 - 14,000	162,101	2,110,783,142	206,557	266,872	450,660,587	51,747,861	(16,567,008)	-0.78%
14,001 - 16,000	152,435	2,284,329,673	205,997	260,332	496,519,520	47,195,149	(6,274,023)	-0.27%
16,001 - 18,000	138,504	2,352,530,990	194,422	239,787	493,260,074	40,795,410	5,269,132	0.22%
18,001 - 20,000	127,084	2,413,187,871	179,389	220,193	512,795,363	34,011,720	16,431,738	0.68%
20,001 - 22,000	119,651	2,511,511,896	172,967	210,892	538,787,140	30,020,680	24,650,051	0.98%
22,001 - 24,000	113,049	2,599,360,672	169,932	203,679	541,527,967	27,651,126	31,180,716	1.20%
24,001 - 26,000	106,497	2,661,543,670	163,785	194,226	549,116,963	24,358,103	37,855,062	1.42%
26,001 - 28,000	101,644	2,743,727,284	158,820	186,904	555,930,421	21,604,105	44,664,244	1.63%
28,001 - 30,000	97,005	2,812,256,481	154,085	180,316	560,547,414	19,408,078	50,384,239	1.79%
30,001 - 35,000	219,172	7,111,608,230	360,454	414,463	1,359,711,818	38,374,430	145,507,634	2.05%
35,001 - 40,000	195,665	7,328,051,509	332,024	377,177	1,364,673,423	28,212,425	169,451,013	2.31%
40,001 - 45,000	173,616	7,370,774,434	306,100	344,483	1,371,957,870	17,630,964	185,902,827	2.52%
45,001 - 50,000	152,132	7,220,691,141	278,630	310,346	1,363,090,103	7,171,517	194,980,605	2.70%
Over 50,000	1,653,138	238,317,863,719	3,945,624	4,244,992	76,115,539,026	53,142,848	6,177,914,821	2.59%
Totals	4,711,396	$289,850,295,303	7,400,311	8,769,469	$83,020,417,911	$753,680,595	$6,840,270,840	2.36%

(1)Includes 85,040 credit-only returns.

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

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

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

Exhibit 27
Breakdown of Upper Income Filers
Individual Income Tax, 2013

Adjusted Gross Income Group	Number of Returns Filed	Adjusted Gross Income	Effective Personal Exemptions(1)	Claimed Exemptions	Subtractions Minus Additions	Total Credits	Effective Tax	Effective Tax as a % of Income (2)
$50,001 - 55,000	141,331	$7,416,731,357	265,843	295,618	$1,452,736,681	$1,844,455	$206,978,726	2.79%
55,001 - 60,000	130,940	7,524,471,500	259,342	283,746	1,505,040,574	1,534,874	210,738,383	2.80%
60,001 - 65,000	119,630	7,472,841,151	247,572	268,586	1,503,922,061	1,648,500	210,455,904	2.82%
65,001 - 70,000	111,288	7,509,154,642	240,237	257,254	1,471,834,860	1,704,431	214,538,880	2.86%
70,001 - 75,000	103,578	7,506,155,860	232,952	247,461	1,426,986,162	1,478,764	217,767,874	2.90%
75,001 - 80,000	95,244	7,377,310,230	221,393	234,086	1,376,889,561	1,865,977	215,975,348	2.93%
80,001 - 85,000	87,690	7,231,626,330	207,544	220,392	1,357,993,498	1,888,738	212,889,217	2.94%
85,001 - 90,000	79,887	6,987,211,122	194,366	205,613	1,301,616,331	1,716,749	207,282,487	2.97%
90,001 - 95,000	73,197	6,768,653,423	181,135	191,855	1,258,186,975	1,865,863	201,913,048	2.98%
95,001 - 100,000	66,321	6,463,383,100	167,200	176,885	1,171,501,567	1,839,177	194,989,940	3.02%
100,001 - 110,000	112,631	11,805,455,530	293,200	309,773	2,022,771,937	2,976,947	363,554,913	3.08%
110,001 - 120,000	89,559	10,281,540,726	239,617	252,830	1,641,432,557	2,490,093	324,480,153	3.16%
120,001 - 130,000	70,380	8,783,467,184	191,656	201,882	1,371,054,207	2,552,454	280,293,947	3.19%
130,001 - 140,000	56,478	7,614,953,323	157,264	164,080	1,121,088,066	2,274,403	247,309,575	3.25%
140,001 - 150,000	44,518	6,447,294,753	124,156	130,373	960,286,239	1,663,097	210,688,182	3.27%
150,001 - 160,000	36,171	5,599,744,114	101,516	106,233	826,057,556	1,527,656	184,309,497	3.29%
160,001 - 170,000	29,461	4,856,063,154	83,427	87,565	697,189,679	1,282,002	161,462,763	3.32%
170,001 - 180,000	24,224	4,235,278,117	67,826	71,907	611,787,780	1,256,332	141,353,983	3.34%
180,001 - 190,000	19,623	3,627,086,380	54,881	57,963	533,969,647	1,072,711	121,170,020	3.34%
190,001 - 200,000	16,309	3,177,987,568	45,859	48,507	469,719,598	878,555	106,522,830	3.35%
200,001 - 300,000	76,627	18,298,161,829	214,989	228,752	2,888,090,982	5,679,582	613,152,955	3.35%
300,001 - 400,000	24,859	8,536,673,336	66,471	74,737	1,573,598,501	2,487,253	282,283,169	3.31%
400,001 - 500,000	12,712	5,666,660,120	33,170	38,230	1,244,019,796	1,355,489	181,037,153	3.19%
500,001 - 750,000	13,632	8,215,375,025	30,287	41,585	2,079,243,834	2,258,244	253,441,976	3.08%
750,001 - 1,000,000	5,247	4,496,798,731	10,517	15,744	1,400,668,013	1,092,143	128,727,688	2.86%
Over $1,000,000	11,601	54,417,785,114	13,206	33,335	42,847,852,364	4,908,361	484,596,210	0.89%
Totals for AGI over $50,000	1,653,138	$238,317,863,719	3,945,624	4,244,992	$76,115,539,026	$53,142,848	$6,177,914,821	2.59%

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

(2)For taxpayers with AGI over $1 million, if Income Attributable to Another State were subtracted from AGI, the effective tax rate would be 4.19%.

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

Exhibit 28
Tax Base Deductions as a Percentage of AGI
Individual Income Tax, 2013

Adjusted Gross Income Group	Total Effective Exemptions	Subtractions Minus Additions	Nonrefundable Credits(1)	Property Tax Credits	Home Heating Credits	Michigan Earned Income Tax Credits
Less than $1						
$ 1 - 2,000	33.9%	58.9%	-0.4%	827.1%	106.0%	4.9%
2,001 - 4,000	54.1%	22.4%	0.0%	116.6%	15.6%	5.2%
4,001 - 6,000	47.0%	21.2%	0.0%	74.2%	9.9%	6.7%
6,001 - 8,000	42.1%	21.6%	0.0%	59.4%	7.6%	8.3%
8,001 - 10,000	42.6%	20.2%	0.0%	51.0%	7.1%	12.6%
10,001 - 12,000	38.2%	22.7%	0.0%	43.5%	5.1%	11.6%
12,001 - 14,000	39.4%	21.4%	0.0%	38.3%	4.7%	14.0%
14,001 - 16,000	36.1%	21.7%	0.0%	32.5%	3.3%	12.3%
16,001 - 18,000	33.0%	21.0%	0.1%	27.6%	2.1%	10.4%
18,001 - 20,000	29.6%	21.2%	0.1%	23.0%	1.2%	8.3%
20,001 - 22,000	27.3%	21.5%	0.1%	19.8%	0.8%	7.0%
22,001 - 24,000	25.9%	20.8%	0.1%	17.7%	0.5%	6.1%
24,001 - 26,000	24.4%	20.6%	0.1%	15.4%	0.3%	5.1%
26,001 - 28,000	22.9%	20.3%	0.1%	13.5%	0.2%	4.1%
28,001 - 30,000	21.7%	19.9%	0.1%	12.1%	0.1%	3.4%
30,001 - 35,000	20.0%	19.1%	0.1%	9.7%	0.1%	2.3%
35,001 - 40,000	17.9%	18.6%	0.1%	7.3%	0.0%	1.2%
40,001 - 45,000	16.4%	18.6%	0.1%	4.6%	0.0%	0.5%
45,001 - 50,000	15.2%	18.9%	0.1%	1.7%	0.0%	0.1%
50,001 - 55,000	14.2%	19.6%	0.0%	0.1%	0.0%	0.0%
55,001 - 60,000	13.6%	20.0%	0.1%	0.0%	0.0%	0.0%
60,001 - 65,000	13.1%	20.1%	0.2%	0.0%	0.0%	0.0%
65,001 - 70,000	12.6%	19.6%	0.2%	0.0%	0.0%	0.0%
70,001 - 75,000	12.3%	19.0%	0.2%	0.0%	0.0%	0.0%
75,001 - 80,000	11.9%	18.7%	0.2%	0.0%	0.0%	0.0%

Exhibit 28 (cont.)

Adjusted Gross Income Group	Total Effective Exemptions	Subtractions Minus Additions	Nonrefundable Credits[1]	Property Tax Credits	Home Heating Credits	Michigan Earned Income Tax Credits
80,001 - 85,000	11.3%	18.8%	0.3%	0.0%	0.0%	0.0%
85,001 - 90,000	11.0%	18.6%	0.3%	0.0%	0.0%	0.0%
90,001 - 95,000	10.6%	18.6%	0.3%	0.0%	0.0%	0.0%
95,001 - 100,000	10.2%	18.1%	0.3%	0.0%	0.0%	0.0%
100,001 - 110,000	9.8%	17.1%	0.3%	0.0%	0.0%	0.0%
110,001 - 120,000	9.2%	16.0%	0.3%	0.0%	0.0%	0.0%
120,001 - 130,000	8.6%	15.6%	0.4%	0.0%	0.0%	0.0%
130,001 - 140,000	8.2%	14.7%	0.5%	0.0%	0.0%	0.0%
140,001 - 150,000	7.6%	14.9%	0.4%	0.0%	0.0%	0.0%
150,001 - 160,000	7.2%	14.8%	0.4%	0.0%	0.0%	0.0%
160,001 - 170,000	6.8%	14.4%	0.3%	0.0%	0.0%	0.0%
170,001 - 180,000	6.3%	14.4%	0.4%	0.0%	0.0%	0.0%
180,001 - 190,000	6.0%	14.7%	0.3%	0.0%	0.0%	0.0%
190,001 - 200,000	5.7%	14.8%	0.4%	0.0%	0.0%	0.0%
200,001 - 300,000	4.6%	15.8%	0.4%	0.0%	0.0%	0.0%
300,001 - 400,000	3.1%	18.4%	0.4%	0.0%	0.0%	0.0%
400,001 - 500,000	2.3%	22.0%	0.3%	0.0%	0.0%	0.0%
500,001 - 750,000	1.5%	25.3%	0.6%	0.0%	0.0%	0.0%
750,001 - 1,000,000	0.9%	31.1%	0.5%	0.0%	0.0%	0.0%
Over $1,000,000	0.1%	78.7%	0.2%	0.0%	0.0%	0.0%
Overall Percent	9.7%	28.6%	0.3%	4.3%	0.4%	0.9%

[1]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 2013 are: the Other State Tax credit, and the Michigan Historic Preservation credit.

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

Exhibit 29
Distribution of Personal Exemptions
Claimed on 2013 Individual Income Tax Returns[1]

Adjusted Gross	Exemptions Claimed							Total	Total
Income Group	**Zero**	**One**	**Two**	**Three**	**Four**	**Five**	**Six or More**	**Returns**	**Exemptions[2]**
Zero Income	3,473	42,103	16,289	2,521	1,747	813	473	67,419	96,608
$ 1 - 2,000	62,314	91,364	19,749	3,431	1,499	649	334	179,340	152,734
2,001 - 4,000	75,397	64,372	15,595	3,599	1,565	509	229	161,266	116,767
4,001 - 6,000	56,334	73,653	19,289	4,857	2,068	725	317	157,243	140,918
6,001 - 8,000	41,322	80,404	23,604	6,579	2,845	906	397	156,057	166,038
8,001 - 10,000	29,319	84,387	39,516	9,527	3,718	1,173	536	168,176	216,489
10,001 - 12,000	20,354	84,493	35,609	11,744	5,105	1,721	755	159,781	225,253
12,001 - 14,000	13,970	81,648	33,682	19,731	9,197	2,616	1,257	162,101	266,872
14,001 - 16,000	9,309	77,891	33,856	17,776	9,398	2,813	1,392	152,435	260,332
16,001 - 18,000	5,950	71,891	32,905	15,473	8,262	2,771	1,252	138,504	239,787
18,001 - 20,000	3,860	67,615	31,498	13,070	7,177	2,692	1,172	127,084	220,193
20,001 - 22,000	2,409	64,283	29,942	12,050	6,918	2,720	1,329	119,651	210,892
22,001 - 24,000	1,745	59,961	28,767	11,361	6,878	2,885	1,452	113,049	203,679
24,001 - 26,000	1,162	56,153	27,654	10,611	6,595	2,851	1,471	106,497	194,226
26,001 - 28,000	820	53,375	26,770	10,080	6,214	2,901	1,484	101,644	186,904
28,001 - 30,000	573	50,341	25,992	9,690	6,134	2,770	1,505	97,005	180,316
30,001 - 35,000	840	111,499	60,477	21,862	13,966	6,568	3,960	219,172	414,463
35,001 - 40,000	474	97,492	55,139	19,015	13,335	6,224	3,986	195,665	377,177
40,001 - 45,000	280	81,090	52,854	17,085	12,573	6,000	3,734	173,616	344,483
45,001 - 50,000	156	67,097	47,728	15,944	12,452	5,566	3,189	152,132	310,346
50,001 - 55,000	107	57,331	47,766	15,669	12,333	5,261	2,873	141,340	295,618
55,001 - 60,000	70	48,574	46,113	15,337	12,697	5,448	2,701	130,940	283,746
60,001 - 65,000	50	39,941	44,002	14,914	12,808	5,369	2,546	119,630	268,586
65,001 - 70,000	48	33,271	42,904	14,433	13,016	5,250	2,366	111,288	257,254
70,001 - 75,000	40	27,315	41,338	14,202	13,099	5,310	2,274	103,578	247,461
75,001 - 80,000	26	22,288	39,033	13,453	13,123	5,183	2,138	95,244	234,086

Exhibit 29 (cont.)

