

**MICHIGAN'S INDIVIDUAL INCOME TAX
1999**



MICHIGAN

DEPARTMENT OF

TREASURY

**Office of Revenue and Tax Analysis
Michigan Department of Treasury
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I. EXECUTIVE SUMMARY

Returns and Revenue

For tax year 1999, Michigan's personal income tax generated more than \$6.3 billion in state revenues after all credits and refunds were paid.

Net revenue increased \$423.6 million (7.2 percent) from 1998 levels. Adjusted gross income (AGI) increased by \$16.9 billion (8.2 percent) from 1998 to 1999.¹

More than 4.4 million returns were filed for the 1999 tax year, approximately 64,700 (1.5 percent) more than the previous year.

Although the personal income tax was levied at a nominal flat rate of 4.4 percent, the effective tax rate varied from negative 8.3 percent for filers with an AGI under \$2,000 to positive 3.2 percent for taxpayers with an AGI above \$50,000. The overall effective tax rate was 2.9 percent. The negative effective rates for lower incomes arise because some taxpayers receive net payments from the state, due principally to the refundable credits for property taxes and home heating expenses.

Property Tax Credit

Over 1.1 million Michigan homeowners, renters, and farmers received \$487.0 million in property tax credits, including farmland preservation credits, for 1999. The average property tax credit was \$425.39. The total amount of property tax credits increased by almost \$17.3 million (3.7 percent) with 16,000 more taxpayers benefiting compared to tax year 1998.

Senior citizens received almost \$222.1 million in homestead property tax credits, an increase of \$3.8 million from tax year 1998. For the almost 372,300 senior citizens receiving homestead property tax credits, the average credit was \$596.51.

Home Heating Credit

Home heating credits totaled \$50.6 million for tax year 1999 with almost 307,500 households qualifying for an average credit of \$164.50. Home heating credits increased \$5.2 million from 1998 while approximately 2,800 additional taxpayers claimed the credit.

City Income Tax Credit

In 1999, city income tax credits were claimed by more than 1 million taxpayers amounting to \$38.0 million in total credits. This was an increase of \$615,600 from the prior year with an additional 4,100 taxpayers claiming the credit.

¹ The AGI above includes returns reporting a negative AGI totaling a negative \$1.318 billion. AGI data for these returns were not available prior to 1997. The data for negative AGI returns are used throughout this report unless otherwise noted.

College Contribution Credit

Michigan taxpayers claimed \$23.3 million in credits for contributions to Michigan colleges, libraries, museums, and public broadcasting stations for tax year 1999. This was an increase of almost \$1.3 million over tax year 1998 with 9,800 additional taxpayers claiming this credit.

Community Foundation Credit

For tax year 1999, 23,700 taxpayers claimed \$2.2 million in community foundation credits. This was an increase of 2,400 taxpayers and \$188,700 in credits over 1998.

Prescription Drug Credit

Taxpayers claimed 31,400 prescription drug credits totaling \$15.8 million for tax year 1999. This was almost a \$600,000 increase from the prior year total with 500 additional taxpayers claiming the credit.

Homeless Shelter/Food Bank Credit

Taxpayers claimed 167,700 homeless shelter/food bank credits totaling \$12.4 million for tax year 1999. Compared with tax year 1998, this represented an increase of \$1.1 million with an additional 9,800 taxpayers claiming a credit.

College Tuition Credit

For tax year 1999, 52,900 taxpayers claimed \$4.8 million in tuition credits. Compared with tax year 1998, this was a decrease of \$17.8 million with 81,800 fewer taxpayers claiming a credit.

Tax Law Changes

Public Acts 1 through 6 of 1999 reduced the Michigan income tax rate over a period of 5 years from 4.4 percent to 3.9 percent, beginning in tax year 2000. The tax rate for 2000 was further reduced to 4.2 percent by Public Act 40 of 2000. There will also be a change in the percentage of income tax revenues earmarked to the School Aid Fund (SAF). Since October 1, 1996, 23 percent of gross collections before refunds have been allocated to the SAF. Beginning January 1, 2000, the percentage of gross collections earmarked to the SAF will equal 1.012 percent divided by the income tax rate. The new formula will increase the percentage of income tax revenues allocated to school aid as the income tax rate declines, and ensure that the income tax rate cut reduces General Fund/General Purpose (GF/GP) revenues, but not SAF revenues.

II. INTRODUCTION

This report summarizes information regarding the Michigan individual income tax for tax year 1999. It is based on returns filed and processed in calendar year 2000.

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 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 since the landmark Tax Reform Act of 1986 and how those changes will affect Michigan's income tax base. Section X summarizes the Michigan Public Acts of 1999 and 2000 that amend the Michigan Income Tax Act.

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

III. HISTORY OF THE MICHIGAN INDIVIDUAL INCOME TAX

The Michigan individual income tax became effective on October 1, 1967 under Public Act 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.

Michigan suffered from budget deficits in the early 1980s due to an economic recession. In response, the state income tax rate was temporarily raised to 5.6 percent between April 1 and September 30, 1982. In 1983, the income tax rate was increased to 6.35 percent. In 1984, the income tax rate was lowered to 5.85 percent and to 5.33 percent in 1985. In 1986, the rate was lowered back to 4.6 percent. The rate was lowered to 4.4 percent on May 1, 1994, 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. Effective January 1, 2000, the income tax rate declined to 4.2 percent and will remain at that rate throughout 2001. Beginning in 2002, the income tax rate will decline by 0.1 percentage point for three years, bringing the rate to 3.9 percent in 2004 and thereafter.

Since the Michigan income tax is based on federal AGI, 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. Public Act 2 of 1995 increased the personal exemption to \$2,400 for tax years 1995 and 1996. The exemption increased to \$2,500 in 1997 and Public Act 3 of 1995 indexed the personal exemption to inflation with the personal exemption rounded to the nearest \$100 after tax year 1997. Public Act 86 of 1997 increased the personal exemption by an additional \$200 starting in tax year 1998.

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. A degree of progressivity is achieved with exemptions and credits, such as the homestead property tax and home heating credits. These provisions help to make the tax less burdensome on lower income taxpayers.

A portion of income tax revenues is earmarked to the School Aid Fund (SAF) with the remainder distributed as GF/GP revenues. Beginning in fiscal year 1996-97, 23 percent of gross income tax collections were statutorily allocated to the SAF with the remainder of net income tax revenue allocated to GF/GP. The percentage of gross income tax collections earmarked to the SAF will change for tax years beginning after 1999 to equal 1.012 percent divided by the income tax rate. For tax year 2000, the lower tax rate of 4.2 percent resulted in the earmarking percentage rising to approximately 24.1 percent.

IV. INCIDENCE OF THE INDIVIDUAL INCOME TAX

The Michigan individual income tax is based on federal AGI with additions (principally interest on obligations issued by other states) and subtractions (including income from U.S. Government bonds, military pay, social security benefits, most pension income, and income attributable to another state). In 1999, a \$2,800 per person personal exemption was allowed, while an extra \$900 exemption was provided for senior citizens, filers with certain disabilities, and filers receiving at least 50 percent of their AGI from unemployment compensation. Credits were provided for property taxes, city income taxes, taxes paid to another state, home heating expenses, tuition paid to qualified Michigan colleges, and contributions to Michigan colleges, community foundations, and food banks.

For tax year 1999, more than 4.4 million MI-1040 returns were filed, 64,700 more than in 1998. An additional 289,928 “credit-only” returns were filed for 1999. These returns claim only a refundable tax credit, such as a property tax, prescription drug, or home heating credit, without filing an MI-1040. For tax year 1999, 3,055 returns claimed only a prescription drug credit, 49,950 returns claimed only a home heating credit, 58,896 claimed only a property tax credit, and 82,411 claimed a combination of the refundable credits.

The personal income tax generated more than \$6.3 billion in net revenue for tax year 1999, which is total revenue after all credits and refunds are paid. Income tax revenues increased \$423.6 million (7.2 percent) from 1998. The increase in income tax revenues was due primarily to economic growth in Michigan. AGI increased by \$16.9 billion (8.2 percent) from 1998 to 1999. The increase in the general price level (2.2 percent in 1999) also contributes to higher income tax revenues.

Exhibit 1 presents a historical comparison of income tax rates and revenues. The number of income tax returns and tax revenues both generally increase when the economy expands and decrease during a recession, such as in 1991. Changes in AGI reflect both economic growth and changes in the definition of federal AGI. For example, ending the 60 percent deduction for capital gains and including all unemployment benefits increased AGI beginning in 1987.

Even though the nominal personal income tax was levied at a flat 4.4 percent in 1999, exemptions and credits helped to lessen the relative burden on taxpayers with lower AGIs. As shown in Exhibit 10, the effective tax rate varied from negative 8.3 percent for taxpayers in the \$0 - \$2,000 AGI group to positive 3.2 percent for taxpayers with an AGI above \$50,000. Overall, the effective tax rate was 2.86 percent rather than the nominal rate of 4.4 percent. Taxpayers with AGIs of less than \$10,000 on average received net payments from the state, mostly due to the refundable credits for property taxes and home heating expenses. The effective rates in Exhibit 10 were calculated before the deduction of the farmland credit and the prescription drug credit, because the distribution of these credits by AGI is not available. Farmland credits totaled \$17.3 million in 1999 and prescription drug credits totaled \$15.8 million. Subtracting these credits reduces the effective rate by a marginal amount. The average effective tax rate was nearly the same in 1999 as in 1998 and has remained effectively unchanged since 1995, the first year the tax rate was 4.4 percent. Exhibits 2 and 3 report net revenue collections and average effective rates, respectively.