Adjusted Gross Income Group	Exemptions Claimed: Zero	One	Two	Three	Four	Five	Six or More	Total Returns	Total Exemptions (2)
80,001 - 85,000	18	18,196	36,759	13,060	12,879	4,732	2,046	87,690	220,392
85,001 - 90,000	17	14,616	34,201	11,894	12,574	4,739	1,846	79,887	205,613
90,001 - 95,000	16	11,949	31,758	11,101	12,148	4,540	1,685	73,197	191,855
95,001 - 100,000	17	9,957	28,499	10,388	11,622	4,294	1,544	66,321	176,885
100,001 - 110,000	31	14,769	47,662	17,764	21,473	8,014	2,918	112,631	309,773
110,001 - 120,000	25	10,183	37,243	14,571	18,185	6,878	2,474	89,559	252,830
120,001 - 130,000	20	7,276	28,962	11,490	14,986	5,627	2,019	70,380	201,882
130,001 - 140,000	9	5,440	22,851	9,327	12,404	4,894	1,553	56,478	164,080
140,001 - 150,000	14	4,128	17,770	7,439	10,091	3,754	1,322	44,518	130,373
150,001 - 160,000	n.a.	3,265	14,488	5,969	8,245	3,151	1,050	36,171	106,233
160,001 - 170,000	9	2,490	11,568	4,961	6,885	2,660	888	29,461	87,565
170,001 - 180,000	6	2,076	9,433	4,118	5,722	2,180	689	24,224	71,907
180,001 - 190,000	5	1,786	7,701	3,277	4,488	1,785	581	19,623	57,963
190,001 - 200,000	8	1,468	6,278	2,754	3,866	1,394	541	16,309	48,507
200,001 - 300,000	27	6,860	29,750	12,237	17,906	7,436	2,411	76,627	228,752
300,001 - 400,000	19	2,465	9,493	3,700	5,608	2,632	942	24,859	74,737
400,001 - 500,000	17	1,439	4,744	1,805	2,727	1,440	540	12,712	38,230
500,001 - 750,000	16	1,405	5,129	1,889	2,997	1,535	656	13,627	41,585
750,001 - 1,000,000	n.a.	583	2,017	755	1,064	574	248	5,245	15,744
Over $1,000,000	26	1,647	4,669	1,438	2,083	1,224	512	11,599	33,335
Totals	330,709	1,811,830	1,309,046	473,951	402,675	161,177	71,587	4,560,975	8,769,469

(1) Values in this table are based on 4,560,975 MI-1040 tax returns on file.

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

(3) 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 30
Distribution of Special Exemptions and Child Deductions Claimed on 2013 Individual Income Tax Returns(1)

Adjusted Gross Income Group	Deaf/Blind/ Disabled Exemptions	Disabled Veteran Exemptions	Claimed as Dependent Exemptions	Total
Zero Income	12,361	752	3,290	16,404
$ 1 - 2,000	31,702	937	62,459	95,098
2,001 - 4,000	8,702	540	75,561	84,804
4,001 - 6,000	8,263	590	56,427	65,280
6,001 - 8,000	8,525	662	41,386	50,573
8,001 - 10,000	9,384	665	29,378	39,429
10,001 - 12,000	8,467	693	20,401	29,562
12,001 - 14,000	8,490	769	14,004	23,263
14,001 - 16,000	7,371	698	9,357	17,426
16,001 - 18,000	6,321	664	5,977	12,962
18,001 - 20,000	5,871	669	3,878	10,418
20,001 - 22,000	5,516	629	2,423	8,570
22,001 - 24,000	5,139	596	1,738	7,473
24,001 - 26,000	4,759	605	1,174	6,539
26,001 - 28,000	4,247	573	829	5,649
28,001 - 30,000	3,956	581	586	5,123
30,001 - 35,000	8,802	1,263	872	10,937
35,001 - 40,000	7,455	1,172	507	9,134
40,001 - 45,000	6,638	1,086	302	8,028
45,001 - 50,000	5,387	930	179	6,496
50,001 - 55,000	5,262	894	138	6,295
55,001 - 60,000	5,053	889	89	6,031
60,001 - 65,000	4,512	788	73	5,373
65,001 - 70,000	4,351	764	65	5,183
70,001 - 75,000	3,908	670	54	4,633
75,001 - 80,000	3,407	660	38	4,106
80,001 - 85,000	3,055	652	36	3,743
85,001 - 90,000	2,677	590	37	3,304
90,001 - 95,000	2,176	500	32	2,711
95,001 - 100,000	2,037	428	33	2,498
Over $100,000	12,975	2,887	330	16,192
Totals	216,769	24,796	331,653	573,237

(1) Values in this table are based on 4,560,975 MI-1040 tax returns on file.

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

Exhibit 31
Four-Year Comparison of Individual Income Tax Credits
(Number and Amount in Thousands)

	2010			2011			2012			2013		
	Number	Amount	Average	Number	Amount	Average	Number	Amount	Average	Number	Amount	Average
Property Tax Credits												
General	1,006.0	$470,006.9	$467.19	939.1	$427,848.6	$455.57	702.6	$292,529.0	$416.37	662.3	$279,810.9	$422.51
Senior Citizen(1)												
Total	458.0	$345,861.5	$755.09	450.1	$332,509.0	$738.71	330.1	$194,074.8	$587.95	316.7	$186,504.7	$588.97
Low Income Rent	10.1	$4,665.4	$462.98	9.4	$2,839.5	$301.56	8.4	$2,244.3	$265.79	9.3	$2,386.5	$257.03
Veteran	9.9	$1,199.9	$120.79	10.1	$1,234.4	$121.71	4.6	$510.2	$112.00	4.2	$467.1	$112.18
Blind	1.4	$176.1	$122.95	1.4	$169.8	$124.22	0.8	$92.6	$114.94	0.8	$87.9	$113.31
Disabled	87.2	$55,531.6	$636.88	88.7	$55,810.7	$629.33	92.8	$56,456.4	$608.49	94.0	$57,347.0	$609.87
Farmland	8.0	$39,694.3	$4,948.79	7.9	$40,821.3	$5,165.29	7.6	$39,979.7	$5,273.67	7.5	$40,226.4	$5,331.53
Total Property Tax Credits	1,570.7	$912,470.2	$580.95	1,497.4	$858,393.7	$573.27	1,138.4	$583,642.7	$512.70	1,085.4	$564,444.0	$520.01
Home Heating Credit Total	491.4	$69,758.2	$141.94	461.2	$65,777.1	$142.61	375.7	$47,948.8	$127.64	356.2	$48,461.6	$136.06
Adoption Credit	0.5	$712.9	$1,305.61	0.4	$489.8	$1,206.41	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
StillBirth Credit	0.3	$50.8	$188.26	0.3	$46.8	$181.91	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
MI Earned Income Tax Credit	783.4	$340,829.4	$435.08	793.2	$353,689.1	$445.91	772.3	$106,387.3	$137.76	780.5	$109,650.5	$140.49
Energy Efficient Home Improvement Credit	132.0	$14,037.1	$106.35	100.3	$10,405.2	$103.75	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
City Income Tax Credit	746.7	$27,649.3	$37.03	781.0	$29,436.9	$37.69	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Public Contribution Credit	253.3	$22,872.1	$90.28	257.7	$23,845.0	$92.51	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Credit for Income Tax Paid to Another State	46.8	$44,807.6	$958.37	47.9	$49,711.3	$1,036.90	48.9	$48,569.5	$993.26	49.8	$48,240.6	$968.51
Community Foundation Credit	34.9	$3,251.0	$93.06	36.2	$3,453.1	$95.38	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Homeless/Food Bank Credit	228.6	$18,574.1	$81.26	234.5	$19,532.2	$83.29	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
College Tuition Credit	14.7	$3,991.5	$271.96	24.5	$3,804.9	$155.39	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Historic Preservation Credit	0.7	$859.0	$1,244.92	0.6	$1,183.1	$1,911.29	0.9	$755.6	$883.78	0.6	$447.0	$786.92
Vehicle Donation Credit	1.1	$80.2	$72.04	1.0	$71.4	$70.92	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Renewable Energy Surcharge Credit	532.9	$3,453.5	$6.48	514.0	$3,490.8	$6.79	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

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

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

Exhibit 32
Distribution of Property Tax Credits Claimed
Individual Income Tax, 2013 (1)

Adjusted Gross Income Group	General			Senior Citizens(2)			Veterans			Disabled(3)		
	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(4)	12,481	1.9%	$7,610,885	40,621	12.8%	$29,498,550	377	9.1%	$52,904	24,592	25.9%	$15,712,720
$ 1 - 2,000	12,923	2.0%	6,757,070	37,903	12.0%	29,039,771	310	7.4%	41,750	23,832	25.1%	15,716,452
2,001 - 4,000	12,609	1.9%	5,882,194	20,297	6.4%	15,003,851	118	2.8%	14,434	4,848	5.1%	3,084,223
4,001 - 6,000	16,854	2.5%	7,581,465	20,525	6.5%	14,454,148	156	3.7%	20,616	4,401	4.6%	2,727,367
6,001 - 8,000	22,561	3.4%	10,244,999	21,785	6.9%	14,586,648	178	4.3%	22,441	4,414	4.7%	2,732,477
8,001 - 10,000	35,129	5.3%	16,738,087	21,409	6.8%	13,454,892	186	4.5%	22,516	4,453	4.7%	2,728,868
10,001 - 12,000	36,573	5.5%	17,590,901	21,705	6.9%	12,504,668	178	4.3%	20,187	3,897	4.1%	2,357,427
12,001 - 14,000	44,199	6.7%	21,506,476	20,087	6.3%	10,691,247	211	5.1%	24,675	3,623	3.8%	2,156,065
14,001 - 16,000	43,273	6.5%	20,899,289	17,873	5.6%	8,949,389	235	5.6%	26,349	2,968	3.1%	1,718,204
16,001 - 18,000	40,773	6.2%	19,075,874	14,549	4.6%	7,053,823	210	5.0%	23,409	2,446	2.6%	1,402,627
18,001 - 20,000	37,408	5.6%	16,734,118	12,313	3.9%	5,698,069	205	4.9%	22,570	2,184	2.3%	1,174,823
20,001 - 22,000	35,485	5.4%	15,402,328	10,687	3.4%	4,699,104	188	4.5%	19,918	1,940	2.0%	1,019,906
22,001 - 24,000	34,034	5.1%	14,633,677	9,392	3.0%	4,011,867	192	4.6%	21,003	1,713	1.8%	867,873
24,001 - 26,000	31,939	4.8%	13,379,794	8,031	2.5%	3,318,773	155	3.7%	14,832	1,503	1.6%	735,327
26,001 - 28,000	30,221	4.6%	12,323,088	7,025	2.2%	2,831,544	155	3.7%	15,726	1,265	1.3%	613,873
28,001 - 30,000	28,539	4.3%	11,492,460	5,969	1.9%	2,412,238	132	3.2%	13,903	1,156	1.2%	528,501
30,001 - 35,000	62,542	9.4%	24,285,821	11,009	3.5%	3,962,341	319	7.7%	31,371	2,146	2.3%	950,526
35,001 - 40,000	52,387	7.9%	19,730,540	7,605	2.4%	2,386,756	270	6.5%	28,006	1,585	1.7%	669,783
40,001 - 45,000	39,958	6.0%	12,707,061	4,858	1.5%	1,327,668	223	5.4%	21,156	1,063	1.1%	363,598
45,001 - 50,000	29,058	4.4%	4,564,256	2,416	0.8%	471,266	139	3.3%	8,106	623	0.7%	122,880
50,001 - 55,000	2,495	0.4%	355,146	430	0.1%	68,824	19	0.5%	773	95	0.1%	22,044
55,001 - 60,000	358	0.1%	75,323	81	0.0%	22,458	n.a.	0.0%	38	26	0.0%	5,537
60,001 - 65,000	120	0.0%	38,239	21	0.0%	13,625	-	0.0%	-	10	0.0%	6,613
65,001 - 70,000	61	0.0%	28,278	12	0.0%	7,065	n.a.	0.0%	159	6	0.0%	3,542
70,001 - 75,000	29	0.0%	13,134	n.a.	0.0%	1,988	n.a.	0.0%	86	n.a.	0.0%	1,200
75,001 - 80,000	40	0.0%	26,968	11	0.0%	8,156	n.a.	0.0%	34	n.a.	0.0%	1,575
80,001 - 85,000	35	0.0%	23,706	6	0.0%	2,063	n.a.	0.0%	37	n.a.	0.0%	120
85,001 - 90,000	30	0.0%	17,325	7	0.0%	3,044	-	0.0%	-	n.a.	0.0%	1,200
90,001 - 95,000	19	0.0%	11,413	5	0.0%	2,845	-	0.0%	-	-	0.0%	-
95,001 - 100,000	20	0.0%	9,089	n.a.	0.0%	2,460	-	0.0%	-	n.a.	0.0%	1,373
Over 100,000	109	0.0%	70,621	23	0.0%	15,605	n.a.	0.0%	124	10	0.0%	8,178
Totals	662,262	100.0%	$279,809,625	316,661	100.0%	$186,504,746	4,164	100.0%	$467,123	94,807	100.0%	$57,434,902

(1) Values in this table are based on a sample of the 4,646,015 MI-1040 and MI-1040CR returns.

(2) Includes Senior Citizen Low Income Rent Credits.