Exhibit 1
Fifteen-Year History of Income Tax Rates and Revenue

<u>Year</u>	<u>Number of 1040s Filed</u>	<u>Adjusted Gross Income</u>	<u>Average AGI</u>	<u>Nominal Rate</u>	<u>Average Effective Rate</u>	<u>Revenue</u>
1985	3,517,000	\$86,201,065,200	\$24,510	5.33	3.50	\$3,015,007,700
1986	3,729,300	96,915,547,900	25,988	4.60	3.04	2,942,762,400
1987	3,763,900	103,933,417,600	27,613	4.60	3.01	3,127,237,800
1988	3,880,300	116,315,971,600	29,976	4.60	2.95	3,436,724,700
1989	3,977,900	124,400,414,100	31,273	4.60	2.88	3,579,951,000
1990	4,022,300	127,897,387,600	31,797	4.60	2.85	3,647,260,200
1991	4,011,600	131,533,587,500	32,788	4.60	2.74	3,607,799,000
1992	3,984,600	134,802,283,400	33,831	4.60	2.77	3,730,007,100
1993	4,034,000	141,599,188,400	35,101	4.60	2.75	3,888,847,900
1994	4,123,200	153,895,394,200	37,324	4.47	3.03	4,668,579,100
1995	4,214,300	167,307,933,500	39,700	4.40	2.87	4,794,937,300
1996	4,260,200	180,087,338,100	42,272	4.40	2.88	5,177,919,400
1997	4,308,600	190,806,002,400	44,285	4.40	2.90	5,540,653,700
1998	4,350,000	205,229,640,000	47,179	4.40	2.88	5,919,624,100
1999	4,414,700	222,092,788,300	50,307	4.40	2.86	6,343,222,500

Exhibit 2
Annual Collections from Individual Income Tax
(billions of dollars)

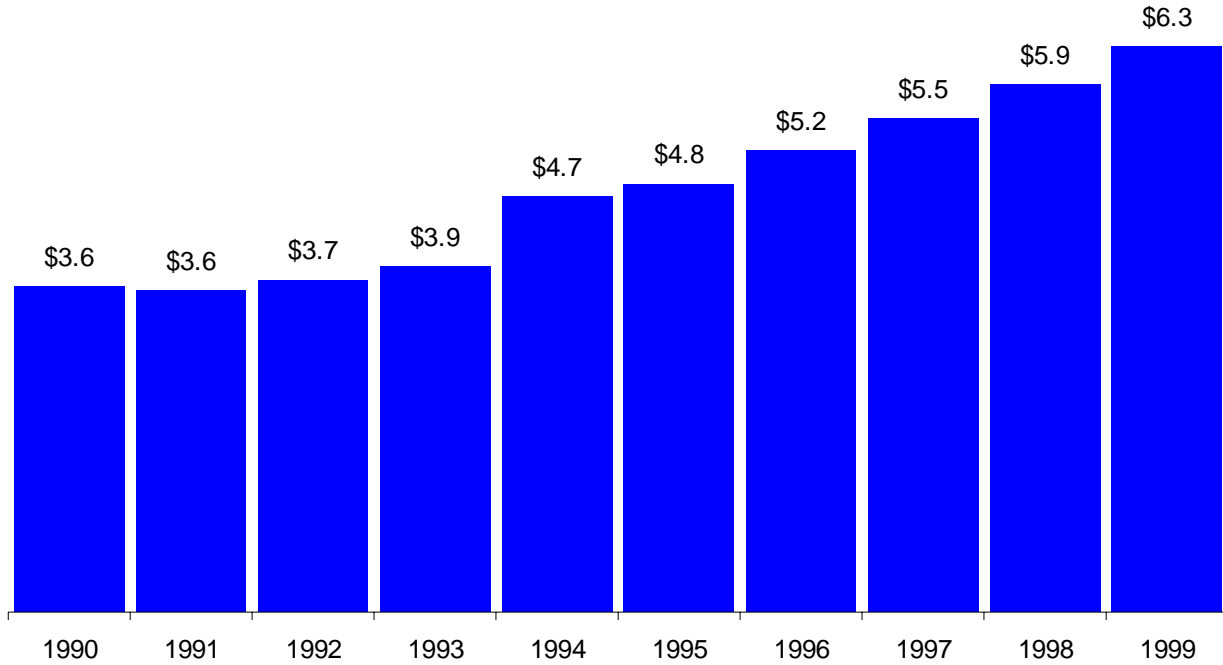


Exhibit 3
Individual Income Tax
Effective Tax Rate

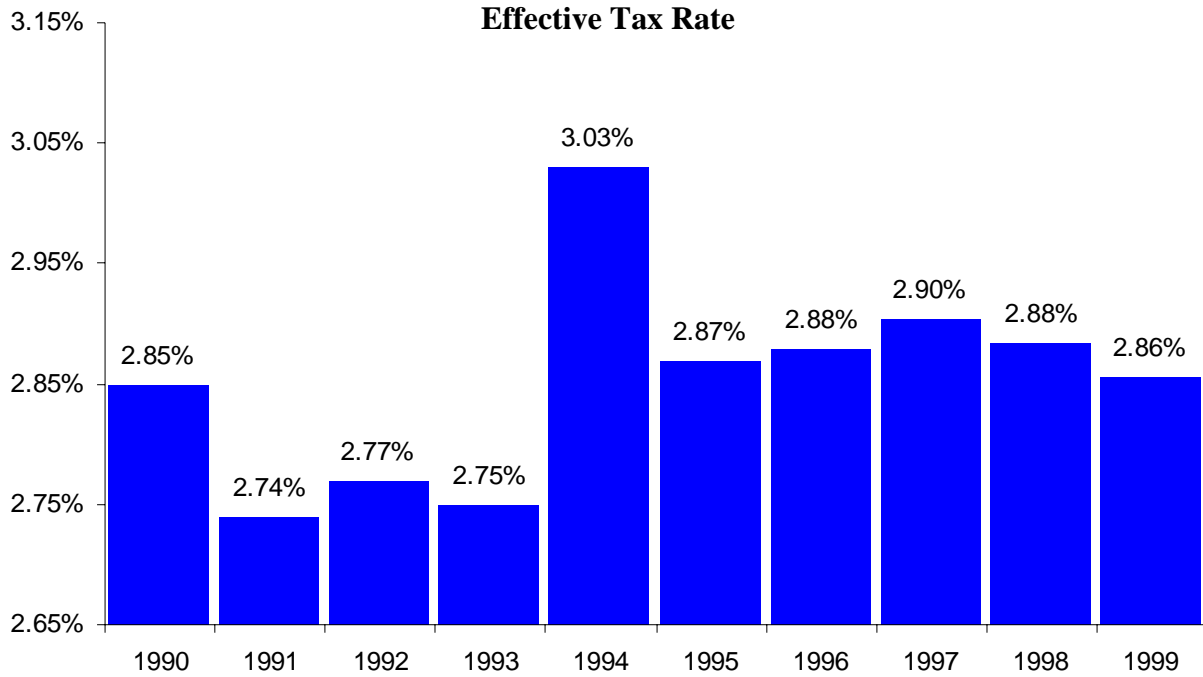


Exhibit 12 details the effects of the personal exemption, various adjustments, and credits on the distribution of the Michigan income tax burden. The personal exemption and property tax credit were the major provisions that reduced the effective tax rate. In addition, the personal exemption, property tax credit, and home heating credit make Michigan's income tax more progressive, since these provisions decline as a percentage of AGI as income increases. The nonrefundable credits, which include the city income tax, college tuition, and college contribution credits, have a much more proportional effect on income. Exhibit 4 reveals the influence of the various exemptions and credits on the effective tax rate and illustrates the data in Exhibit 12. As a percentage of income, the \$2,800 personal exemption and property tax credit benefit lower income taxpayers the most, while reducing the effective tax rate for all taxpayers.

Michigan taxpayers claimed almost 8.7 million personal exemptions for 1999. Since the total exemption amount for some taxpayers is greater than their income, not all exemptions were used at lower income levels. In the lowest income groupings, the exemptions and child deductions offset all income. As noted in Exhibit 10, there were an estimated 7.6 million effective personal exemptions, i.e., exemptions that actually offset income. The effective exemptions for 1999 were calculated assuming all personal exemptions, special exemptions, and all child deductions were equally likely to offset taxable income. In prior years, the value of the special exemptions was included in the calculation of the number of effective personal exemptions, resulting in a higher estimate than the 1999 total.

Michigan taxpayers claimed over 900,000 special exemptions for tax year 1999. More than 90 percent of the special exemptions were claimed by senior citizens. Michigan families also claimed 1.7 million deductions for children under age 13. Tables 13 and 14 present distributions of all the exemptions claimed for tax year 1999 by income group. The number of special exemptions or child deductions that actually offset taxable income for each income group can be estimated by dividing the number of effective exemptions listed for that income group in Table 10 by the number of claimed exemptions, and then multiplying that quotient by the number of exemptions/deductions in Table 14. For example, the number of effective deductions for children ages 7 through 12 in the \$30,000 to \$35,000 income group would be estimated by dividing 383,783 by 447,759 and then multiplying the result (0.8571) by 39,785. The result is an estimate of 34,101 effective deductions.

Married taxpayers filing jointly pay more than 70 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. The table below summarizes the distribution of Michigan returns and net tax liability by filing status. Note that the total tax liability does not include refundable income tax credits claimed by individuals not required to file a Michigan income tax return.

<u>Filing Status</u>	<u>Number of Returns</u>	<u>Adjusted Gross Income</u>	<u>Total Tax Liability</u>
Single	2,479,275	\$62,670,784,659	\$1,706,704,282
Married filing jointly	1,839,549	154,578,577,743	4,629,962,989
Married filing separately	60,799	3,662,795,420	72,956,266
Status not reported	<u>35,097</u>	<u>1,180,630,493</u>	<u>31,230,159</u>
Totals	4,414,720	\$222,092,788,315	\$6,440,853,696

The Michigan income tax is paid almost exclusively by Michigan residents. Non- or part-year residents pay less than 3 percent of the income tax. The table below summarizes the distribution of Michigan returns and net tax liability by residency.

<u>Residency</u>	<u>Number of Returns</u>	<u>Adjusted Gross Income</u>	<u>Total Tax Liability</u>
Resident	4,255,307	\$195,090,851,163	\$6,263,548,477
Part-year resident	89,858	5,014,533,655	93,974,404
Nonresident	69,540	21,987,006,072	83,321,239
Invalid residency code	<u>15</u>	<u>397,425</u>	<u>9,576</u>
Totals	4,414,720	\$222,092,788,315	\$6,440,853,696

Exhibit 26 presents estimates of the growth of Michigan personal income from 1998 to 1999. The U.S. Bureau of Economic Analysis prepared these estimates. While personal income grew 5.3 percent overall, the strongest growth was in proprietors' income, 7.1 percent. This would loosely correspond to the self-employment component of AGI. Transfer payments to individuals (6.3 percent) and wage and salary disbursements (5.8 percent) also contributed to the strong growth in personal 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. For tax year 1998, 32.7 percent of Michigan taxpayers itemized deductions on their federal income tax returns.² 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

² Information on itemized deductions was obtained from *Statistics of Income Bulletin, Spring 2000*, published by the Internal Revenue Service.

higher income people are both more likely to itemize their deductions and face higher marginal tax rates. For 1998, 94 percent of Michigan taxpayers reporting an AGI of \$100,000 or more itemized their deductions, while 40 percent of taxpayers with an AGI between \$20,000 and \$75,000 itemized.³ While providing relief for some taxpayers, federal deductibility reduces the progressivity of the Michigan income tax.

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. 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 stable source of financing for government operations. The income elasticity of tax revenue is equal to the percentage change in tax revenues divided by the percentage change in income.

A simple calculation will hopefully clarify this concept. In Exhibit 1, net income tax revenues increase by 7.16 percent from 1998 to 1999 while total AGI increases by 8.22 percent over the same period. This results in an elasticity estimate of 0.871. This means that a 10 percent increase in income will, on average, increase tax revenues by 8.71 percent.

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 will result in the measured elasticity being potentially higher or lower than one. In general, 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 to an increase in income. With increasing marginal tax rates, tax liability increases more rapidly than income as income begins to be taxed at progressively higher rates.

A more thorough method of estimating the income elasticity of net income tax revenues is to use regression analysis. This allows the investigator to isolate the effect of changes in income on tax revenues by controlling for other variables that influence tax collections, such as changes in the personal exemption or tax rate. Regression analysis of Michigan income tax collections from the fourth quarter of 1977 through the fourth quarter of 1999 results in an estimated elasticity of 0.888. This is based on net quarterly income tax collections and quarterly personal income as reported by the Bureau of Economic Analysis. Although the Michigan income tax is based on federal AGI, quarterly personal income is the best available proxy given that AGI is not available on a quarterly basis.

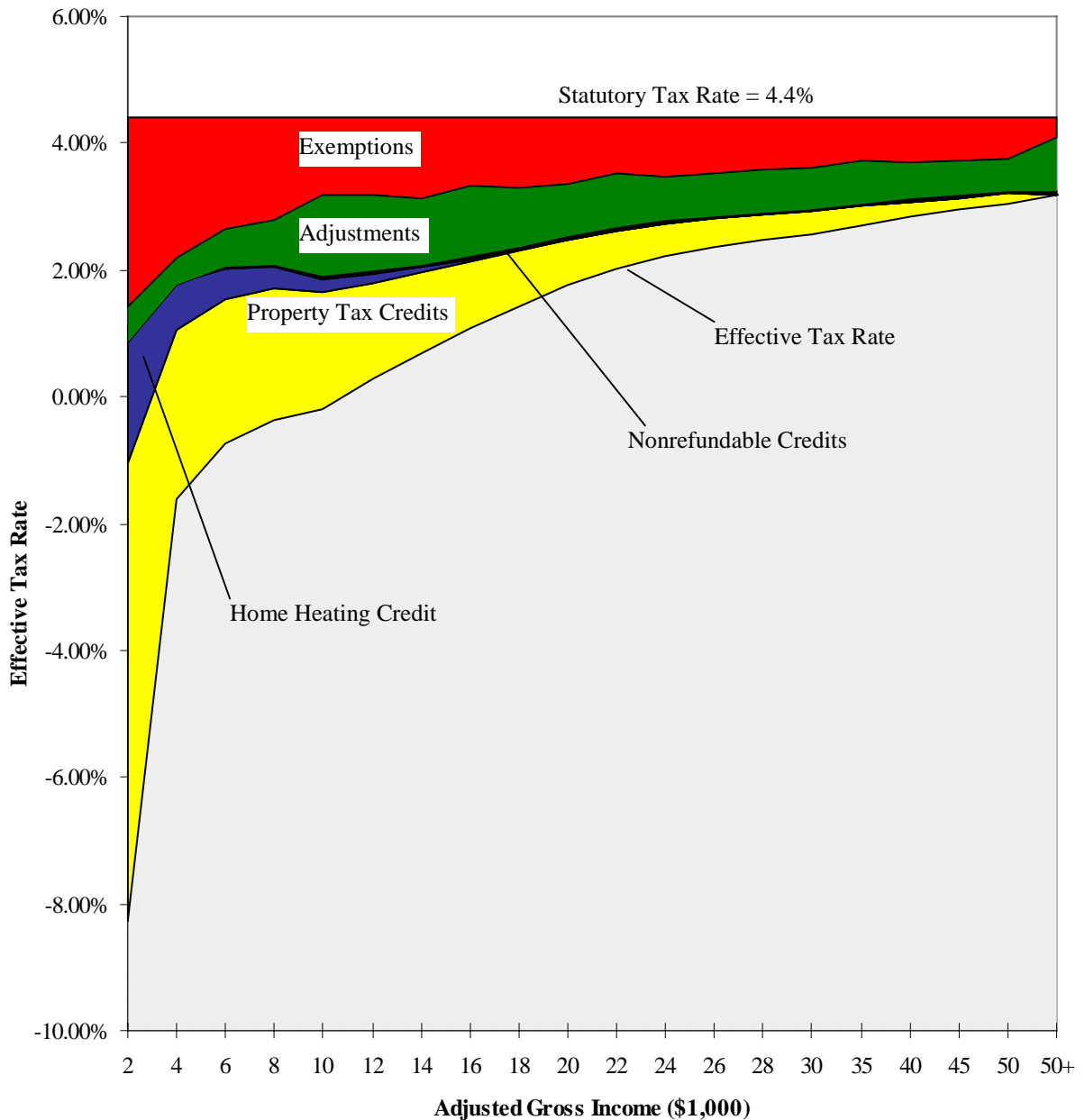
One problem with using personal income as a proxy for AGI is that the Bureau of Economic Analysis excludes capital gains from its estimates. Using personal income with this omission will tend to increase the elasticity estimate, because while tax revenues are fully included the absolute value of the growth rate of income will be understated. 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 AGI in good times and higher in bad times. Therefore, it may be argued that the "true" elasticity is less than 0.888 and that the Michigan income tax is even less elastic than estimated above. A new estimate was

³ *Statistics of Income Bulletin, Spring 2000.*

obtained by adding a quarterly average of estimated annual capital gains realizations to quarterly personal income. The regression equations were then re-estimated using the new income measure. The new estimates are slightly lower (0.874), consistent with the hypothesis that using personal income overstates the true elasticity.

Similar results are obtained for the estimated elasticity of gross income tax collections, i.e., tax collections before refunds. The estimated income elasticity for gross collections is 0.907. This is slightly higher than the estimate for net collections above.

Exhibit 4
Effective Income Tax Rate, 1999



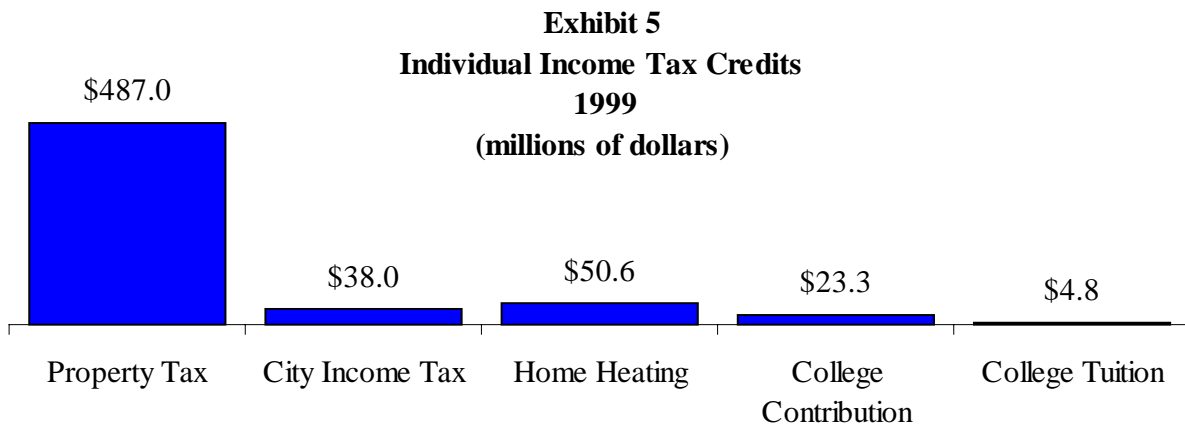
V. INCOME TAX CREDITS

Property Tax Credit

Michigan's property tax credit system is a "circuit breaker" relating property taxes to total income. When property taxes exceed specific income thresholds, the system "trips" to provide relief to taxpayers. Senior citizens received the largest credits with other homeowners and renters also eligible to receive credits. Homeowners and renters receive 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. Seniors and filers with certain disabilities receive a credit for 100 percent of their property taxes above the following percentages of income:

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

Over 1.1 million Michigan taxpayers received \$469.6 million of homestead property tax credits and \$17.3 million in farmland preservation property tax credits in 2000 (1999 returns). Michigan's property tax credit program is one of the largest property tax relief programs in the country. The \$487.0 million in total 1999 property tax credits represented an increase of \$17.3 million from the prior year, while 16,000 additional taxpayers received assistance. Senior citizens received \$222.1 million of the credits, a \$3.8 million increase from 1998. Exhibit 5 illustrates the amount of money paid to taxpayers for property tax credits compared to other credits.