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

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

(5) 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 33
Distribution of Senior Citizen Property Tax Credits by Household Resources
Individual Income Tax, 2013

Household Resources	Number of Returns	Property Tax Paid	Property Tax Credit	Property Tax Paid After Credit
$1,000 and below	426	$604,785	$340,796	$263,989
1,001 - 2,000	180	222,429	139,890	82,539
2,001 - 3,000	259	312,205	208,001	104,204
3,001 - 4,000	427	518,948	351,270	167,678
4,001 - 5,000	649	726,672	507,790	218,882
5,001 - 6,000	1,032	1,246,495	814,497	431,998
6,001 - 7,000	1,616	1,950,650	1,300,410	650,240
7,001 - 8,000	2,589	3,006,478	2,051,147	955,331
8,001 - 9,000	7,433	7,638,773	5,557,774	2,080,999
9,001 - 10,000	4,722	5,677,247	3,668,897	2,008,350
10,001 - 11,000	5,585	6,956,042	4,275,219	2,680,823
11,001 - 12,000	6,407	8,222,201	4,932,474	3,289,727
12,001 - 13,000	7,642	10,279,069	5,941,214	4,337,855
13,001 - 14,000	8,098	11,089,399	6,212,257	4,877,142
14,001 - 15,000	8,423	11,785,240	6,436,560	5,348,680
15,001 - 16,000	8,487	12,465,005	6,540,829	5,924,176
16,001 - 17,000	8,731	13,047,478	6,686,362	6,361,116
17,001 - 18,000	8,936	13,751,333	6,822,071	6,929,262
18,001 - 19,000	9,392	14,843,786	7,150,766	7,693,020
19,001 - 20,000	9,395	14,999,702	7,058,789	7,940,913
20,001 - 21,000	9,620	15,632,528	7,173,711	8,458,817
21,001 - 22,000	9,329	15,573,021	6,774,740	8,798,281
22,001 - 23,000	9,431	16,026,588	6,668,794	9,357,794
23,001 - 24,000	9,490	16,530,674	6,491,819	10,038,855
24,001 - 25,000	9,416	16,442,436	6,134,229	10,308,207
25,001 - 26,000	9,212	16,354,513	5,806,983	10,547,530
26,001 - 27,000	9,134	16,914,860	5,572,117	11,342,743
27,001 - 28,000	8,861	16,398,725	5,135,790	11,262,935
28,001 - 29,000	8,433	15,977,043	4,708,510	11,268,533
29,001 - 30,000	8,585	16,446,142	4,514,832	11,931,310
30,001 - 35,000	39,781	80,004,092	19,583,782	60,420,310
35,001 - 40,000	34,481	75,144,898	16,517,155	58,627,743
40,001 - 45,000	28,548	67,078,268	11,074,859	56,003,409
45,001 - 50,000	21,902	55,348,411	3,346,623	52,001,788
50,001 - 60,000	8	65,518	3,078	62,440
60,001 - 70,000	0	0	0	0
70,001 - 80,000	0	0	0	0
Over 80,000	n.a.	1,280	711	569
Totals	316,661	$579,282,934	$186,504,746	$392,778,188

(1) 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 General Property Tax Credits by Household Resources
Individual Income Tax, 2013

Household Resources	Number of Returns	Property Tax Paid	Property Tax Credit	Property Tax Paid After Credit
$1,000 and below	5,091	$6,931,590	$3,326,999	$3,604,591
1,001 - 2,000	2,431	2,444,097	1,222,821	1,221,276
2,001 - 3,000	3,365	3,232,441	1,647,492	1,584,949
3,001 - 4,000	4,325	4,065,504	1,994,680	2,070,824
4,001 - 5,000	5,614	5,318,710	2,525,528	2,793,182
5,001 - 6,000	6,627	6,435,032	2,942,441	3,492,591
6,001 - 7,000	8,265	8,232,678	3,697,237	4,535,441
7,001 - 8,000	10,203	10,503,800	4,600,849	5,902,951
8,001 - 9,000	13,706	14,617,945	6,290,929	8,327,016
9,001 - 10,000	18,282	21,002,143	8,893,462	12,108,681
10,001 - 11,000	17,318	20,336,473	8,359,464	11,977,009
11,001 - 12,000	17,930	21,612,348	8,642,030	12,970,318
12,001 - 13,000	19,191	23,683,359	9,260,389	14,422,970
13,001 - 14,000	23,213	30,233,248	11,548,895	18,684,353
14,001 - 15,000	22,003	29,039,866	10,798,306	18,241,560
15,001 - 16,000	21,909	29,610,595	10,675,881	18,934,714
16,001 - 17,000	21,871	30,073,881	10,584,702	19,489,179
17,001 - 18,000	21,237	29,379,370	9,980,355	19,399,015
18,001 - 19,000	20,812	29,342,071	9,675,649	19,666,422
19,001 - 20,000	20,203	28,852,410	9,203,766	19,648,644
20,001 - 21,000	19,777	28,645,768	8,890,472	19,755,296
21,001 - 22,000	18,862	27,981,088	8,402,827	19,578,261
22,001 - 23,000	18,725	28,320,719	8,275,729	20,044,990
23,001 - 24,000	17,985	28,016,533	7,898,591	20,117,942
24,001 - 25,000	17,858	27,918,591	7,668,612	20,249,979
25,001 - 26,000	17,101	27,492,910	7,305,706	20,187,204
26,001 - 27,000	16,661	27,087,014	7,023,604	20,063,410
27,001 - 28,000	16,139	26,591,988	6,645,321	19,946,667
28,001 - 29,000	15,552	26,223,517	6,415,427	19,808,090
29,001 - 30,000	15,246	26,335,984	6,273,421	20,062,563
30,001 - 35,000	68,417	124,046,201	27,548,502	96,497,699
35,001 - 40,000	58,298	115,486,319	22,918,889	92,567,430
40,001 - 45,000	45,196	97,661,648	14,463,350	83,198,298
45,001 - 50,000	32,845	77,250,111	4,203,515	73,046,596
50,001 - 60,000	n.a.	5,249	2,004	3,245
60,001 - 70,000	0	0	0	0
70,001 - 80,000	0	0	0	0
Over 80,000	n.a.	12,121	1,780	10,341
Totals	662,262	$1,044,023,322	$279,809,625	$764,213,697

(1) 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 35
Distribution of Farmland Credit by Household Resources
Individual Income Tax, 2013

Household Resources	Farmland Credit: Number of Returns	Farmland Credit: Credit Amount	Farmland Credit: Average Credit
$1,000 and below	107	$808,389	$7,555
1,001 - 2,000	14	51,274	3,662
2,001 - 3,000	51	182,054	3,570
3,001 - 4,000	499	3,346,881	6,707
4,001 - 5,000	46	125,353	2,725
5,001 - 6,000	53	167,885	3,168
6,001 - 7,000	293	2,175,868	7,426
7,001 - 8,000	74	260,736	3,523
8,001 - 9,000	57	156,498	2,746
9,001 - 10,000	53	137,984	2,603
10,001 - 11,000	321	2,945,847	9,177
11,001 - 12,000	72	250,292	3,476
12,001 - 13,000	75	240,535	3,207
13,001 - 14,000	72	208,348	2,894
14,001 - 15,000	84	214,840	2,558
15,001 - 16,000	18	79,046	4,391
16,001 - 17,000	70	199,580	2,851
17,001 - 18,000	81	225,839	2,788
18,001 - 19,000	72	289,169	4,016
19,001 - 20,000	98	368,061	3,756
20,001 - 21,000	92	339,779	3,693
21,001 - 22,000	87	318,304	3,659
22,001 - 23,000	101	322,081	3,189
23,001 - 24,000	106	362,554	3,420
24,001 - 25,000	92	363,865	3,955
25,001 - 26,000	84	453,776	5,402
26,001 - 27,000	15	57,539	3,836
27,001 - 28,000	432	1,592,912	3,687
28,001 - 29,000	460	1,958,443	4,257
29,001 - 30,000	22	88,833	4,038
30,001 - 35,000	408	1,492,466	3,658
35,001 - 40,000	386	1,691,559	4,382
40,001 - 45,000	25	65,705	2,628
45,001 - 50,000	696	3,110,390	4,469
50,001 - 60,000	26	84,000	3,231
60,001 - 70,000	584	2,881,653	4,934
70,001 - 80,000	31	95,492	3,080
80,001 - 90,000	483	2,470,117	5,114
90,001 - 100,000	36	93,387	2,594
100,001 - 125,000	366	2,045,458	5,589
125,001 - 150,000	35	96,047	2,744
150,001 - 200,000	354	2,283,514	6,451
Over $200,000	414	5,524,031	13,343
Totals	7,545	$40,226,384	$5,332

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

Exhibit 36
Distribution of Home Heating Credits by Household Resources
Individual Income Tax, 2013

Household Resources	Senior Citizens Number of Returns	Senior Citizens Home Heating Credit	General Number of Returns	General Home Heating Credit	Disabled[1] Number of Returns	Disabled[1] Home Heating Credit	Veterans Number of Returns	Veterans Home Heating Credit
Up to $ 1,000	355	$107,834	8,370	$2,156,694	531	$179,557	8	$2,477
1,001 - 2,000	156	45,319	4,361	956,536	152	43,292	n.a.	437
2,001 - 3,000	182	45,952	5,314	1,107,757	193	56,791	n.a.	n.a.
3,001 - 4,000	321	69,816	6,411	1,260,584	280	69,253	n.a.	802
4,001 - 5,000	458	98,110	7,616	1,416,992	426	106,423	6	1,550
5,001 - 6,000	782	153,427	8,475	1,474,270	635	145,091	5	1,481
6,001 - 7,000	1,305	225,795	9,929	1,652,792	952	195,220	6	1,459
7,001 - 8,000	2,157	337,419	11,785	1,833,859	1,715	313,168	10	1,992
8,001 - 9,000	6,745	809,025	21,447	3,115,722	12,044	1,768,895	18	3,687
9,001 - 10,000	4,028	437,840	19,962	2,784,890	4,026	621,777	9	781
10,001 - 11,000	4,567	417,272	18,084	2,288,961	4,048	569,753	11	1,893
11,001 - 12,000	4,972	362,313	17,877	2,099,084	3,813	490,293	14	1,522
12,001 - 13,000	4,112	350,644	15,832	1,976,943	3,576	454,827	20	2,222
13,001 - 14,000	1,535	212,420	15,663	2,445,866	3,153	388,777	21	2,836
14,001 - 15,000	1,101	108,688	13,802	1,900,349	2,754	284,003	12	1,193
15,001 - 16,000	1,042	86,979	13,288	1,625,268	2,355	228,615	16	1,936
16,001 - 17,000	1,085	68,495	12,456	1,374,911	2,064	185,999	20	2,246
17,001 - 18,000	327	41,020	8,406	1,097,935	1,217	168,561	10	935
18,001 - 19,000	245	29,163	7,709	896,909	1,029	135,219	9	891
19,001 - 20,000	219	24,561	7,287	728,962	939	111,722	15	2,337
Over 20,000	729	79,157	35,050	3,124,995	4,387	466,665	133	13,498
Totals	36,423	$4,111,249	269,124	$37,320,279	50,289	$6,983,901	349	$46,175
Average Credit		$112.88		$138.67		$138.88		$132.31

[1] Includes blind, blind/deaf, paraplegic, quadriplegic, and totally disabled persons.

[2] 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 column.

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

Exhibit 37
2013 Income Tax Collections by County

County	Property Tax Credits	Home Heating Credits	MI EITC Credits	Tax After Credits	Percent of Total Tax
ALCONA	$312,076	$77,313	$93,136	$3,315,982	0.0%
ALGER	253,083	56,878	70,170	3,813,981	0.1%
ALLEGAN	4,570,736	339,552	915,330	65,156,939	1.0%
ALPENA	1,060,713	191,084	291,147	13,399,869	0.2%
ANTRIM	894,638	132,457	253,025	12,491,188	0.2%
ARENAC	730,879	126,817	165,278	5,668,686	0.1%
BARAGA	171,699	34,579	74,300	2,983,880	0.0%
BARRY	2,379,601	166,928	432,689	32,688,710	0.5%
BAY	6,649,926	536,489	1,084,817	57,893,977	0.8%
BENZIE	602,099	81,062	164,887	8,156,366	0.1%
BERRIEN	7,772,713	926,719	2,150,415	100,792,426	1.5%
BRANCH	2,321,472	182,927	494,178	19,133,192	0.3%
CALHOUN	7,786,257	711,682	1,693,586	69,800,078	1.0%
CASS	2,146,055	177,897	463,070	20,599,027	0.3%
CHARLEVOIX	1,230,089	125,926	287,065	17,607,713	0.3%
CHEBOYGAN	743,543	176,835	282,824	9,754,702	0.1%
CHIPPEWA	1,115,802	186,437	390,045	13,193,228	0.2%
CLARE	1,055,441	318,751	397,412	11,523,438	0.2%
CLINTON	3,257,958	149,338	380,163	44,394,244	0.6%
CRAWFORD	360,281	88,280	123,678	4,362,410	0.1%
DELTA	1,476,262	219,795	355,253	19,612,094	0.3%
DICKINSON	1,120,839	127,343	245,341	15,800,730	0.2%
EATON	6,677,384	336,871	973,566	75,060,256	1.1%
EMMET	1,619,099	169,180	359,381	25,450,021	0.4%
GENESEE	18,024,577	2,674,554	5,808,082	224,634,360	3.3%
GLADWIN	922,114	199,546	262,678	10,097,579	0.1%
GOGEBIC	509,443	114,945	144,351	6,297,619	0.1%
GRAND TRAVERSE	5,557,319	275,859	829,486	73,952,634	1.1%
GRATIOT	3,307,359	245,908	489,844	19,727,644	0.3%
HILLSDALE	2,166,136	297,625	498,073	20,759,049	0.3%
HOUGHTON	861,039	203,573	270,684	16,527,266	0.2%
HURON	7,995,933	182,266	311,364	12,424,387	0.2%
INGHAM	17,914,235	1,268,589	2,943,206	181,261,767	2.6%
IONIA	2,795,519	259,799	612,497	32,847,292	0.5%
IOSCO	826,612	197,298	296,613	9,572,937	0.1%
IRON	394,127	75,986	104,226	4,670,962	0.1%
ISABELLA	2,735,932	272,141	493,429	27,854,673	0.4%
JACKSON	7,275,092	790,945	1,715,444	87,886,666	1.3%
KALAMAZOO	13,798,179	1,067,540	2,386,923	183,804,492	2.7%

Exhibit 37 (cont.)

County	Property Tax Credits	Home Heating Credits	MI EITC Credits	Tax After Credits	Percent of Total Tax
KALKASKA	$515,570	$111,640	$222,463	$8,311,585	0.1%
KENT	31,851,248	2,269,887	6,634,669	483,242,824	7.1%
KEWEENAW	30,385	16,110	15,763	941,689	0.0%
LAKE	371,774	116,709	115,335	2,323,700	0.0%
LAPEER	2,892,444	300,870	765,722	54,347,571	0.8%
LEELANAU	633,163	55,602	107,598	12,963,020	0.2%
LENAWEE	6,874,827	409,066	1,001,005	49,711,905	0.7%
LIVINGSTON	6,007,312	271,015	794,629	151,899,147	2.2%
LUCE	73,489	37,918	56,417	2,346,568	0.0%
MACKINAC	389,148	68,734	112,729	4,574,331	0.1%
MACOMB	62,007,468	3,400,993	8,783,267	589,177,490	8.6%
MANISTEE	1,050,978	132,614	237,590	10,374,753	0.2%
MARQUETTE	2,087,330	236,478	488,559	39,026,001	0.6%
MASON	1,786,909	180,185	321,557	13,433,859	0.2%
MECOSTA	1,352,933	241,647	386,822	17,432,861	0.3%
MENOMINEE	688,042	122,634	213,085	11,983,272	0.2%
MIDLAND	3,261,413	324,840	639,611	71,862,904	1.1%
MISSAUKEE	928,935	113,906	152,683	4,714,589	0.1%
MONROE	5,572,559	403,891	1,180,473	94,019,516	1.4%
MONTCALM	3,348,983	400,992	755,234	27,019,810	0.4%
MONTMORENCY	323,241	83,405	103,148	3,179,297	0.0%
MUSKEGON	8,684,723	963,464	2,369,412	80,538,478	1.2%
NEWAYGO	1,991,642	282,308	482,658	18,116,411	0.3%
OAKLAND	65,977,040	3,034,136	8,083,171	1,442,157,887	21.1%
OCEANA	1,364,751	195,391	353,054	11,407,869	0.2%
OGEMAW	842,489	189,931	275,482	7,541,536	0.1%
ONTONAGON	187,016	36,559	50,841	2,086,747	0.0%
OSCEOLA	1,010,410	203,065	306,997	10,079,877	0.1%
OSCODA	151,183	56,173	77,491	2,324,781	0.0%
OTSEGO	761,724	121,919	261,264	11,970,784	0.2%
OTTAWA	12,664,153	555,470	2,082,666	218,498,653	3.2%
PRESQUE ISLE	497,845	114,262	134,798	5,394,798	0.1%
ROSCOMMON	899,277	185,185	270,521	9,236,701	0.1%
SAGINAW	9,819,854	1,268,482	2,548,140	98,816,926	1.4%
ST. CLAIR	7,735,613	699,229	1,623,044	99,015,810	1.4%
ST. JOSEPH	2,834,565	261,683	729,437	29,271,687	0.4%
SANILAC	3,543,630	281,742	473,417	18,127,801	0.3%
SCHOOLCRAFT	196,671	67,035	83,232	3,713,482	0.1%
SHIAWASSEE	3,984,506	344,586	762,151	40,090,231	0.6%
TUSCOLA	5,568,995	308,294	629,279	24,238,972	0.4%
VAN BUREN	4,285,473	485,206	957,255	43,468,259	0.6%
WASHTENAW	18,968,945	1,038,510	2,219,661	330,556,674	4.8%
WAYNE (excludes Detroit)	69,745,126	4,538,644	10,732,126	649,383,580	9.5%
WEXFORD	1,461,977	236,323	462,784	15,195,324	0.2%
OUTSIDE OF MICHIGAN	3,854,194	453,960	2,337,681	231,660,872	3.4%
DETROIT	63,970,566	9,473,197	18,947,929	219,517,546	3.2%
TOTAL	$564,442,780	$48,461,604	$109,650,506	$6,840,270,840	100.0%

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

Exhibit 38
2013 Income Tax Data by County

County	2013 AGI (Millions)	2013 Average AGI	Rank	Income Tax Before Credits	Rank	Average Income Tax Before Credits	Rank	Average Income Tax After Credits	Rank	Credits as a % of Tax Before Credits	Rank	Ratio of Property Tax Credits to 1040s Filed	Rank	Average Property Tax Credit[1]	Rank
ALCONA	$169.4	$37,830	75	$3,824,345	76	$854	81	$741	81	13.3%	20	19.7%	61	$355	75
ALGER	158.9	42,464	47	4,229,830	74	1,131	57	1,020	52	9.8%	55	18.5%	71	365	68
ALLEGAN	2,249.0	50,525	19	71,053,382	21	1,596	15	1,464	13	8.3%	69	20.6%	48	498	28
ALPENA	545.7	40,574	62	15,025,120	50	1,117	59	996	55	10.8%	48	22.1%	34	357	72
ANTRIM	516.0	48,935	22	13,887,567	52	1,317	36	1,185	30	10.1%	53	19.2%	67	442	44
ARENAC	243.0	38,437	71	6,633,031	68	1,049	67	897	68	14.5%	14	23.0%	28	503	26
BARAGA	131.5	41,065	59	3,266,735	78	1,020	71	932	65	8.7%	66	15.0%	81	358	71
BARRY	1,144.7	52,470	13	35,644,192	30	1,634	13	1,498	11	8.3%	70	19.8%	58	550	13
BAY	2,218.7	44,515	38	65,861,831	22	1,321	34	1,162	35	12.1%	35	26.0%	9	512	23
BENZIE	341.5	44,428	40	9,056,445	65	1,178	51	1,061	48	9.9%	54	20.2%	53	388	60
BERRIEN	3,715.5	51,254	16	113,565,067	11	1,567	16	1,390	18	11.2%	44	23.7%	24	452	41
BRANCH	755.2	42,946	46	22,016,296	39	1,252	43	1,088	45	13.1%	25	22.2%	32	595	10
CALHOUN	2,672.9	46,653	28	79,763,995	19	1,392	27	1,218	27	12.5%	30	26.5%	8	513	22
CASS	842.5	47,890	24	24,254,705	36	1,379	29	1,171	31	15.1%	8	20.4%	50	599	9
CHARLEVOIX	677.0	51,511	15	19,494,150	43	1,483	20	1,340	21	9.7%	57	21.6%	38	433	47
CHEBOYGAN	412.5	41,354	56	11,046,952	61	1,107	60	978	59	11.7%	41	21.5%	40	347	78
CHIPPEWA	613.8	40,409	63	15,013,181	51	988	73	869	70	12.1%	34	19.2%	68	383	62
CLARE	504.5	37,513	78	13,515,269	54	1,005	72	857	71	14.7%	10	20.3%	51	386	61
CLINTON	1,557.7	58,896	6	47,927,967	26	1,812	8	1,679	7	7.4%	73	19.9%	56	619	7
CRAWFORD	189.3	39,083	69	4,974,610	73	1,027	69	901	67	12.3%	32	21.0%	44	354	76
DELTA	760.6	44,289	42	21,732,648	41	1,266	41	1,142	40	9.8%	56	21.2%	43	405	54
DICKINSON	590.8	46,982	26	17,398,357	47	1,384	28	1,257	26	9.2%	63	21.6%	37	412	52
EATON	2,742.1	50,791	18	83,040,285	17	1,538	19	1,390	19	9.6%	58	23.9%	21	517	19
EMMET	922.7	52,030	14	27,730,845	35	1,564	17	1,435	16	8.2%	71	21.6%	39	423	49
GENESEE	8,530.4	46,118	31	251,459,653	6	1,359	31	1,214	28	10.7%	49	24.1%	19	405	53
GLADWIN	446.2	40,043	65	11,589,808	60	1,040	68	906	66	12.9%	26	21.3%	42	389	59
GOGEBIC	266.9	41,189	58	7,139,085	67	1,102	61	972	61	11.8%	40	21.7%	35	362	69
GRAND TRAVERSE	2,600.2	54,919	10	80,902,261	18	1,709	10	1,562	10	8.6%	68	23.8%	23	493	31
GRATIOT	775.8	44,901	37	23,045,903	38	1,334	33	1,142	41	14.4%	15	23.1%	26	829	3
HILLSDALE	811.2	42,161	51	23,894,247	37	1,242	46	1,079	47	13.1%	24	20.8%	47	540	14
HOUGHTON	621.5	43,374	44	18,095,092	46	1,263	42	1,153	39	8.7%	65	16.7%	77	359	70
HURON	703.1	43,294	45	18,965,048	45	1,168	53	765	80	34.5%	1	28.9%	2	1,702	1
INGHAM	6,499.6	52,953	12	203,657,251	8	1,659	12	1,477	12	11.0%	46	27.9%	5	523	17
IONIA	1,179.5	45,483	34	36,237,839	29	1,397	26	1,267	24	9.4%	62	20.0%	54	538	15
IOSCO	449.5	37,234	79	10,907,027	62	904	79	793	78	12.2%	33	20.4%	49	335	79
IRON	201.9	38,300	73	5,379,406	71	1,020	70	886	69	13.2%	23	19.6%	62	381	64
ISABELLA	1,108.5	46,570	29	31,376,539	33	1,318	35	1,170	32	11.2%	45	22.8%	29	505	24
JACKSON	3,210.0	48,591	23	97,876,758	15	1,482	21	1,330	22	10.2%	52	24.3%	16	453	40
KALAMAZOO	6,300.7	57,220	8	201,449,943	9	1,829	7	1,669	8	8.8%	64	26.0%	10	482	34
KALKASKA	324.4	42,129	53	9,287,645	64	1,206	48	1,079	46	10.5%	50	19.3%	65	347	77
KENT	15,992.2	55,863	9	525,028,535	4	1,834	6	1,688	6	8.0%	72	24.5%	13	454	39
KEWEENAW	40.9	45,635	33	1,006,207	83	1,122	58	1,050	49	6.4%	80	10.8%	83	313	81
LAKE	119.1	34,449	83	2,942,787	79	852	82	672	83	21.0%	2	28.1%	3	382	63
LAPEER	1,889.6	50,128	20	58,308,710	24	1,547	18	1,442	14	6.8%	76	17.7%	74	434	46

Exhibit 38 (cont.)

County	2013 AGI (Millions)	2013 Average AGI	Rank	Income Tax Before Credits	Rank	Average Income Tax Before Credits	Rank	Average Income Tax After Credits	Rank	Credits as a % of Tax Before Credits	Rank	Ratio of Property Tax Credits to 1040s Filed	Rank	Average Property Tax Credit[1]	Rank
LEELANAU	$493.5	$60,947	5	$13,855,026	53	$1,711	9	$1,601	9	6.4%	79	16.3%	78	$479	35
LENAWEE	1,992.6	46,325	30	59,087,760	23	1,374	30	1,156	37	15.9%	7	25.6%	11	624	6
LIVINGSTON	4,821.5	67,006	3	159,364,293	10	2,215	3	2,111	3	4.7%	83	16.2%	79	515	21
LUCE	96.4	40,326	64	2,523,232	81	1,055.30	65	981	58	7.0%	74	11.6%	82	264	83
MACKINAC	210.9	39,279	67	5,188,000	72	966	74	852	73	11.8%	37	18.1%	72	401	55
MACOMB	21,022.7	51,234	17	664,436,152	3	1,619	14	1,436	15	11.3%	43	27.1%	7	558	12
MANISTEE	441.1	40,576	61	11,835,103	58	1,089	63	954	62	12.3%	31	23.3%	25	416	50
MARQUETTE	1,418.1	49,115	21	41,849,872	28	1,449	23	1,352	20	6.7%	77	19.4%	64	372	66
MASON	552.2	42,151	52	15,736,796	49	1,201	49	1,025	51	14.6%	12	27.9%	4	489	32
MECOSTA	694.8	44,432	39	19,464,461	44	1,245	44	1,115	42	10.4%	51	20.0%	55	433	48
MENOMINEE	446.7	43,382	43	13,114,684	57	1,274	39	1,164	34	8.6%	67	17.0%	76	393	58
MIDLAND	2,369.9	64,283	4	76,211,838	20	2,067	4	1,949	4	5.7%	81	19.9%	57	445	43
MISSAUKEE	209.4	37,876	74	5,802,301	70	1,049	66	853	72	18.7%	3	21.0%	45	801	5
MONROE	3,555.3	54,164	11	110,421,561	13	1,682	11	1,432	17	14.9%	9	18.0%	73	471	38
MONTCALM	1,067.6	39,909	66	31,386,903	32	1,173	52	1,010	53	13.9%	17	24.1%	18	519	18
MONTMORENCY	165.7	35,797	80	3,728,247	77	805	83	687	82	14.7%	11	19.7%	60	355	74
MUSKEGON	3,083.7	42,292	48	92,812,495	16	1,273	40	1,105	43	13.2%	22	27.4%	6	434	45
NEWAYGO	724.6	41,950	54	20,912,800	42	1,211	47	1,049	50	13.4%	19	24.4%	14	472	36
OAKLAND	44,618.9	78,055	1	1,526,078,091	1	2,670	1	2,523	1	5.5%	82	19.8%	59	584	11
OCEANA	475.0	40,711	60	13,284,250	55	1,139	56	978	60	14.1%	16	22.7%	30	516	20
OGEMAW	334.4	35,571	81	8,826,181	66	939	76	802	77	14.6%	13	21.7%	36	412	51
ONTONAGON	102.8	37,802	76	2,388,508	82	878	80	767	79	12.6%	28	18.7%	70	367	67
OSCEOLA	414.0	38,322	72	11,624,919	59	1,076	64	933	64	13.3%	21	19.1%	69	489	33
OSCODA	98.4	34,529	82	2,623,886	80	920	78	815	75	11.4%	42	17.1%	75	310	82
OTSEGO	459.1	44,313	41	13,239,662	56	1,278	38	1,155	38	9.6%	59	19.6%	63	376	65
OTTAWA	7,237.5	58,135	7	233,915,539	7	1,879	5	1,755	5	6.6%	78	20.3%	52	501	27
PRESQUE ISLE	244.6	37,642	77	6,187,451	69	952	75	830	74	12.8%	27	19.2%	66	399	56
ROSCOMMON	443.1	38,845	70	10,664,951	63	935	77	810	76	13.4%	18	22.2%	33	356	73
SAGINAW	3,835.4	45,015	36	112,052,981	12	1,315	37	1,160	36	11.8%	38	24.4%	15	472	37
ST. CLAIR	3,550.1	47,607	25	109,362,539	14	1,467	22	1,328	23	9.5%	61	23.0%	27	450	42
ST. JOSEPH	1,131.4	42,223	49	33,281,784	31	1,242	45	1,092	44	12.0%	36	21.4%	41	494	30
SANILAC	757.2	41,603	55	21,837,412	40	1,200	50	996	56	17.0%	6	24.0%	20	811	4
SCHOOLCRAFT	158.7	42,180	50	4,101,733	75	1,090	62	987	57	9.5%	60	16.1%	80	325	80
SHIAWASSEE	1,514.7	45,049	35	44,971,909	27	1,337	32	1,192	29	10.9%	47	23.9%	22	496	29
TUSCOLA	1,066.4	41,214	57	29,639,747	34	1,146	54	937	63	18.2%	4	22.6%	31	953	2
VAN BUREN	1,611.8	46,913	27	49,285,780	25	1,435	24	1,265	25	11.8%	39	24.7%	12	505	25
WASHTENAW	10,679.2	70,293	2	355,015,725	5	2,337	2	2,176	2	6.9%	75	20.9%	46	599	8
WAYNE (including Detroit)	34,205.0	45,847	32	1,049,976,461	2	1,407	25	1,165	33	17.2%	5	33.6%	1	533	16
WEXFORD	596.8	39,205	68	17,375,454	48	1,141	55	998	54	12.5%	29	24.2%	17	397	57
OUTSIDE MICHIGAN	56,202.5	281,191		241,978,396		1,211		1,159		4.3%		3.8%		507	
DETROIT	10,864.0	35,890		312,953,234.3		1,034		725		29.9%		42.3%		499	
TOTALS	**$289,850.3**	**$63,550**		**$7,593,951,435**		**$1,665**		**$1,500**		**9.9%**		**23.8%**		**520**	

[1] Includes credits for blind/deaf, paraplegic, quadriplegic, and totally disabled persons.