The average 1999 homestead property tax credit was \$412.83 (excluding the farmland credit), a \$9.91 increase from the tax year 1998 average. Senior citizens' credits averaged \$596.51, a \$14.35 increase from 1998. Following is a summary of the number of credits received by taxpayers, according to AGI levels.

	<u>Adjusted Gross Income</u>	<u>Number of Credits Allowed</u>	<u>Dollar Amount of Credits</u>	<u>Average Credit</u>
Under	\$10,000	393,468	\$184,349,966	\$468.53
	\$10,001 - \$20,000	282,397	113,557,166	402.12
	\$20,001 - \$50,000	360,787	130,325,056	361.22
Over	\$50,000	<u>100,911</u>	<u>41,393,577</u>	<u>410.20</u>
Totals		1,137,563	\$469,625,765	\$412.83

The table above and Exhibit 12 confirm that the homestead property tax credit is a progressive element in the state income tax structure. Credits as a fraction of AGI decline continuously as incomes rise. While accounting for only 4.9 percent of total AGI, taxpayers with incomes between \$10,000 and \$20,000 received 24.2 percent of the total homestead credits. On the other hand, taxpayers with AGIs over \$50,000 accounted for 73.3 percent of total 1999 Michigan AGI, but received only 8.8 percent of total homestead credits. Exhibits 17 through 19 provide the distribution of property tax credits by income groups.

The farmland preservation program, originally Public Act 116 of 1974 which was replaced by Public Act 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 almost 7,200 farms in 1999, providing credits of \$17.3 million for an average credit of \$2,419.

Public Act 269 of 1982 provides a special tax credit for senior citizens with high rent burdens. This additional credit is the amount by which rent paid exceeds 40 percent of household income. For 1999, 11,400 senior citizens claimed an additional \$4.0 million using this alternate calculation. These amounts represent a decrease of \$244,700 from 1998 with 700 fewer 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 16.

Home Heating Credit

The home heating credit program, designed to help low-income taxpayers with the cost of heating their homes, is financed with federal and state funds. The credit is based on the number of exemptions for which the household is eligible. Senior citizens as well as disabled and blind individuals are entitled to extra exemptions.

Home heating credits totaled \$50.6 million for tax year 1999 with almost 307,500 households qualifying. This represented a \$5.2 million increase over the previous year with almost 2,800 additional households receiving assistance. Prior to 1991, recipients of Aid to Families with Dependent Children or General Assistance were not eligible for this credit, but were provided comparable benefits from other state and local programs. Senior citizens received \$11.3 million of the \$50.6 million in home heating credits claimed for tax year 1999.

	<u>Number of Credits Allowed</u>	<u>Dollar Amount of Credits</u>	<u>Average Credit</u>
Senior Citizen	82,847	\$11,266,382	\$135.99
General	207,333	36,663,832	176.84
Disabled	16,461	2,536,525	154.09
Veteran	<u>832</u>	<u>111,351</u>	<u>133.84</u>
Totals	307,473	\$50,578,090	\$164.50

Approximately 22,100 taxpayers used the alternative calculation based on energy consumption claiming credits worth \$7.0 million. The average credit under the standard calculation was \$151.85 compared to \$318.46 under the alternative calculation.

City Income Tax Credit

Partial credit is allowed for taxpayers who paid income taxes to Michigan cities. In 1999, 22 cities in Michigan levied an income tax: Albion, Battle Creek, Big Rapids, Detroit, Flint, Grand Rapids, Grayling, Hamtramck, Highland Park, Hudson, Ionia, Jackson, Lansing, Lapeer, Muskegon, Muskegon Heights, Pontiac, Port Huron, Portland, Saginaw, Springfield and Walker. Most of these cities levy the tax at 1.0 percent for city residents and 0.5 percent for nonresidents.

The credit is based on the amount of tax paid less any refunds received during the tax year. The credit converts the flat rate tax into a more progressive tax structure. The credit is calculated as follows:

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

City income tax credits amounted to \$38.0 million for tax year 1999, a \$615,600 increase from 1998, while the number of claimants increased by almost 4,100. The following table lists the number of city income tax credits, total credits received, and the average city income tax credit for taxpayers at different levels of AGI.

	<u>Adjusted Gross Income</u>	<u>Number of Credits Allowed</u>	<u>Dollar Amount of Credit</u>	<u>Average Credit</u>
Under	\$10,000	154,112	\$1,918,535	\$12.45
	\$10,001 - \$20,000	159,072	3,749,313	23.57
	\$20,001 - \$50,000	337,229	12,157,854	36.05
Over	\$50,000	<u>377,671</u>	<u>20,188,479</u>	<u>53.46</u>
Totals		1,028,084	\$38,014,181	\$36.98

College Contribution Credit

Taxpayers may claim partial credits for contributions to Michigan colleges and universities, public libraries, museums, and public broadcasting stations. The credit is equal to 50 percent of the amount contributed up to a maximum credit of \$200 for a joint return (\$100 on a single return). For 1999, 274,700 taxpayers received almost \$23.3 million in credits. Credits increased by \$1.3 million from the prior year when 264,800 taxpayers received \$22.0 million in credits.

Community Foundation Credit

The community foundation credit, implemented in tax year 1989, is a partial credit for donations to certified community foundations. The credit is equal to 50 percent of the donation up to a maximum of \$200 for a joint return (\$100 on a single return). For tax year 1999, almost 23,700 taxpayers claimed \$2.2 million in community foundation credits. This was an increase of 2,400 taxpayers and \$188,700 in credits from 1998.

Prescription Drug Credit

The prescription drug credit was established to help low income senior citizens pay for medication prescribed by their doctors. The credit is calculated by subtracting 5 percent of household income from non-reimbursed prescription costs. The maximum credit is \$600 per senior, or \$1,200 for a joint return with two seniors. State law limits the total amount for all prescription drug credits and grants under a pharmaceutical assistance program to \$20 million. For tax year 1999, 31,300 taxpayers claimed \$15.8 million in prescription drug credits. This was an increase of 400 returns totaling almost \$600,000 more in credits paid from tax year 1998.

Homeless Shelter/Food Bank Credit

The homeless shelter/food bank credit provides a partial credit for cash donations to a qualifying homeless shelter, food bank, or food kitchen whose primary purpose is to provide accommodations or food to indigent persons. The credit is equal to 50 percent of the donation up to a maximum of \$200 for a joint return (\$100 on a single return). For tax year 1999, 167,700

taxpayers claimed \$12.4 million in food bank credits. This represented an increase of 9,800 taxpayers and \$1.1 million in credits claimed over the previous tax year.

College Tuition and Fees Credit

Created by Public Act 7 of 1996, the college tuition and fees credit allows taxpayers with AGIs of less than \$200,000 to claim a credit equal to a percentage of tuition and fee payments made on behalf of the taxpayer or any other student to a qualified Michigan college or university. To qualify, the school must have certified that tuition and fees will not increase by more than the rate of inflation. For tax year 1999, 52,900 taxpayers claimed the credit, 81,800 less than in 1998. The \$4.8 million in credits for 1999 represented a decrease of almost \$17.8 million from tax year 1998. The dramatic decline in this credit was due in large part to low inflation. In order to qualify for tax year 1999, institutions had to limit tuition and fee increases for the 1999-2000 academic year to 1.6 percent over the 1998-1999 academic year. Only 3 private colleges and 11 community colleges did so. No state universities qualified for tax year 1999.

VI. DESIGNATED CONTRIBUTIONS

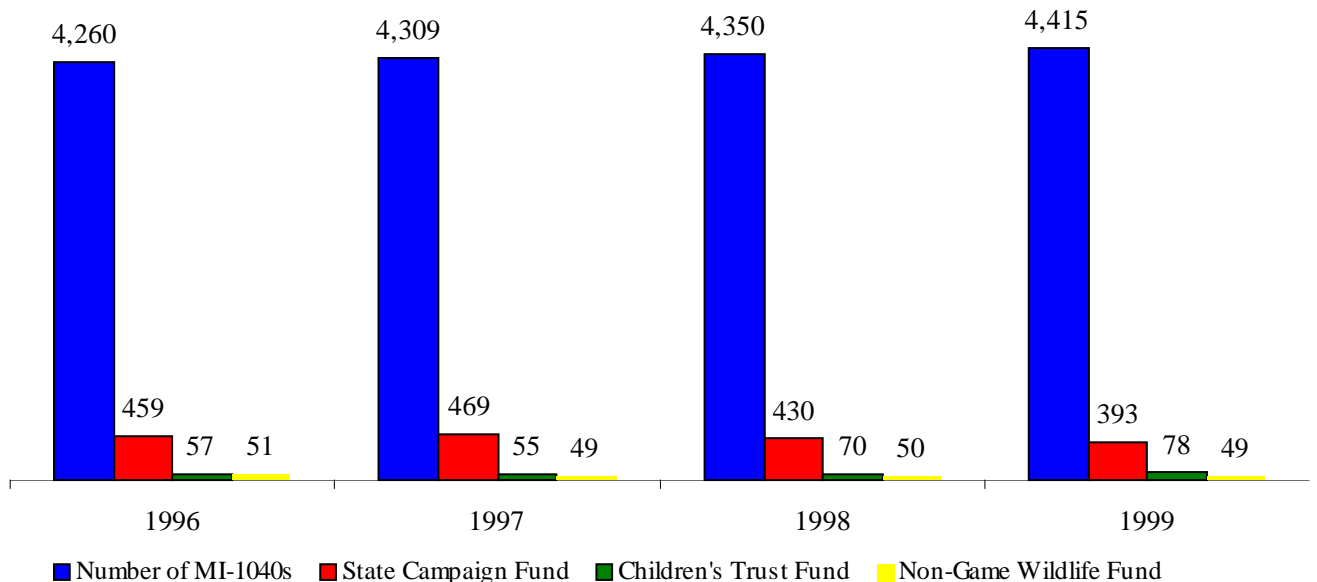
For the 1999 tax year, taxpayers were able to designate \$3.00 of their tax liability for the State Campaign Fund, which supports the state gubernatorial campaigns. For 1999, 393,100 taxpayers contributed almost \$1.2 million to the State Campaign Fund. On average, there was one designation for every 11 returns.

The Children’s Trust Fund (CTF), created by Public Act 211 of 1982, allows taxpayers to donate a portion of their income tax refund or increase their liability to finance this cause. Contributions are returned to local communities and dedicated to the prevention of child abuse. For 1999, 78,200 filers contributed \$938,300 toward the CTF. On average, there was one contribution for every 56 returns.

The Michigan Non-Game Wildlife Fund, created by Public Act 189 of 1983, allows taxpayers to designate a portion of their refund or increase their liability to support the Fund. Contributions are used for research and management of non-game fish and wildlife. There were 48,900 returns designating \$534,400 in Non-Game Wildlife Fund contributions for 1999. On average, there was one contribution for every 90 returns.

Public Act 291 of 2000 appropriated amounts to fully fund both the Children’s Trust and Non-Game Wildlife Funds. Beginning with 2000 tax returns, taxpayers will no longer be able to designate on their income tax returns contributions to these funds.

Exhibit 6
Returns Designating Contributions
(thousands)



VII. INTERSTATE COMPARISONS

In 1999, Michigan along with five other states (Colorado, Illinois, Indiana, Massachusetts, and Pennsylvania) had a flat rate income tax. Seven states (Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming) had no state personal income tax. Two states (New Hampshire and Tennessee) taxed only dividend and interest income. The remaining 35 states had income taxes with graduated rates. A state-by-state comparison of the income tax burden per person and tax revenue as a percent of personal income is shown in Exhibit 7. Exhibits 8 and 9 compare Michigan's income tax to that of other states in the Great Lakes region.

In fiscal year 1999, Michigan ranked 16th highest in income taxes per person with Massachusetts ranking first overall. Michigan ranked 18th highest in state income taxes as a percent of personal income with Oregon ranking first. Michigan's income tax, as a percent of personal income at 2.70 percent, was 0.42 percentage point above the U.S. average, but 0.08 percentage point below the average of the 41 states with a general income tax. In fact, income taxes as a percent of personal income are virtually unchanged from 1994, when they were 2.64 percent. The above calculations use estimates of quarterly state personal income, released by the U.S. Bureau of Economic Analysis in February 2001, and compiled by the Office of Revenue and Tax Analysis for each state's fiscal year.

Consistent economic growth from 1994 through 1999 has resulted in increased income tax collections on a per capita basis. Over the preceding five years, collections per person have risen from \$585 in fiscal year 1994 to \$750 in fiscal year 1999. While total collections have increased, the income tax burden in Michigan has been declining relative to that in other states over this 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 1998, Michigan ranked 16th and 18th, respectively.

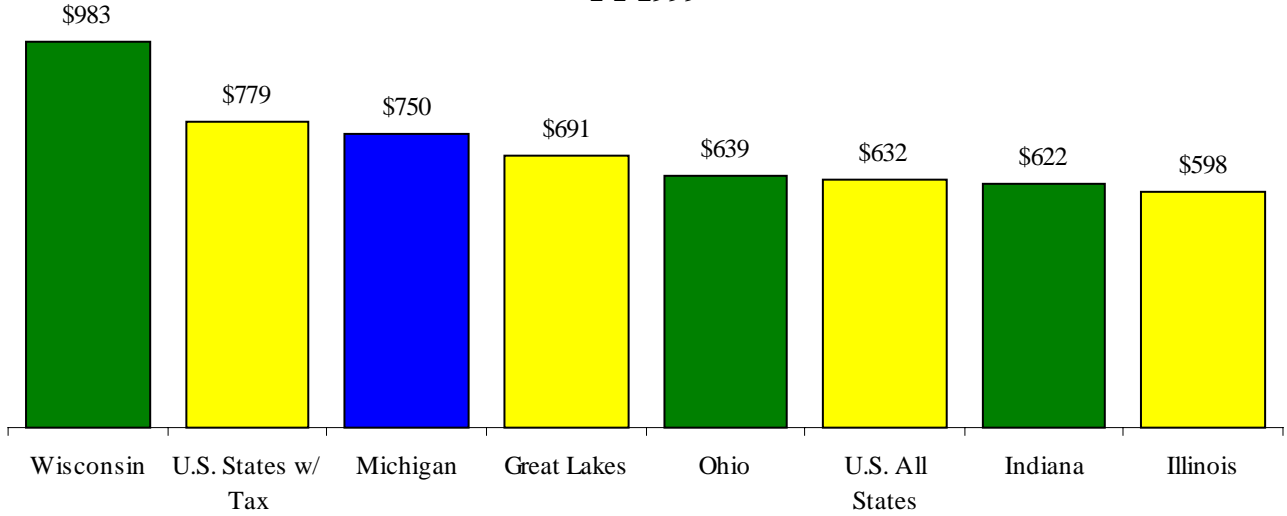
Please note that the U.S. Census Bureau compiles the tax collection figures used for this section, and the total they report is Michigan tax collections before refundable tax credits, such as the homestead property tax credit. This causes Michigan income tax collections to be overstated, resulting in higher collections per person and as a percentage of personal income than actually occurred. If net Michigan income tax collections for 1999 were used, income taxes per person would be \$700, dropping Michigan to 18th highest in the nation. Using the adjusted numbers, net income tax collections accounted for 2.52 percent of personal income. This would place Michigan 24th highest in the nation.

Exhibit 7
State Individual Income Taxes for FY 1999
Per Person and Percentage of Personal Income

<u>State</u>	<u>Per Person Individual Income Taxes</u>	<u>Rank</u>	<u>Income Taxes as a Percent of Personal Income</u>	<u>Rank</u>
Alabama	\$437	38	1.92%	36
Alaska	No Tax	N/A	No Tax	N/A
Arizona	439	37	1.80%	38
Arkansas	562	31	2.59%	20
California	927	8	3.22%	10
Colorado	692	18	2.29%	31
Connecticut	1,100	5	2.85%	14
Delaware	1,023	6	3.44%	6
Florida	No Tax	N/A	No Tax	N/A
Georgia	731	17	2.76%	16
Hawaii	902	9	3.33%	9
Idaho	677	20	3.05%	12
Illinois	598	30	1.96%	35
Indiana	622	27	2.43%	28
Iowa	598	29	2.37%	30
Kansas	639	25	2.46%	26
Kentucky	639	24	2.82%	15
Louisiana	351	40	1.56%	40
Maine	814	12	3.40%	7
Maryland	808	13	2.56%	22
Massachusetts	1,301	1	3.80%	2
Michigan	750	16	2.70%	18
Minnesota	1,111	4	3.72%	3
Mississippi	355	39	1.75%	39
Missouri	663	21	2.56%	21
Montana	547	32	2.53%	24
Nebraska	643	23	2.44%	27
Nevada	No Tax	N/A	No Tax	N/A
New Hampshire	53	42	0.00	42
New Jersey	777	14	2.23%	32
New Mexico	465	36	2.17%	34
New York	1,131	2	3.46%	5
North Carolina	861	11	3.33%	8
North Dakota	287	41	1.25%	41
Ohio	639	26	2.40%	29
Oklahoma	617	28	2.74%	17
Oregon	1,119	3	4.26%	1
Pennsylvania	534	33	1.91%	37
Rhode Island	770	15	2.69%	19
South Carolina	511	34	2.23%	33
South Dakota	No Tax	N/A	No Tax	N/A
Tennessee	28	43	0.11%	43
Texas	No Tax	N/A	No Tax	N/A
Utah	686	19	3.04%	13
Vermont	646	22	2.56%	23
Virginia	886	10	3.06%	11
Washington	No Tax	N/A	No Tax	N/A
West Virginia	509	35	2.48%	25
Wisconsin	983	7	3.68%	4
Wyoming	No Tax	N/A	No Tax	N/A
U.S. Average	\$632		2.28%	
U.S. Average for States With a General Income Tax	\$779		2.79%	