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

Exhibit 39
Average Adjusted Gross Income by County
2013

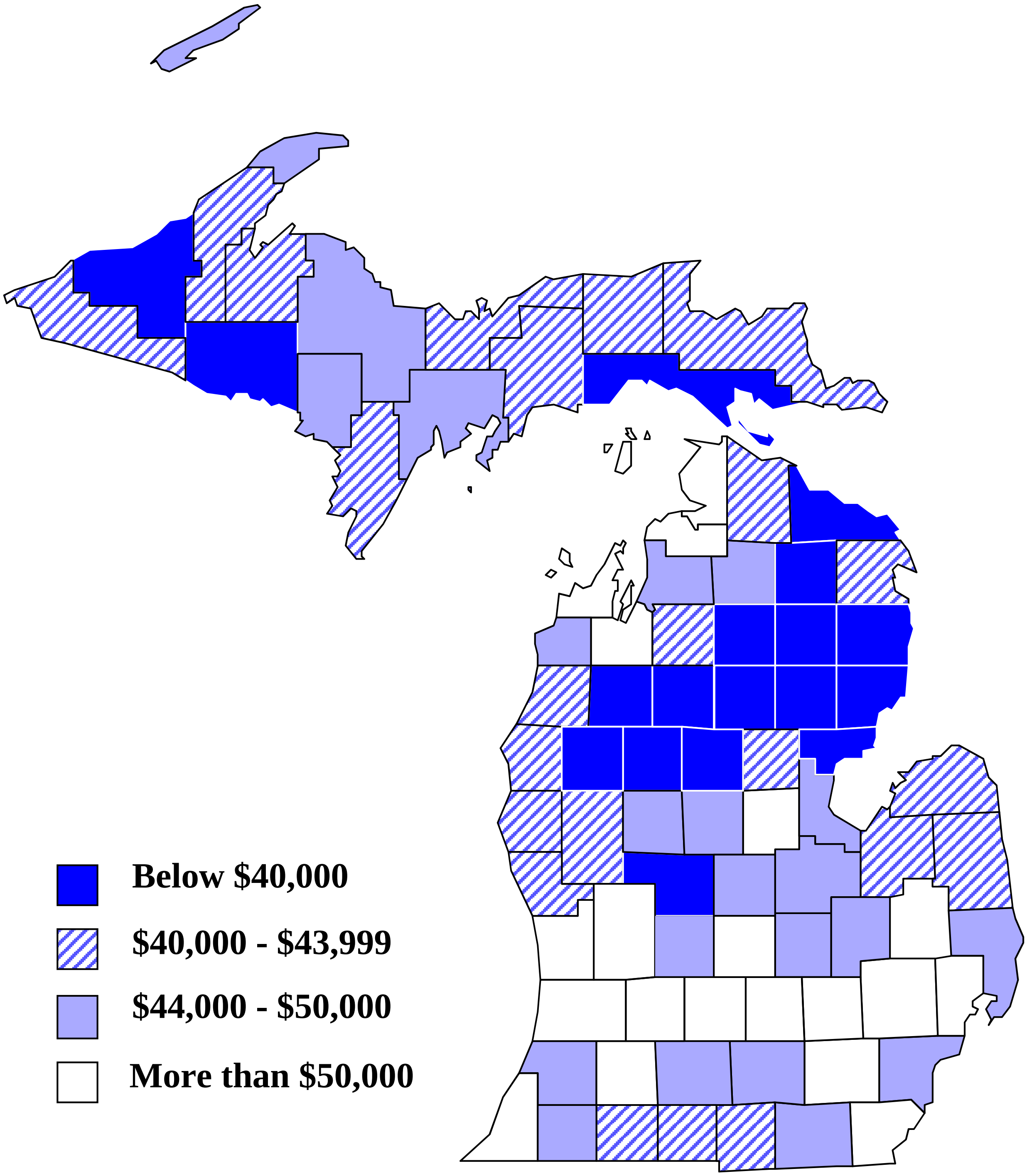


Exhibit 40
Average Property Tax Credits by County
2013

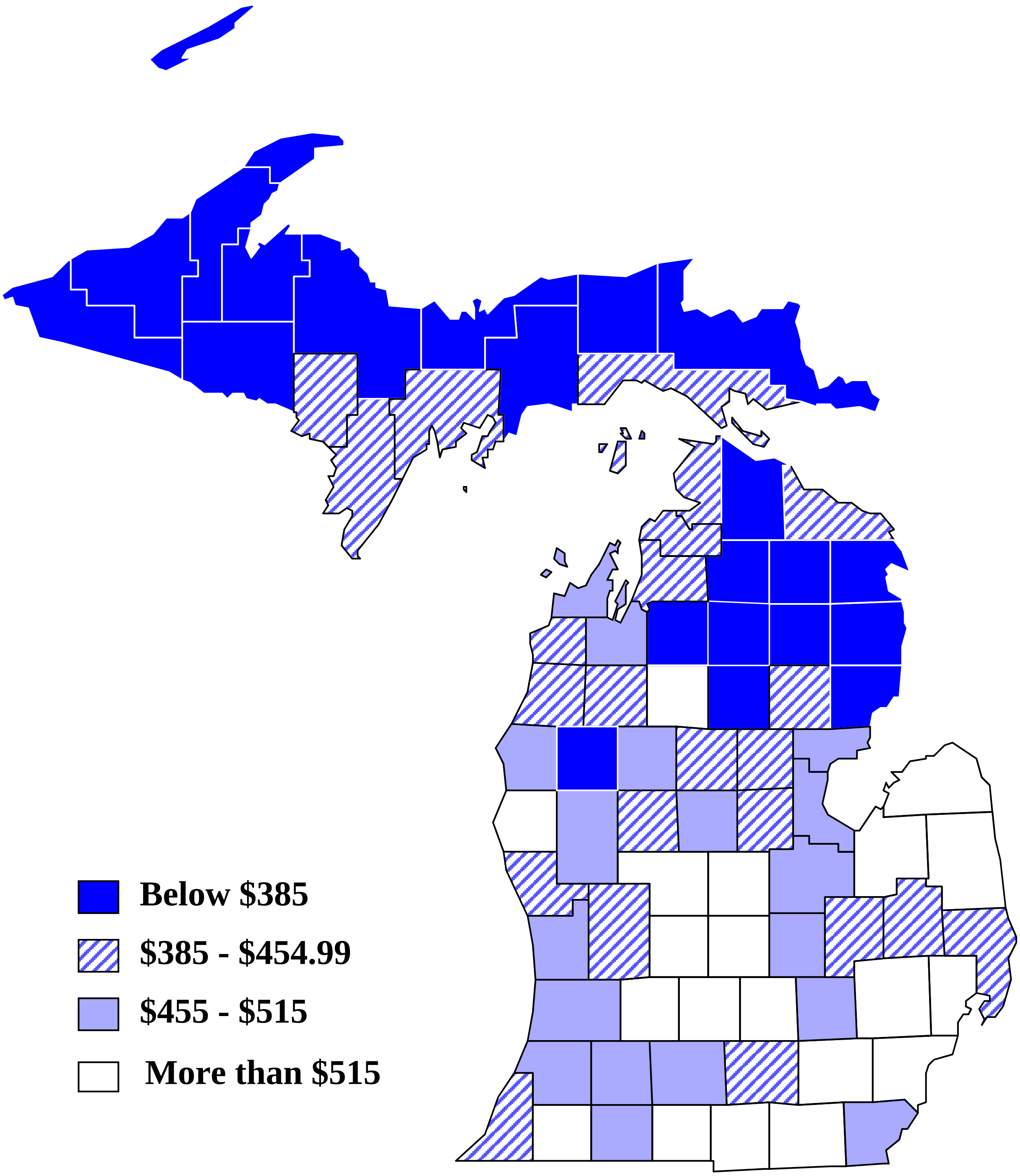


Exhibit 41
Average Annual Individual Income Tax Rates

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

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

XII. APPENDIX A

FEDERAL TAX LAW CHANGES[9] (from 2001 through 2012)

2001

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

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

2002

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

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

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

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

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

[9] For federal legislative changes from 1987 through 2000, see Office of Revenue and Tax Analysis, *Individual Income Tax 2007,* June 2009, at http://www.michigan.gov/treasury/0,4679,7-121-44402_44404_44406_44410_65751---,00.html.

is unavailable after 2007) and for qualified clean-fuel vehicle refueling property (deduction available for property placed in service prior to 2007, instead of 2006); and

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

2003

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

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

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

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

suspend for up to ten years of such duty time the running of the five-year ownership-and-use period before the sale of a residence. The election applies to only one property at a time, and was made permanent in 2009.

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

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

2004

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

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

The Working Families Tax Relief Act (WFTRA-04) instituted a new uniform definition of child to be used throughout the Tax Code and provided for the extension of two sets of expiring provisions: four accelerated tax cuts from the EGTRRA-01 and the JGTRRA-03 scheduled to expire on 12/31/2004, and a package of regularly expiring tax provisions that, for the most part, had expired on 12/31/2003. Of the extensions provided by the Act, two provisions affected the federal AGI calculation: the teacher's classroom expense deduction, and the availability of Archer medical savings accounts, both of which were extended through tax year 2006.

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

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

<u>2005</u>

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

The new above-the-line deduction for manufacturers replaced the Extraterritorial Income Exclusion (ETI). The new deduction will be completely phased-in by 2011, starting at a 3 percent rate in 2005 and 2006, increasing to 6 percent in 2007 through 2009, and reaching 9 percent in 2011. It allows, under certain limitations, deduction from taxable income of a percentage of net income attributable to qualified domestic production activity. The deduction is limited to 50 percent of the W-2 wages paid by the taxpayer during the tax year, and corporations, individuals, S corporations, partnerships, estates, trusts, and cooperatives can take advantage of it.

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

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

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

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

2006

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

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

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

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

- Extend the expiration of the above-the-line deduction of up to $4,000 for qualified higher education expenses from TY 2005 through TY 2007.
- Extend the expiration of the above-the-line deduction for qualified out-of-pocket classroom expenses from TY 2005 through TY 2007
- Extend the expiration of the reduced recovery period for qualified leasehold improvement property and qualified restaurant property, from 39 years to 15 years, for property placed in service by TY 2005, to property placed in service by TY 2007.

2007

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

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

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

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

2008

Beginning in 2008, taxpayers are allowed to direct rollovers from a qualified retirement plan, tax-sheltered annuity, or governmental plan directly to a Roth IRA, where the rollover is treated as a Roth conversion if all other conversion qualifications (e.g. income below the $100,000 level before 2011) are met. Prior to the law, taxpayers had first to roll over the amount to a traditional IRA, and then convert the traditional IRA to a Roth.

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

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

The above-the-line deductions of up to $4,000 for qualified higher education expenses, and up to $250 for qualified out-of-pocket classroom expenses were reinstated for tax years beginning in 2008 and before 2012.

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

2009

Effective in 2009, eligible small businesses may elect to increase the carryback period for applicable NOLs from two years to five years, while the percentage of exclusion from tax for capital gains realized on the sale of certain small business stock held for more than five years increases from 50 to 75 percent for stock issues after February 17, 2009 through September 2011, and then 100 percent until December 2011.

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

The limit of 50 percent exclusion from tax for capital gains realized on the sale of certain small business stock held for more than 5 years was increased to the greater of $10 million or 10 times the taxpayer's basis in the stock. The exclusion is limited to individual investments (not corporate). The limit is increased to 100 percent for qualified small business stock issued in 2012.

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

2010

Starting with tax years beginning in 2011, farming losses as a reduction to income of a taxpayer (other than a C corporation) receiving qualified subsidies will be limited to the greater of $300,000 or the taxpayer's total net farm income from the prior five taxable years. Losses resulting from disease or drought, or from a fire, storm or other casualty, though, are disregarded for purposes of calculating the limitation.

For tax year 2011, 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.

Effective for taxable years beginning in 2011, 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 2012.

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;
- 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.

MICHIGAN PERSONAL INCOME TAX LEGISLATIVE HISTORY (1967 – 2012)[11]

1967

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

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

- For corporate income tax:
  - Tax rate of 5.6 percent
  - Tax rate of 7.0 on profits of financial institutions

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

1968

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

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

1969

PA 332 made technical, clarifying, and administrative changes.

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[11] 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 . 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.

<u>1980</u>

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.

<u>1981</u>

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.

<u>1984</u>

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.

<u>1985</u>

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.

<u>1988</u>

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.

<u>1992</u>

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.

<u>1993</u>

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.

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

PAs 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.

PAs 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.

PAs 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[13].
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[14].

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

[13] A chart with detailed information on differences between AGI, taxable income, total household resources, and household income can be found at http://www.michigan.gov/documents/CC-41011_92366_7.pdf

[14] 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

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.

MICHIGAN INCOME TAX REQUIREMENTS
(1967 – 2014)

General MI-IIT Information:		MCL Section	TY 1967	TY 1968	TY 1969	TY 1970	TY 1971	TY 1972	TY 1973	TY 1974	TY 1975	TY 1976	TY 1977
. IRC compliance (*)		206.12(3)	1954 IRC	1954 IRC	1954 IRC	1969 IRC	1970 IRC	1970 IRC	1970 IRC	1970 IRC	1970 IRC	1976 IRC	1976 IRC
. Exemption from MI - IIT:		206.201	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT
. Revenue Distribution:	(1)												
. To Local Units:		206.481	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	12.1%	12.1%	12.1%	12.1%
. Filing Requirement:	(2)	206.315	GI	GI	GI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI
(Gross income (GI) or		Single Return	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,500	$1,500	$1,500	$1,500
AGI above threshold)		Joint Return	$2,400	$2,400	$2,400	$2,400	$2,400	$2,400	$2,400	$3,000	$3,000	$3,000	$3,000
. Reciprocity States			IN, WI	IN, WI, KY	IN, WI, KY	IN, WI, KY	IN, WI, KY, IL	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH
. Liability Threshold for Estimated Pmt	(3)	206.301	$100	$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%
Exemptions Amounts:													
. Personal Exemption:		206.30(2), 30a	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,200	$1,500	$1,500	$1,500	$1,500
. Special Exemptions:	(4)	206.30(3)	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes
. Para/Hemi/Quadriplegic (**) (***)		206.30(3)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	$1,500	$1,500	$1,500	$1,500

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

General MI-IIT Information:		MCL Section	TY 1978	TY 1979	TY 1980	TY 1981	TY 1982	TY 1983	TY 1984	TY 1985	TY 1986	TY 1987	TY 1988
. IRC compliance (*)		206.12(3)	1976 IRC	1976 IRC	1979 IRC	1979 IRC	1982 IRC	1982 IRC	1984 IRC	1984 IRC	1984 IRC	1987 IRC	1987 IRC
. Exemption from MI - IIT:		206.201	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT
. Revenue Distribution:	(1)												
. To Local Units:		206.481	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	6.9%	6.9%
. Filing Requirement:	(2)	206.315	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI
(Gross income (GI) or		Single Return	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,600	$1,800
AGI above threshold)		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	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN
. Liability Threshold for Estimated Pmt	(3)	206.301	$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	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Para/Hemi/Quadriplegic (**) (***)		206.30(3)	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,400	$1,200
. Disabled		206.30(3)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	$1,400	$1,200
. Blind (***)		206.30(3)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	$1,400	$1,200
. Deaf (****)		206.30(3)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	$1,500	$1,500	$1,400	$1,200
. Senior	(#)	206.30(3)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	$1,400	$1,200
. Unemployed	(#)	206.30(3)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	$1,400	$1,200
. Claimed as Dependent		206.30(4)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	$500

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

General MI-IIT Information:		MCL Section	TY 2000	TY 2001	TY 2002	TY 2003	TY 2004	TY 2005	TY 2006	TY 2007	TY 2008
. IRC compliance (*)		206.12(3)	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC
. Exemption from MI - IIT:		206.201	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT
. Revenue Distribution:	(1)										
. To School Aid Fund:		206.51(2)	Formula	Formula	Formula	Formula	Formula	Formula	Formula	Formula	Formula
. Filing Requirement:	(2)	206.315	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI
(Gross income (GI) or		Single Return	$2,900	$2,900	$3,000	$3,100	$3,100	$3,200	$3,300	$3,400	$3,500
AGI above threshold)		Joint Return	$5,800	$5,800	$6,000	$6,200	$6,200	$6,400	$6,600	$6,800	$7,000
. Reciprocity States			IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN
. Liability Threshold for Estimated Pmt	(3)	206.301	$500	$500	$500	$500	$500	$500	$500	$500	$500
. Use Tax Return in MI-1040 Booklet			Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	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%
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
. Special Exemptions:	(4)	206.30(3)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Para/Hemi/Quadriplegic (**) (***)		206.30(3)	$1,800	$1,900	$1,900	$1,900	$2,000	$2,000	$2,100	$2,200	$2,200
. Disabled		206.30(3)	$1,800	$1,900	$1,900	$1,900	$2,000	$2,000	$2,100	$2,200	$2,200
. Blind (***)		206.30(3)	$1,800	$1,900	$1,900	$1,900	$2,000	$2,000	$2,100	$2,200	$2,200
. Deaf (****)		206.30(3)	$1,800	$1,900	$1,900	$1,900	$2,000	$2,000	$2,100	$2,200	$2,200
. Senior		206.30(3)	$1,800	$1,900	$1,900	$1,900	$2,000	$2,000	$2,100	$2,200	$2,200
. Unemployed		206.30(3)	$1,800	$1,900	$1,900	$1,900	$2,000	$2,000	$2,100	$2,200	$2,200
. Claimed as Dependent		206.30(4)	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500
. Child . Age 6 and Under		206.30d(2)	$600	$600	$600	$600	$600	$600	$600	$600	$600
. Age 7 to 12			$600	$600	$600	$600	$600	$600	$600	$600	$600
. Disabled Veteran		206.30(3)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	$250

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

General MI-IIT Information:		MCL Section	Form	TY 2009	TY 2010	TY 2011	TY 2012	TY 2013	TY 2014
. IRC compliance (*)		206.12(3)		1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC
. Exemption from MI - IIT:		206.201		Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT
. Revenue Distribution:	(1)								
. To School Aid Fund:		206.51(2)		Formula	Formula	Formula	Formula	Formula	Formula
. Filing Requirement:	(2)	206.315	MI-1040	AGI	AGI	AGI	AGI	AGI	AGI
(Gross income (GI) or			Single Return	$3,600	$3,600	$3,700	$3,763	$3,950	$4,000
AGI above threshold)			Joint Return	$7,200	$7,200	$7,400	$7,526	$7,900	$8,000
. Reciprocity States				IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN
. 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%	4.35%	4.35%	4.33%	4.25%	4.25%
Exemptions Amounts:									
. Personal Exemption:		206.30(2), 30a	MI-1040	$3,600	$3,600	$3,700	$3,763	$3,950	$4,000
. Special Exemptions:	(4)	206.30(3)	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes
. Para/Hemi/Quadriplegic (**) (***)		206.30(3)		$2,300	$2,300	$2,400	$2,400	$2,500	$2,500
. Disabled		206.30(3)		$2,300	$2,300	$2,400	$2,400	$2,500	$2,500
. Blind (***)		206.30(3)		$2,300	$2,300	$2,400	$2,400	$2,500	$2,500
. Deaf (****)		206.30(3)		$2,300	$2,300	$2,400	$2,400	$2,500	$2,500
. Senior	(#)	206.30(3)		$2,300	$2,300	$2,400	n.a.	n.a.	n.a.
. Unemployed	(#)	206.30(3)		$2,300	$2,300	$2,400	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 . Age 6 and Under	(#)	206.30d(2)		$600	$600	$600	n.a.	n.a.	n.a.
. Age 7 to 12				$600	$600	$600	n.a.	n.a.	n.a.
. Disabled Veteran		206.30(3)		$300	$300	$300	$300	$300	$400

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		MCL Section	TY 2000	TY 2001	TY 2002	TY 2003	TY 2004	TY 2005	TY 2006	TY 2007	TY 2008
Check-Offs:											
. State Campaign Fund	(5)	169.261(2)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
		Single Return	$3	$3	$3	$3	$3	$3	$3	$3	$3
		Joint Return	$6	$6	$6	$6	$6	$6	$6	$6	$6
Other Voluntary Contributions:	(6)										
. Children of Veterans Tuition Grant		206.437	No	No	No	No	No	No	Yes	Yes	Yes
. Military Family Relief Fund		206.438	No	No	No	No	Yes	Yes	Yes	Yes	Yes
. Children's Trust Fund		206.440	No	No	No	No	No	Yes	Yes	Yes	Yes
. Prostrate Cancer Research Fund		206.435	No	No	No	No	No	No	No	No	Yes
. Amanda's Fund		206.435	No	No	No	No	No	No	No	No	Yes
. Animal Welfare Fund		206.435	No	No	No	No	No	No	No	No	Yes
. Michigan Housing and Community Development Fund		206.435	No	No	No	No	No	No	No	No	Yes
. Michigan Law Enforcement Memorial Monument Fund		206.435	No	No	No	No	No	No	No	No	Yes

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		MCL Section	Form	TY 2009	TY 2010	TY 2011	TY 2012	TY 2013	TY 2014
Check-Offs:									
. State Campaign Fund	(5)	169.261(2)	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes
			Single Return	$3	$3	$3	$3	$3	$3
			Joint Return	$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
. Military Family Relief Fund		206.438	Form 4642	Yes	Yes	Yes	Yes	Yes	Yes
. Children's Trust Fund		206.440	Form 4642	Yes	Yes	Yes	Yes	Yes	Yes
. Prostrate Cancer Research Fund		206.435	Form 4642	Yes	No	No	No	No	No
. Amanda's Fund		206.435	Form 4642	Yes	No	No	No	No	No
. Animal Welfare Fund		206.435	Form 4642	Yes	Yes	Yes	Yes	Yes	Yes
. Michigan Housing and Community Development Fund		206.435	Form 4642	Yes	No	No	No	No	No
. Michigan Law Enforcement Memorial Monument Fund		206.435	Form 4642	Yes	No	No	No	No	No
. Renewable Fuels Fund		206.435	Form 4642	Yes	Yes	No	No	No	No
. Foster Care Trust Fund		206.435	Form 4642	Yes	Yes	No	No	No	No
. Children's Miracle Network Fund		206.435	Form 4642	Yes	Yes	No	No	No	No
. MI Council for the Arts Fund		206.435	Form 4642	Yes	Yes	No	No	No	No
. Renewable Fuels Fund		206.435	Form 4642	Yes	Yes	No	No	No	No
. United Way Fund		206.435	Form 4642	Yes	Yes	Yes	Yes	Yes	Yes
. Girl Scout of Michigan Fund		206.435	Form 4642	No	No	Yes	Yes	Yes	No
. Special Olympics Michigan Fund		206.435	Form 4642	No	No	No	Yes	Yes	Yes
. AMBER Alert Fund of Michigan		206.435	Form 4642	No	No	No	No	Yes	Yes
. ALS of Michigan ("Lou Gehrig's . Disease") Fund		206.435	Form 4642	No	No	No	No	Yes	Yes
. Alzheimer's Association of Michigan		206.435	Form 4642	No	No	No	No	Yes	Yes

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		MCL Section	Form	TY 2009	TY 2010	TY 2011	TY 2012	TY 2013	TY 2014
Tax Base Adjustments Limits			MI-1040						
. Maximum Private		206.30(1)(f)(iv)	Form 4884	Yes	Yes	Yes	Yes	Yes	Yes
Pension Deduction (*****)	(7)		Single Return	$45,120	$45,120	$45,842	$47,309	$48,302	$49,027
For those born before 1946			Joint Return	$90,240	$90,240	$91,684	$94,618	$96,605	$98,054
		203.30(9)	Form 4884	Yes	Yes	Yes	Yes	Yes	Yes
For those born after 1945	(7')		Single Return	$45,120	$45,120	$45,842	$20,000	$20,000	$20,000
and before 1953			Joint Return	$90,240	$90,240	$91,684	$40,000	$40,000	$40,000
		203.30(9)	Form 4884	Yes	Yes	Yes	No	No	No
For those born after 1952			Single Return	$45,120	$45,120	$45,842	n.a.	n.a.	n.a.
			Joint Return	$90,240	$90,240	$91,684	n.a.	n.a.	n.a.
. Political Contribution	(#)	206.30(1)(j)		Yes	Yes	Yes	No	No	No
			Single Return	$50	$50	$50	n.a.	n.a.	n.a.
			Joint Return	$100	$100	$100	n.a.	n.a.	n.a.
. Maximum Senior Interest,		206.30(1)(p)	Schedule 1	Yes	Yes	Yes	Yes	Yes	Yes
Dividends, and Capital Gains			Single Return	$10,058	$10,058	$10,218	$10,545	$10,767	$10,929
Deduction (*****)	(8)		Joint Return	$20,115	$20,115	$20,437	$21,091	$21,534	$21,857
		206.30(1)(p)	Schedule 1	Yes	Yes	Yes	No	No	No
For those born after 1945	(8)		Single Return	$10,058	$10,058	$10,218	n.a.	n.a.	n.a.
			Joint Return	$20,115	$20,115	$20,437	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	$106,800	$106,800	$110,100	$113,700	$117,000
. Federal Salary Elective Deferrals									
. 401(k)				$16,500	$16,500	$16,500	$17,000	$17,500	$17,500
. 403(b), or 457				$16,500	$16,500	$16,500	$17,000	$17,500	$17,500
. 50 and over				$22,000	$22,000	$22,000	$22,500	$23,000	$23,000
. Federal IRA Contribution Limit				Yes	Yes	Yes	Yes	Yes	Yes
. General				$5,000	$5,000	$5,000	$5,000	$5,500	$5,500
. 50 and over				$6,000	$6,000	$6,000	$6,000	$6,500	$6,500