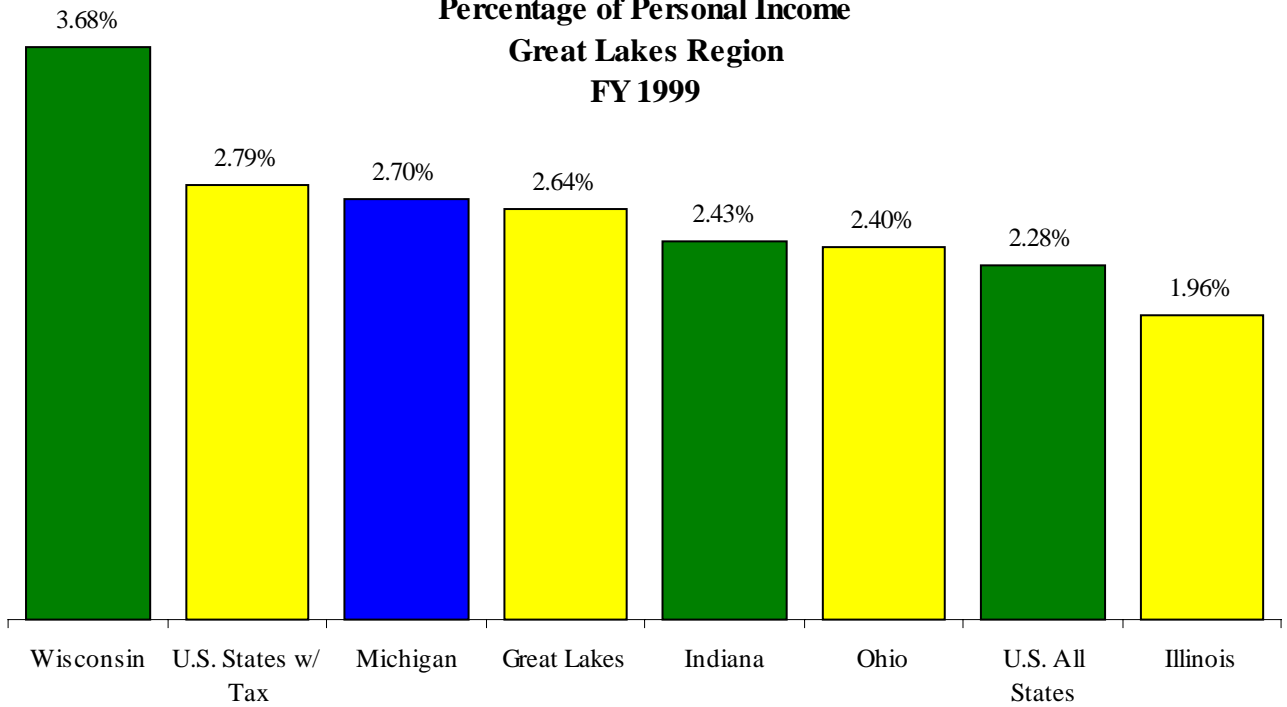
Sources: Census Bureau and Bureau of Economic Analysis, U.S. Department of Commerce.

**Exhibit 8
State Income Taxes Per Person
Great Lakes Region
FY 1999**



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

**Exhibit 9
State Income Taxes
Percentage of Personal Income
Great Lakes Region
FY 1999**



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

VIII. GEOGRAPHIC PATTERN OF TAX AND CREDITS

Exhibit 21 reports the distribution of income tax collections and property tax and home heating credits. Since farms receive special treatment for the homestead property tax credit and the separate farmland credit, rural counties benefit substantially from these programs.

Exhibit 22 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 22 is provided below.

Exhibits 24 and 25 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.

	<u>State Average</u>	<u>High County</u>	<u>Low County</u>
Average AGI	\$50,307	\$70,261 Oakland	\$26,322 Lake
Average Income Tax Before Credits	\$1,582	\$2,626 Oakland	\$714 Lake
Average Income Tax After Credits	\$1,437	\$2,447 Oakland	\$582 Lake
Income Tax Credits as a Percent of Tax Before Credits	9.2%	25.2% Huron	4.5% Otsego
Ratio of Property Tax Credits to 1040s Filed	25.9%	34.1% Wayne	10.9% Luce
Average Property Tax Credit	\$425	\$832 Huron	\$184 Luce

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 in the 1990s have caused AGI to become narrower, thus reducing the Michigan tax base. The changes in the 1990s pale, however, in comparison to the scope of the expansions brought about by TRA-86.

Changes 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 personal exemption was increased from \$1,500 in 1986 to \$1,600 in 1987, \$1,800 in 1988, \$2,000 in 1989, and \$2,100 in 1990. The special exemptions for senior citizens, blind persons, and those taxpayers with 50 percent or more of their AGI attributable to unemployment compensation were also created.

Summary of Federal Tax Law Changes

Significant federal tax law changes affecting Michigan's tax base are discussed below. The changes are grouped based on when they first became effective.

1987

The Tax Reform Act of 1986 contained many provisions that expanded the definition of AGI. The dividend exclusion and 60 percent long-term capital gain deduction were eliminated. The deduction for married couples when both work was eliminated. Most employee and moving expenses were no longer removed from AGI but only subtracted as an itemized deduction. However, self-employed taxpayers were allowed to subtract 25 percent of their health insurance premiums as an adjustment to income.

New rules reduced the deductibility of contributions to individual retirement arrangements (IRAs) for taxpayers covered by employer-sponsored pension plans. Losses from passive activities, such as real estate partnerships, were generally no longer deductible from other income. New rules limited the deductibility of losses from rental property activities. New depreciation rules slowed the rate at which investment assets could be depreciated. Finally, all unemployment compensation was included in AGI.

TRA-86 made other changes to Michigan's tax base unrelated to AGI. Michigan taxpayers had been allowed to claim the same number of exemptions on their Michigan return as they claimed on that year's federal return. Before 1987, taxpayers were able to claim an extra full federal exemption if they were blind or a senior citizen. TRA-86 replaced these extra federal

exemptions with an increased standard deduction. Also, individuals eligible to be claimed as dependents on someone else's tax return, such as a parent's return, were no longer able to claim their own personal exemption.

In response to the reduced number of federal exemptions, new Michigan exemptions were created for taxpayers who were deaf, blind or disabled, or a senior citizen. In response to the full inclusion of unemployment benefits in AGI, a new exemption was created for taxpayers who received unemployment compensation equal to at least 50 percent of their AGI. The new special exemption amount was set so that a taxpayer claiming one extra exemption received the same exemption amount in tax years 1987 through 1990 as in 1986. Also, for tax years beginning in 1988 and following, an individual required to file a tax return and eligible to be claimed as a dependent on another taxpayer's return, could claim a smaller personal exemption. The exemption was set at \$500 in tax year 1988 and \$1,000 for tax years beginning after 1988.

1994

The Omnibus Budget Reconciliation Act of 1993 (OBRA-93) made minor revisions to federal tax law, generally reducing reported AGI. Moving expenses were reinstated as an adjustment to income. This reduced AGI for taxpayers with these expenses, thus lowering their Michigan income tax liability. Similarly, OBRA-93 also made it easier for taxpayers to deduct losses from rental activities if they "materially participate" in operating the rental properties. Such losses only affect the Michigan income tax for properties located in Michigan.

1995

AGI could now be reduced by 30 percent of the amount paid for health insurance by the self-employed. Separate legislation later increased the deductible percentage to 40 percent for tax year 1997, 45 percent for 1998, and 60 percent for tax year 1999. For tax years after 2002, all health insurance premiums for the self-employed will be deductible.

1996

New legislation made payments from qualified state tuition programs (QSTP) taxable only if the amount received was greater than the amount originally contributed. This resolved a legal dispute initially begun over the Michigan Education Trust (MET), a prepaid tuition program Michigan started in 1988. The new law has led to the rapid growth of QSTPs, including the Michigan Education Savings Program described in Chapter XII.

1997

A number of federal law changes became effective in 1997, resulting in changes to Michigan's tax base. Most gains on the sale of a primary residence were excluded from AGI if the taxpayer owned and lived in the house for two of the last five years preceding the sale. Single taxpayers have a \$250,000 exclusion, and married taxpayers filing a joint return may exclude \$500,000. Previously, gains on the sale of a primary residence were deferred only if the taxpayer purchased a new residence for a price greater than the taxpayer's cost basis in the former residence. Prior

to the effective date of this new provision, taxpayers who were 55 or older were allowed under certain conditions to make a one-time exclusion of a gain on the sale of a primary residence of up to \$125,000.

Taxpayers were granted a full \$2,000 IRA deduction for a non-working spouse. Previously, the deduction for a spouse without earned income was \$250. A new deduction for contributions to medical savings accounts was also created. This new federal deduction resulted in the elimination of the separate Michigan deduction for contributions to these accounts.

1998

Effective for 1998, taxpayers were able to establish new Education and Roth IRAs. Contributions to these accounts are not deductible, but both accounts allow investment earnings to accumulate tax-deferred and withdrawals may be tax-free. If a distribution from an Education IRA is used for qualified higher education expenses, the distribution is tax exempt. If a distribution from a Roth IRA is received five years after the taxpayer established the account and after the taxpayer reaches age 59 ½, the entire distribution is tax exempt.

Education IRAs' only impact on Michigan income tax revenues will be that the investment earnings on these particular savings arrangements may be tax exempt. Eventually the tax exemption will reduce income tax revenues somewhat, but the short-term impact will be insignificant. While Roth IRAs also allow investment earnings to accumulate tax-exempt, they resulted in an immediate, short-term increase in Michigan income tax collections. Taxpayers eligible to contribute to a Roth IRA are also allowed to convert a traditional IRA into a Roth IRA. The amount converted is generally included in the taxpayer's AGI in the year of conversion. A provision in the initial legislation, however, allowed taxpayers to spread the conversion amount over four years, from 1998 through 2001. This provision was only available in 1998, and it resulted in a large number of conversions. The increase in AGI from these conversions resulted in a one-time, four-year increase in Michigan income tax revenues. However, for taxpayers meeting the distribution rules described above, withdrawals from Roth IRAs will be free from further income taxes.

New legislation effective in 1998 also increased the deductibility of contributions to traditional IRAs. The income limits for making deductible contributions when the taxpayer participates in an employer-sponsored retirement plan were increased. These limits will continue to increase each year up to \$50,000 for singles and \$80,000 for married couples for tax years beginning after 2006. Full deductions were also allowed for taxpayers with AGIs below \$150,000 whose spouses participate in an employer-sponsored retirement plan. Taxpayers who do not participate themselves nor have a spouse participating in an employer-sponsored retirement plan have been allowed a full IRA deduction since the inception of these arrangements.

A new adjustment to income allowed taxpayers to subtract a percentage of the interest they pay on student loans. For tax year 1998, the deduction was limited to \$1,000. The limit increased to \$1,500 in 1999 and will increase to \$2,500 in 2001.

X. PUBLIC ACTS - INCOME TAX

1999

Public Act 1 amended the Income Tax Act to change the percentage of gross collections allocated to the School Aid Fund for tax years following the 1999 tax year. 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.

Public Acts 2 through 6 amended the Income Tax Act to lower 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 will be 3.9 percent.

Public Act 181 amended the Income Tax Act to allow 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 would be allowed for tax years beginning on or after January 1, 1994.

Public Act 214 amended the Income Tax Act to make technical changes in the historic preservation credit.

2000

Public Act 40 amended the Income Tax Act to reduce the Michigan income tax rate for 2000 from 4.3 percent to 4.2 percent.

Public Act 41 amended the Income Tax Act to increase property tax credits for certain disabled filers, resulting in the uniform treatment of all senior citizens and disabled filers. The new credits are available for tax years that begin after December 31, 1999.

Public Act 42 amended the Income Tax Act to increase the child deduction to \$600 for children ages 7 through 12 years old and create a \$600 deduction for children ages 13 through 18. The deduction is available for tax years that begin after 1999.

Public Acts 162 and 163 amended the Income Tax Act to create 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.

Public Act 195 amended the Income Tax Act to revise 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.

Public Act 301 amended the Income Tax Act to increase the special exemption amount to \$1,800 in tax year 2000. The Act also 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. P.A. 301 also increased the exemption for taxpayers who are eligible to be claimed as a dependent on another taxpayer's return. For tax years beginning after 1999, this exemption will be \$1,500, a \$500 increase from the amount previously allowed.

Public Acts 393 and 394 amended the Income Tax Act to create a refundable credit for qualified adoption expenses. This new Michigan credit is only for those expenses exceeding the limits on the similar federal income tax credit.

Public Act 400 amended the Income Tax Act to create 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.

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

XI. DATA TABLES AND CHARTS

Exhibit 10
Effective Rate of the Michigan
Individual Income Tax, 1999

<u>Adjusted Gross Income Group</u>	<u>Number of Returns Filed (1)</u>	<u>Adjusted Gross Income</u>	<u>Effective Personal Exemptions (2)</u>	<u>Claimed Exemptions</u>	<u>Subtractions Minus Additions</u>	<u>Total Credits (3)</u>	<u>Effective Tax</u>	<u>Effective Tax as a % of Income</u>
Less than \$1 (4)	318,482	(\$1,326,623,951)		43,414	(\$756,367,233)	\$101,696,039	(\$98,990,140)	
\$ 1 - 2,000	164,283	187,405,617	29,629	91,821	23,689,865	17,126,958	(\$15,509,391)	-8.3%
2,001 - 4,000	207,446	621,655,555	78,084	137,115	59,214,954	21,079,397	(\$10,031,133)	-1.6%
4,001 - 6,000	195,482	974,506,970	106,235	169,232	135,654,078	26,976,800	(\$7,062,042)	-0.7%
6,001 - 8,000	179,839	1,256,683,491	134,335	199,662	208,212,581	30,791,905	(\$4,734,975)	-0.4%
8,001 - 10,000	171,488	1,542,683,569	130,621	226,556	444,090,138	32,309,008	(\$2,866,380)	-0.2%
10,001 - 12,000	158,825	1,745,423,536	149,574	229,659	476,407,893	29,671,373	\$4,964,897	0.3%
12,001 - 14,000	151,896	1,973,365,519	180,883	234,930	462,207,283	27,433,931	\$13,766,296	0.7%
14,001 - 16,000	146,593	2,198,353,917	171,299	238,136	547,822,079	24,860,923	\$24,039,193	1.1%
16,001 - 18,000	140,665	2,390,470,368	193,776	236,017	497,814,431	22,562,025	\$34,135,224	1.4%
18,001 - 20,000	134,216	2,548,420,327	196,571	231,169	474,879,414	19,865,255	\$44,648,548	1.8%
20,001 - 22,000	126,904	2,663,837,894	171,319	223,646	522,603,036	17,626,649	\$53,483,650	2.0%
22,001 - 24,000	120,577	2,772,207,652	192,182	214,870	437,433,227	15,730,236	\$61,264,159	2.2%
24,001 - 26,000	114,518	2,862,351,690	185,965	207,379	441,717,944	14,181,736	\$67,590,865	2.4%
26,001 - 28,000	107,662	2,906,125,473	178,739	198,008	447,349,823	12,711,738	\$71,789,124	2.5%
28,001 - 30,000	101,180	2,933,034,339	172,087	188,520	436,834,755	11,828,064	\$75,251,273	2.6%
30,001 - 35,000	229,839	7,456,655,212	383,783	447,759	1,130,013,941	25,327,741	\$202,501,960	2.7%
35,001 - 40,000	204,716	7,668,134,556	406,054	431,119	1,016,486,991	21,085,981	\$218,365,760	2.8%
40,001 - 45,000	184,515	7,833,627,722	397,144	418,126	981,036,380	17,953,112	\$231,719,653	3.0%
45,001 - 50,000	169,501	8,046,923,165	390,406	406,350	941,725,910	15,887,331	\$245,918,144	3.1%
Over 50,000	<u>1,376,021</u>	<u>162,837,545,694</u>	<u>3,714,475</u>	<u>3,885,682</u>	<u>32,199,608,405</u>	<u>101,849,159</u>	<u>\$5,166,113,966</u>	3.2%
Totals	4,704,648	\$222,092,788,315	7,563,161	8,659,170	\$41,128,435,895	\$608,555,363	\$6,376,358,651	2.9%

(1) Includes 289,928 credit-only returns.

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

(3) Does not include Farmland Preservation Credits or Prescription Drug Credits.

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

Exhibit 11
Breakdown of Upper Income Filers
Individual Income Tax, 1999

<u>Adjusted Gross Income Group</u>	<u>Number of Returns Filed</u>	<u>Adjusted Gross Income</u>	<u>Effective Personal Exemptions (1)</u>	<u>Claimed Exemptions</u>	<u>Subtractions Minus Additions</u>	<u>Total Credits (2)</u>	<u>Effective Tax</u>	<u>Effective Tax as a % of Income</u>
\$50,000 - 55,000	158,344	\$8,308,361,285	382,796	399,053	\$941,032,495	\$14,097,281	\$260,335,948	3.1%
55,001 - 60,000	145,608	8,366,816,810	368,398	381,413	\$937,687,057	12,763,995	266,344,504	3.2%
60,001 - 65,000	132,341	8,265,419,922	342,246	358,195	\$897,527,363	11,102,116	268,746,598	3.3%
65,001 - 70,000	117,420	7,919,879,648	314,624	325,740	\$842,655,532	10,143,712	260,524,608	3.3%
70,001 - 75,000	103,709	7,512,224,577	284,258	294,595	\$765,777,678	8,837,873	251,259,393	3.3%
75,001 - 80,000	90,102	6,978,191,818	251,749	260,153	\$679,436,069	6,438,920	238,205,130	3.4%
80,001 - 85,000	77,888	6,420,396,109	220,498	227,314	\$592,976,932	3,739,211	224,242,386	3.5%
85,001 - 90,000	67,416	5,894,593,918	192,594	198,435	\$525,740,498	3,122,603	208,295,302	3.5%
90,001 - 95,000	57,725	5,336,161,457	166,137	171,481	\$472,164,245	3,083,923	189,551,098	3.6%
95,001 - 100,000	49,996	4,871,467,497	141,659	149,196	\$445,991,746	2,786,133	173,717,381	3.6%
Over 100,000	<u>375,472</u>	<u>92,964,032,653</u>	<u>1,049,516</u>	<u>1,120,107</u>	<u>\$25,098,618,790</u>	<u>25,733,391</u>	<u>2,824,891,618</u>	3.0%
Totals	1,376,021	\$162,837,545,694	3,714,475	3,885,682	\$32,199,608,405	\$101,849,159	\$5,166,113,966	3.2%

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

(2) Does not include Farmland Preservation Credits or Prescription Drug Credits.