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		MCL Section	TY 1967	TY 1968	TY 1969	TY 1970	TY 1971	TY 1972	TY 1973	TY 1974	TY 1975	TY 1976	TY 1977
NonRefundable Credits													
. Taxes Paid to Another State Cr.	(10)	206.255(1)	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Nonresident Cr. for Reciprocal State Income Tax Exemption	(11)	206.256	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. City Income Taxes Cr.	(12) (#	206.257	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Public Contribution Cr.	(13) (#	206.26	No	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)
Refundable Credits													
. 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 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		MCL Section	TY 1989	TY 1990	TY 1991	TY 1992	TY 1993	TY 1994	TY 1995	TY 1996	TY 1997	TY 1998	TY 1999
NonRefundable Credits													
. 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	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Nonresident Cr. for Reciprocal State Income Tax Exemption	(11)	206.256	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. City Income Taxes Cr.	(12) (#)	206.257	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Public Contribution Cr.	(13) (#)	206.26	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')
. Community Foundation Cr.	(13) (#)	206.261	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')
. Homeless Shelter/Foodbank Cr.	(13) (#)	206.261	No	No	No	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')
. Renewable/Solar Energy Cr.	(14) (#)	206.262	Yes	Yes	Yes	No	No	No	No	No	No	No	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	No	No	No	No	No	No	No	No	No	Yes
. College Tuition Cr.	(18) (#)	206.274	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes
Refundable Credits													
. Sec. 1341 of IRC Cr.		206.265	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Prescription Drug Cr.	(24)	206.273	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		MCL Section	TY 2000	TY 2001	TY 2002	TY 2003	TY 2004	TY 2005	TY 2006	TY 2007	TY 2008
NonRefundable Credits											
. Taxes Paid to Another State Cr.	(10)	206.255(1)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Nonresident Cr. for Reciprocal State Income Tax Exemption	(11)	206.256	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. City Income Taxes Cr.	(12) (#)	206.257	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Public Contribution Cr.	(13) (#)	206.260	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')
. Community Foundation Cr.	(13) (#)	206.261	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')
. Homeless Shelter/Foodbank Cr	(13) (#)	206.261	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')
. MI Historic Preservation Cr.	(16)	206.266	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Vehicle Donation Cr.	(17) (#)	206.269	No	No	No	No	No	Yes	Yes	Yes	Yes
. College Tuition Cr.	(18) (#)	206.274	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Individual or Family Development Account Cr.		206.276	No	No	No	No	No	No	No	Yes	Yes
. Film Production Cr.	(19) (#)	206.367	No	No	No	No	No	No	No	No	Yes
Refundable Credits											
. Sec. 1341 of IRC Cr.		206.265	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Adoption Cr.	(23) (#)	206.267, 268	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Prescription Drug Cr.	(24)	206.273	Yes	Yes	No	No	No	No	No	No	No
. Stillbirth Credit	(26) (#)	206.275	No	No	No	No	No	No	Yes	Yes	Yes
. Earned Income Tax Credit	(27)	206.272	No	No	No	No	No	No	No	No	Yes

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

NonRefundable Credits		MCL Section	Form	TY 2009	TY 2010	TY 2011	TY 2012	TY 2013	TY 2014
. Taxes Paid to Another State Cr.	(10)	206.255(1)	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes
. Nonresident Cr. for Reciprocal State Income Tax Exemption	(11)	206.256	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes
. City Income Taxes Cr.	(12) (#)	206.257	MI-1040, Sch. 2	Yes	Yes	Yes	No	No	No
. Public Contribution Cr.	(13) (#)	206.260	MI-1040, Sch. 2	Yes (a')	Yes (a')	Yes (a')	No	No	No
. Community Foundation Cr.	(13) (#)	206.261	MI-1040, Sch. 2	Yes (a')	Yes (a')	Yes (a')	No	No	No
. Homeless Shelter/Foodbank Cr.	(13) (#)	206.261	MI-1040, Sch. 2	Yes (a')	Yes (a')	Yes (a')	No	No	No
. MI Historic Preservation Cr.	(16)	206.266	Form 3581	Yes	Yes	Yes	Yes	Yes	Yes
. Vehicle Donation Cr.	(17) (#)	206.269	MI-1040, Sch. 2	Yes	Yes	Yes	No	No	No
. College Tuition Cr.	(18) (#)	206.274	MI-1040, Sch. 2	Yes	Yes	Yes	No	No	No
. Individual or Family Development Account Cr.		206.276	MI-1040, Sch. 2	Yes	Yes	Yes	No	No	No
. Film Production Cr.	(19) (#)	206.367	MI-1040, Sch. 2	Yes	Yes	Yes	No	No	No
. Energy Cost Recovery Surcharge Cr.	(20) (#)	206.253(2)	MI-1040, Sch. 2	Yes	Yes	Yes	No	No	No
. Small Business Investment Tax Cr.	(21)	206.278	MI-1040	No	No	Yes	Yes	Yes	Yes
Refundable Credits									
. Sec. 1341 of IRC Cr.		206.265	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes
. Adoption Cr.	(23) (#)	206.267, 268	0	Yes	Yes	Yes	No	No	No
. Stillbirth Credit	(26) (#)	206.275	0	Yes	Yes	Yes	No	No	No
. Earned Income Tax Credit	(27)	206.272	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes
. Energy Efficient Qualified	(28) (#)	206.253(1)	0	Yes	Yes	Yes	No	No	No
. MI Historic Preservation Cr.	(29)	206.266(8)	Form 3581	Yes	Yes	Yes	Yes	Yes	Yes

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	**MCL Section**	**TY 1967**	**TY 1968**	**TY 1969**	**TY 1970**	**TY 1971**	**TY 1972**	**TY 1973**	**TY 1974**	**TY 1975**	**TY 1976**	**TY 1977**
. Homestead Property Tax Cr. (30)	206.520, 522	No	Yes (b)	Yes (b)	Yes (b')	Yes (b")	Yes (b")	Yes (b"')	Yes (b"')	Yes (b"')	Yes (b"')	Yes (b"')
. Eligible Property Tax Paid Percent												
. Homeowners	206.520(1)	n.a.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
. Renters	206.520(2)											
. Ad Valorem Taxes		n.a.	20.0%	17.0%	17.0%	17%	17%	17%	17%	17%	17%	17%
. Service Charges		n.a.	n.a.	n.a.	10%	10%	10%	10%	n.a.	n.a.	share	share
. Nursing Home Patient		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	30%	30%	30%
. Homeowner Veterans Cr. Requirements:												
. Taxable Value Allowance	206.506	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500
. 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), (i	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)	Yes (c)	Yes (c)	Yes (c)	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)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. 1973 Homestead Exempt	206.522(5)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (f)	Yes (f)	Yes (f)	Yes (f)
. Para/hemi/quadriplegic	206.522(1)(c)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Disabled	206.522(1)(c)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (g)	Yes (g)	Yes (g)	Yes (g)
. Veterans	206.522(1)(d)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)
. Blind	206.522(1)(e)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)
. Farmland Preservation Credit (31)	554.710(1)	No	No	No	No	No	No	No	No	No	Yes (j)	Yes (j)

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	MCL Section	TY 1978	TY 1979	TY 1980	TY 1981	TY 1982	TY 1983	TY 1984	TY 1985	TY 1986	TY 1987	TY 1988
. Homestead Property Tax Cr. (30)	206.520, 522	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')
. Eligible Property Tax Paid Percent												
. Homeowners	206.520(1)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
. Renters	206.520(2)											
. Ad Valorem Taxes		17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%
. Service Charges		share	share	10%	10%	10%	10%	10%	10%	10%	10%	10%
. Nursing Home Patient		share	share	share	share	share	share	share	share	share	share	share
. Homeowner Veterans Cr. Requirements:												
. Taxable Value Allowance	206.506	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500
. 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), (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
. 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	10% per $1,000	10% per $1,000	10% per $1,000	10% per $1,000	10% per $1,000	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)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)
. Special Credits:												
. Seniors												
. General	206.522(1)(b), (c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Low Income Renters	206.520(9), (10)	n.a.	n.a.	n.a.	n.a.	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)
. 1973 Homestead Exempt	206.522(5)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)
. Para/hemi/quadriplegic	206.522(1)(c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Disabled	206.522(1)(c)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)
. Deaf	206.522(1)(c)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Veterans	206.522(1)(d)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)
. Blind	206.522(1)(e)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)
. Farmland Preservation Credit (31)	554.710(1)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	**MCL Section**	**TY 1989**	**TY 1990**	**TY 1991**	**TY 1992**	**TY 1993**	**TY 1994**	**TY 1995**	**TY 1996**	**TY 1997**	**TY 1998**	**TY 1999**
. Homestead Property Tax Cr. (30)	206.520, 522	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')
. Eligible Property Tax Paid Percent												
. Homeowners	206.520(1)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
. Renters	206.520(2)											
. Ad Valorem Taxes		17%	17%	17%	17%	17%	20%	20%	20%	20%	20%	20%
. Service Charges		10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
. Nursing Home Patient		share	share	share	share	share	share	share	share	share	share	share
. Homeowner Veterans Cr. Requirements:												
. Taxable Value Allowance	206.506	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500
. 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), (	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500
. Taxpayer and Spouse blind	206.522(3)	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000
. Household Income Limit	206.520(8)	$82,650	$82,650	$82,650	$82,650	$82,650	$82,650	$82,650	$82,650	$82,650	$82,650	$82,650
Credit phase out before limit		10% per $1,000	10% per $1,000	10% per $1,000	10% per $1,000	10% per $1,000	10% per $1,000	10% per $1,000	10% per $1,000	10% per $1,000	10% per $1,000	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)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)
. Special Credits:												
. Seniors												
. General	206.522(1)(b), (c	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Low Income Renters	206.520(9), (10)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)
. 1973 Homestead Exempt	206.522(5)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)
. Para/hemi/quadriplegic	206.522(1)(c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Disabled	206.522(1)(c)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)
. Deaf	206.522(1)(c)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Veterans	206.522(1)(d)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)
. Blind	206.522(1)(e)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)
. Farmland Preservation Credit (31)	554.710(1)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)		MCL Section	TY 2000	TY 2001	TY 2002	TY 2003	TY 2004	TY 2005	TY 2006	TY 2007	TY 2008
. Homestead Property Tax Cr.	(30)	206.520, 522	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')
. Eligible Property Tax Paid Percent											
. Homeowners		206.520(1)	100%	100%	100%	100%	100%	100%	100%	100%	100%
. Renters		206.520(2)									
. Ad Valorem Taxes			20%	20%	20%	20%	20%	20%	20%	20%	20%
. Service Charges			10%	10%	10%	10%	10%	10%	10%	10%	10%
. Nursing Home Patient			share	share	share	share	share	share	share	share	share
. Homeowner Veterans Cr. Requirements:											
. Taxable Value Allowance		206.506	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500	$2,500 to $4,500
. Income Limit		206.506	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500	$7,500
. Homeowner Blind Cr. Requirements:											
. Taxable Value Allowance											
. Taxpayer only blind		206.522(1)(e)(i), (i	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500	$3,500
. Taxpayer and Spouse blind		206.522(3)	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000	$7,000
. Household Income Limit		206.520(8)	$82,650	$82,650	$82,650	$82,650	$82,650	$82,650	$82,650	$82,650	$82,650
Credit phase out before limit			10% per $1,000	10% per $1,000	10% per $1,000	10% per $1,000	10% per $1,000	10% per $1,000	10% per $1,000	10% per $1,000	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
. Cr. Availability/Calculation											
. General:		206.522(1)(a)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)
. Special Credits:											
. Seniors											
. General		206.522(1)(b), (c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Low Income Renters		206.520(9), (10)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)
. 1973 Homestead Exempt		206.522(5)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)
. Para/hemi/quadriplegic		206.522(1)(c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Disabled		206.522(1)(c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Deaf		206.522(1)(c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Veterans		206.522(1)(d)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)
. Blind		206.522(1)(e)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)
. Farmland Preservation Credit	(31)	554.710(1)	Yes (j)	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)		MCL Section	Form	TY 2009	TY 2010	TY 2011	TY 2012	TY 2013	TY 2014
. Homestead Property Tax Cr.	(30)	206.520, 522	MI-1040CR	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b'''')	Yes (b'''')	Yes (b'''')
. Eligible Property Tax Paid Percent									
. Homeowners		206.520(1)		100%	100%	100%	100%	100%	100%
. Renters		206.520(2)							
. Ad Valorem Taxes				20%	20%	20%	20%	20%	20%
. Service Charges				10%	10%	10%	10%	10%	10%
. Nursing Home Patient				share	share	share	share	share	share
. Homeowner Veterans Cr. Requirements:			MI-1040CR-2						
. Taxable Value Allowance		206.506		\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500
. Income Limit		206.506		\$7,500	\$7,500	\$7,500	\$7,500 (b'''')	\$7,500 (b'''')	\$7,500 (b'''')
. Homeowner Blind Cr. Requirements:			0						
. Taxable Value Allowance									
. Taxpayer only blind		206.522(1)(e)(i), (ii)		\$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
. Homestead Taxable Value Limit		206.520(1)		n.a.	n.a.	n.a.	≤ \$135,000	≤ \$135,000	≤ \$135,000
. Household Income Limit		206.520(8)		\$82,650	\$82,650	\$82,650	n.a.	n.a.	n.a.
Household Resources Limit		206.520(8)		n.a.	n.a.	n.a.	\$50,000 (b'''')	\$50,000 (b'''')	\$50,000 (b'''')
Credit phase out before limit				10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000
. Total HPTC Limit		206.520(15)		\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
. Cr. Availability/Calculation									
. General:		206.522(1)(a)		Yes (c)	Yes (c)	Yes (c)	Yes (c')	Yes (c')	Yes (c')
. Special Credits:									
. Seniors									
. General		206.522(1)(b), (c)		Yes (d)	Yes (d)	Yes (d)	Yes (d) (d')	Yes (d) (d')	Yes (d) (d')
. Low Income Renters		206.520(9), (10)		Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)
. 1973 Homestead Exempt		206.522(5)		Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)
. Para/hemi/quadriplegic		206.522(1)(c)		Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Disabled		206.522(1)(c)		Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Deaf		206.522(1)(c)		Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Veterans		206.522(1)(d)		Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)
. Blind		206.522(1)(e)		Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)
. Farmland Preservation Credit	(31)	554.710(1)	MI-1040CR-5	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	**MCL Section**	**TY 1978**	**TY 1979**	**TY 1980**	**TY 1981**	**TY 1982**	**TY 1983**	**TY 1984**	**TY 1985**	**TY 1986**	**TY 1987**	**TY 1988**
. Home Heating Credit (32)	206.527a(1)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Federal Poverty Income Limit	206.527a(1)(b)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	110%	110%	110%	110%
. General Credit	206.527a(1)(c)(i)	Yes (k)	Yes (k')	Yes (k')	Yes (k')	Yes (k')	Yes (k')	Yes (k')	Yes (k')	Yes (k')	Yes (k')	Yes (k')
. Maximum Credit:	206.527a(1)(a)											
. 0 or 1 Exemption		$200	$200	$226	$233	$254	$272	$272	$272	$272	$272	$272
. 2 Exemptions		$240	$240	$271	$279	$305	$326	$326	$326	$326	$326	$326
. 3 Exemptions		$280	$280	$316	$325	$355	$379	$379	$379	$379	$379	$379
. 4 Exemptions		$310	$310	$350	$361	$394	$421	$421	$421	$425	$433	$450
. 5 Exemptions		$340	$340	$383	$394	$430	$460	$460	$480	$497	$506	$525
. 6 Exemptions		$370	$370	$417	$430	$470	$502	$502	$550	$570	$579	$601
. more than 6 exemp.		$370	$370	$417	$430	$470	$502	$502	+$70/exemp.	+$73/exemp.	+$74/exemp.	+$76/exemp.
. Maximum Income Limit Requirement:												
. 0 or 1 Exemption		n.a.	$5,714	$6,457	$6,657	$7,257	$7,771	$7,771	$7,771	$7,771	$7,771	$7,771
. 2 Exemptions		n.a.	$6,857	$7,742	$7,971	$8,714	$9,314	$9,314	$9,314	$9,314	$9,314	$9,314
. 3 Exemptions		n.a.	$8,000	$9,028	$9,286	$10,143	$10,829	$10,829	$10,829	$10,829	$10,829	$10,829
. 4 Exemptions		n.a.	$8,857	$10,000	$10,314	$11,257	$12,029	$12,029	$12,029	$12,142	$12,371	$12,857
. 5 Exemptions		n.a.	$9,714	$10,943	$11,257	$12,286	$13,143	$13,143	$13,714	$14,200	$14,457	$15,000
. 6 Exemptions		n.a.	$10,571	$11,914	$12,286	$13,429	$14,343	$14,343	$15,714	$16,285	$16,543	$17,171
. more than 6 exemp.		n.a.	$10,571	$11,914	$12,286	$13,429	$14,343	$14,343	+$2,000/exemp.	+$2,086/exemp.	+$2,114/exemp.	+$2,171/exemp.
. Alternative Credit	206.527a(1)(c)(ii)	No	No	No	No	No	No	Yes (l)	Yes (l)	Yes (l)	Yes (l')	Yes (l')
. Heating Fuel Cost Limit	206.527a(1)(d)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	$1,200	$1,184	$1,211	$1,207	$1,190
. Maximum Income:												
. 0 or 1 Exemptions		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	$6,263	$6,463	$6,569	$6,778	$7,060
. 2 Exemptions		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	$8,428	$8,698	$8,840	$9,122	$9,501
. 3 or more		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	$9,231	$9,108	$9,315	$9,285	$9,501
. Credit Proration (%)	206.527a(18)	n.a.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	MCL Section	TY 1989	TY 1990	TY 1991	TY 1992	TY 1993	TY 1994	TY 1995	TY 1996	TY 1997	TY 1998	TY 1999
. Home Heating Credit (32)	206.527a(1)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Federal Poverty Income Limit	206.527a(1)(b)	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%
. General Credit	206.527a(1)(c)(i)	Yes (k')	Yes (k')	Yes (k'')	Yes (k'')	Yes (k'')	Yes (k'')	Yes (k'')	Yes (k'')	Yes (k'')	Yes (k'')	Yes (k'')
. Maximum Credit:	206.527a(1)(a)											
. 0 or 1 Exemption		$272	$272	$272	$272	$272	$285	$289	$299	$305	$312	$319
. 2 Exemptions		$326	$326	$343	$355	$365	$380	$388	$400	$410	$420	$428
. 3 Exemptions		$389	$408	$430	$447	$459	$476	$486	$501	$515	$528	$536
. 4 Exemptions		$467	$490	$517	$539	$554	$571	$585	$602	$619	$635	$645
. 5 Exemptions		$546	$573	$604	$630	$649	$667	$683	$703	$724	$743	$754
. 6 Exemptions		$624	$655	$691	$722	$743	$762	$782	$804	$829	$851	$862
. more than 6 exemp.		+$79/exemp.	+$83/exemp.	+$88/exemp.	+$92/exemp.	+$95/exemp.	+$96/exemp.	+$99/exemp.	+$101/exemp.	+$105/exemp.	+$108/exemp.	+$109/exemp.
. Maximum Income Limit Requirement:												
. 0 or 1 Exemption		$7,771	$7,771	$8,144	$7,771	$7,771	$8,143	$8,257	$8,543	$8,714	$8,914	$9,114
. 2 Exemptions		$9,314	$9,314	$10,962	$10,143	$10,429	$10,857	$11,086	$11,429	$11,714	$12,000	$12,229
. 3 Exemptions		$11,114	$11,657	$12,286	$12,771	$13,114	$13,600	$13,886	$14,314	$14,714	$15,086	$15,314
. 4 Exemptions		$13,343	$14,000	$14,771	$15,400	$15,829	$16,314	$16,714	$17,200	$17,686	$18,143	$18,429
. 5 Exemptions		$15,600	$16,371	$17,257	$18,000	$18,543	$19,057	$19,514	$20,086	$20,686	$21,229	$21,543
. 6 Exemptions		$17,829	$18,714	$19,743	$20,629	$21,229	$21,771	$22,343	$22,971	$23,686	$24,314	$24,629
. more than 6 exemp.		+$2,257/exemp.	+$2,371/exemp.	+$2,514/exemp.	+$2,629/exemp.	+$2,714/exemp.	+$2,743/exemp.	+$2,829/exemp.	+$2,886/exemp.	+$3,000/exemp.	+$3,086/exemp.	+$3,114/exemp.
. Alternative Credit	206.527a(1)(c)(ii)	Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')
. Heating Fuel Cost Limit	206.527a(1)(d)	$1,234	$1,264	$1,246	$1,289	$1,312	$1,312	$1,300	$1,335	$1,403	$1,404	$1,416
. Maximum Income:												
. 0 or 1 Exemptions		$7,420	$7,790	$8,144	$8,313	$8,523	$8,789	$9,068	$9,303	$9,558	$9,774	$10,011
. 2 Exemptions		$9,986	$10,485	$10,962	$11,190	$11,473	$11,831	$11,818	$12,136	$12,755	$12,764	$12,873
. 3 or more		$11,218	$11,491	$11,327	$11,718	$11,927	$11,927	$11,818	$12,136	$12,755	$12,764	$12,873
. Credit Proration (%)	206.527a(18)	100%	100%	100%	100%	100%	100%	62%	70%	74%	82%	90%

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	MCL Section	TY 2000	TY 2001	TY 2002	TY 2003	TY 2004	TY 2005	TY 2006	TY 2007	TY 2008
. Home Heating Credit (32)	206.527a(1)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Federal Poverty Income Limit	206.527a(1)(b)	110%	110%	110%	110%	110%	110%	110%	110%	110%
. General Credit	206.527a(1)(c)(i)	Yes (k")	Yes (k")	Yes (k")	Yes (k")	Yes (k")	Yes (k")	Yes (k")	Yes (k")	Yes (k")
. Maximum Credit:	206.527a(1)(a)									
. 0 or 1 Exemption		$323	$332	$342	$347	$359	$369	$378	$394	$401
. 2 Exemptions		$435	$448	$461	$468	$482	$495	$509	$528	$540
. 3 Exemptions		$547	$565	$579	$589	$604	$620	$640	$662	$679
. 4 Exemptions		$658	$681	$698	$709	$727	$746	$771	$496	$817
. 5 Exemptions		$770	$797	$816	$830	$849	$871	$902	$930	$956
. 6 Exemptions		$882	$914	$935	$951	$972	$997	$1,033	$1,064	$1,094
. more than 6 exemp.		+$112/exemp.	+$116/exemp.	+$119/exemp.	+$121/exemp.	+$122/exemp.	+$126/exemp.	+$131/exemp.	+$134/exemp.	+$139/exemp.
. Maximum Income Limit Requirement:										
. 0 or 1 Exemption		$9,229	$9,486	$9,771	$9,914	$10,257	$10,529	$10,786	$11,243	$11,443
. 2 Exemptions		$12,429	$12,800	$13,171	$13,371	$13,771	$14,129	$14,529	$15,072	$15,415
. 3 Exemptions		$15,629	$16,143	$16,543	$16,829	$17,257	$17,700	$18,271	$18,900	$19,386
. 4 Exemptions		$18,800	$19,457	$19,943	$20,257	$20,771	$21,300	$22,014	$22,729	$23,329
. 5 Exemptions		$22,000	$22,771	$23,314	$23,714	$24,257	$24,871	$25,757	$26,558	$27,301
. 6 Exemptions		$25,200	$26,114	$26,714	$27,171	$27,771	$28,471	$29,500	$30,386	$31,243
. more than 6 exemp.		+$3,200/exemp.	+$3,322/exemp.	+$3,388/exemp.	+$3,498/exemp.	+$3,498/exemp.	+$3,586/exemp.	+$3,740/exemp.	+$3,829/exemp.	+$3,971/exemp.
. Alternative Credit	206.527a(1)(c)(ii)	Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')
. Heating Fuel Cost Limit	206.527a(1)(d)	$1,453	$1,493	$1,578	$1,687	$1,843	$2,028	$2,231	$2,231	$2,351
. Maximum Income:										
. 0 or 1 Exemptions		$10,350	$10,703	$10,922	$11,211	$11,360	$11,635	$12,066	$12,263	$12,590
. 2 Exemptions		$13,209	$13,573	$14,345	$15,088	$15,287	$15,658	$16,230	$16,502	$16,942
. 3 or more		$13,209	$13,573	$14,345	$15,340	$16,757	$18,433	$20,282	$20,282	$21,298
. Credit Proration (%)	206.527a(18)	100%	100%	100%	80%	76%	76%	76%	53%	65%

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)		MCL Section	Form	TY 2009	TY 2010	TY 2011	TY 2012	TY 2013	TY 2014
. Home Heating Credit	(32)	206.527a(1)	MI-1040CR-7	Yes	Yes	Yes	Yes	Yes	Yes
. Federal Poverty Income Limit		206.527a(1)(b)		110%	110%	110%	110%	110%	110%
. General Credit		206.527a(1)(c)(i)		Yes (k'')	Yes (k'')	Yes (k'')	Yes (k''')	Yes (k''')	Yes (k''')
. Maximum Credit:		206.527a(1)(a)							
. 0 or 1 Exemption				$418	$418	$420	$431	$443	$450
. 2 Exemptions				$562	$562	$567	$584	$598	$607
. 3 Exemptions				$706	$706	$714	$736	$753	$763
. 4 Exemptions				$850	$850	$861	$888	$908	$919
. 5 Exemptions				$994	$994	$1,009	$1,041	$1,062	$1,076
. 6 Exemptions				$1,138	$1,138	$1,156	$1,193	$1,217	$1,232
. more than 6 exemp.				+$144/exemp.	+$144/exemp.	+$147/exemp.	+$152/exemp.	+$155/exemp.	+$156/exemp.
. Maximum Income Limit Requirement:									
. 0 or 1 Exemption				$11,929	$11,929	$11,986	$12,299	$12,642	$1,842
. 2 Exemptions				$16,043	$16,043	$16,186	$16,671	$17,071	$17,329
. 3 Exemptions				$20,158	$20,158	$20,387	$21,014	$21,500	$21,786
. 4 Exemptions				$24,272	$24,272	$24,587	$25,357	$25,929	$26,243
. 5 Exemptions				$28,387	$28,387	$28,815	$29,728	$30,328	$30,728
. 6 Exemptions				$32,500	$32,500	$33,014	$34,071	$34,757	$35,186
. more than 6 exemp.				+$4,114/exemp.	+$4,114/exemp.	+$4,200/exemp.	+$4,343/exemp.	+$4,429/exemp.	+$4,457/exemp.
. Alternative Credit		206.527a(1)(c)(ii)		Yes (l''')	Yes (l''')	Yes (l''')	Yes (l'''')	Yes (l'''')	Yes (l'''')
. Heating Fuel Cost Limit		206.527a(1)(d)		$2,430	$2,506	$2,506	$2,598	$2,642	$2,642
. Maximum Income:									
. 0 or 1 Exemptions				$12,590	$12,691	$12,973	$13,317	$13,576	$13,727
. 2 Exemptions				$16,942	$17,078	$17,458	$17,920	$18,269	$18,472
. 3 or more				$21,298	$21,469	$21,946	$22,527	$22,967	$23,222
. Credit Proration (%)		206.527a(18)		65%	52%	52%	48%	49%	50%

For notes, see page 123.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Notes:

General Information:

.(*) Starting tax year 1970, per taxpayer preference, the IRC effective in tax year may be used instead.
.(**) Unlike exemption for paraplegic and quadriplegic, special exemption for hemiplegics starts in TY 1977.
.(***) Starting TY 1987, taxpayers who are blind, or quadriplegic, hemiplegic, or paraplegic are considered to be disabled.
.(****) Starting TY 2000, taxpayers who are deaf are considered disabled.
.(*****) Limits adjusted by percentage increase of the US CPI for the immediately preceding calendar year.
.(#) 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.
.(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 footnote (7').
.(7') Starting TY 2012, those born after 1945 and before 1953 are entitled to lower maximum pension deduction limit. Once taxpayers reach the age of 67, this deduction may offset all types of income, and is not restricted to retirement and pension income. For those born after 1952, however, there is no deduction until age 67 is reached, when filers may take only the greater of this deduction or the sum of the social security deduction and the personal exemption. For all filers born after 1945, once age 67 is reached, when taxpayer takes the greater of this deduction or the deduction for compensation or retirement received for services in the armed forces of the US, or retirement under the railroad retirement act.
.(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.
.(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 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 (joing) 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). Through TY 2011, credit for homeowners or renters who are: Seniors (General Credit); Para/Quadriplegic (starting TY 1974); Hemiplegic (starting TY 1984); Blind (starting TY 2000), or Deaf (starting TY 2000).

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

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

(d'). Starting TY 2012, homeowners or renters who are Seniors 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%}, for TY 1973 through 1999.

Renters who are blind may claim a credit as disabled.

.(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.