Exhibit 12
Tax Base Deductions as a Percentage of AGI
Individual Income Tax, 1999

Adjusted Gross Income Group	Total Effective Exemptions	Subtractions Minus Additions	Nonrefundable Credits (1)	Property Tax Credits	Home Heating Credits
Less than \$1					
\$ 1 - 2,000	67.7%	12.6%	-5.4%	164.6%	48.5%
2,001 - 4,000	50.1%	9.5%	-0.5%	60.5%	17.1%
4,001 - 6,000	39.6%	13.9%	0.5%	51.3%	11.0%
6,001 - 8,000	36.3%	16.6%	0.8%	47.1%	7.7%
8,001 - 10,000	27.8%	28.8%	1.0%	41.6%	5.0%
10,001 - 12,000	27.6%	27.3%	1.1%	34.6%	2.9%
12,001 - 14,000	29.1%	23.4%	1.2%	28.8%	1.6%
14,001 - 16,000	24.5%	24.9%	1.2%	23.6%	0.9%
16,001 - 18,000	25.3%	20.8%	1.2%	19.8%	0.5%
18,001 - 20,000	23.8%	18.6%	1.1%	16.3%	0.3%
20,001 - 22,000	19.7%	19.6%	1.2%	13.7%	0.1%
22,001 - 24,000	21.1%	15.8%	1.1%	11.7%	0.1%
24,001 - 26,000	19.6%	15.4%	1.2%	10.0%	0.0%
26,001 - 28,000	18.5%	15.4%	0.9%	9.0%	0.0%
28,001 - 30,000	17.6%	14.9%	1.1%	8.0%	0.0%
30,001 - 35,000	15.4%	15.2%	1.0%	6.7%	0.0%
35,001 - 40,000	15.8%	13.3%	1.1%	5.2%	0.0%
40,001 - 45,000	15.0%	12.5%	1.1%	4.1%	0.0%
45,001 - 50,000	14.4%	11.7%	1.1%	3.4%	0.0%
Over 50,000	6.7%	19.8%	0.8%	0.6%	0.0%
Overall Percent	10.0%	18.5%	0.9%	4.8%	0.5%

(1) Nonrefundable credits, home heating credits, and property tax credits are divided by the tax rate (4.4%) to determine the equivalent income tax deduction. Nonrefundable credits for 1997 are: the city income tax credit, the college contribution credit, the homeless shelter/food bank contribution credit, the other state tax credit, and the tuition tax credit.

Exhibit 13
Distribution of Personal Exemptions
Claimed on 1999 Individual Income Tax Returns (1)

<u>Adjusted Gross Income Group</u>	<u>Exemptions Claimed</u>							<u>Total Returns</u>	<u>Total Exemptions (2)</u>
	<u>Zero</u>	<u>One</u>	<u>Two</u>	<u>Three</u>	<u>Four</u>	<u>Five</u>	<u>Six or More</u>		
Zero Income	3,051	15,155	6,676	1,522	1,197	559	394	28,554	43,414
\$ 1 - 2,000	100,080	47,388	10,192	4,057	1,638	585	343	164,283	91,821
2,001 - 4,000	117,012	62,299	16,382	7,530	2,747	929	547	207,446	137,115
4,001 - 6,000	85,499	73,853	21,441	9,394	3,450	1,200	645	195,482	169,232
6,001 - 8,000	53,872	80,928	26,935	11,492	4,280	1,528	804	179,839	199,662
8,001 - 10,000	33,835	85,272	30,322	13,335	5,401	2,115	1,208	171,488	226,556
10,001 - 12,000	21,082	82,515	33,207	13,119	5,537	2,165	1,200	158,825	229,659
12,001 - 14,000	13,463	79,064	36,960	13,317	5,735	2,222	1,135	151,896	234,930
14,001 - 16,000	8,800	76,008	38,890	13,291	5,997	2,381	1,226	146,593	238,136
16,001 - 18,000	5,529	73,858	37,892	13,385	6,307	2,433	1,261	140,665	236,017
18,001 - 20,000	3,662	70,199	36,893	13,164	6,496	2,453	1,349	134,216	231,169
20,001 - 22,000	2,593	65,403	35,565	12,814	6,554	2,685	1,290	126,904	223,646
22,001 - 24,000	1,736	63,101	32,896	12,170	6,631	2,679	1,364	120,577	214,870
24,001 - 26,000	1,327	60,195	30,281	11,378	7,087	2,805	1,445	114,518	207,379
26,001 - 28,000	965	56,416	28,284	10,581	6,865	3,018	1,533	107,662	198,008
28,001 - 30,000	729	52,537	26,727	9,782	6,914	2,955	1,536	101,180	188,520
30,001 - 35,000	1,320	112,892	62,000	23,278	18,462	8,012	3,875	229,839	447,759
35,001 - 40,000	808	88,345	58,692	23,390	20,329	9,080	4,072	204,716	431,119
40,001 - 45,000	568	69,208	54,676	23,202	22,763	9,889	4,209	184,515	418,126
45,001 - 50,000	416	55,506	51,623	23,136	24,376	10,211	4,233	169,501	406,350
<u>Over 50,000</u>	<u>2,243</u>	<u>208,510</u>	<u>495,894</u>	<u>229,472</u>	<u>283,534</u>	<u>115,872</u>	<u>40,496</u>	<u>1,376,021</u>	<u>3,885,682</u>
Totals	458,590	1,578,652	1,172,428	492,809	452,300	185,776	74,165	4,414,720	8,659,170

(1) Values in this table are based on a sample of 4,414,720 MI-1040 tax returns on file.

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

Exhibit 14
Distribution of Special Exemptions and Child Deductions
Claimed on 1999 Individual Income Tax Returns (1)

Adjusted Gross Income Group	Age Exemptions	Deaf Exemptions	Blind/Disabled Exemptions	Unemployed Exemptions	Child 6 and Under Exemptions	Child 7 to 12 Exemptions	Claimed as Dependent Exemptions
Zero Income	10,863	154	2,284	350	2,369	2,621	2,761
\$ 1 - 2,000	17,875	258	3,678	614	9,792	6,188	108,412
2,001 - 4,000	21,280	289	3,338	541	18,284	11,067	125,599
4,001 - 6,000	29,332	355	3,784	854	21,834	14,249	93,172
6,001 - 8,000	37,098	357	3,821	982	24,814	17,606	60,894
8,001 - 10,000	47,920	409	3,701	751	27,444	21,055	40,204
10,001 - 12,000	48,904	357	3,442	596	25,652	20,675	27,199
12,001 - 14,000	49,385	389	3,227	451	25,046	20,474	19,454
14,001 - 16,000	48,578	365	2,994	313	24,599	20,775	14,739
16,001 - 18,000	44,118	330	2,771	146	24,324	20,880	11,430
18,001 - 20,000	38,615	271	2,541	97	23,521	20,474	9,311
20,001 - 22,000	32,487	252	2,360	59	22,585	20,057	8,055
22,001 - 24,000	27,521	242	2,080	77	21,348	19,169	6,829
24,001 - 26,000	22,627	223	1,840	52	20,660	18,602	5,995
26,001 - 28,000	20,035	222	1,682	43	19,487	17,716	5,119
28,001 - 30,000	18,475	191	1,450	39	18,511	16,573	4,430
30,001 - 35,000	39,234	400	3,073	62	45,668	39,785	8,626
35,001 - 40,000	32,158	363	2,770	64	46,022	39,907	5,690
40,001 - 45,000	26,183	293	2,426	42	46,086	40,608	3,821
45,001 - 50,000	22,733	300	1,880	38	45,039	40,735	2,765
<u>Over 50,000</u>	<u>194,310</u>	<u>1,879</u>	<u>12,967</u>	<u>219</u>	<u>372,000</u>	<u>384,922</u>	<u>7,321</u>
Totals	829,731	7,899	68,109	6,390	885,085	814,138	571,826

(1) Values in this table are based on a sample of 4,414,720 MI-1040 tax returns on file.

Exhibit 15
Distribution of Credits
Individual Income Tax, 1999 (1)

Adjusted Gross Income Group	Number of MI-1040s Filed	% of Total MI-1040s Filed (2)	General Property Tax Credit			City Income Tax Credit			College Contribution Credit		
			Number Claiming Credit	% of Property Tax Credits Filed	\$ Amount of Credit	Number Claiming Credit	% of AGI Group MI-1040s Filed	\$ Amount of Credit	Number Claiming Credit	% of AGI Group MI-1040s Filed	\$ Amount of Credit
Less than \$1	28,554	0.6%	9,423	1.3%	\$6,194,676	1,363	0.1%	\$78,591	456	0.2%	\$37,452
\$ 1 - 2,000	164,283	3.7%	13,826	2.0%	4,803,114	13,606	1.3%	73,518	477	0.2%	20,547
2,001 - 4,000	207,446	4.7%	22,784	3.2%	7,247,176	33,213	3.2%	270,566	1,064	0.4%	44,758
4,001 - 6,000	195,482	4.4%	30,177	4.3%	9,892,000	36,238	3.5%	417,179	1,506	0.5%	71,424
6,001 - 8,000	179,839	4.1%	36,035	5.1%	12,252,649	35,878	3.5%	514,068	1,920	0.7%	100,406
8,001 - 10,000	171,488	3.9%	38,482	5.5%	13,137,624	33,814	3.3%	564,613	2,214	0.8%	117,908
10,001 - 12,000	158,825	3.6%	37,527	5.3%	12,566,386	32,535	3.2%	626,794	2,475	0.9%	135,976
12,001 - 14,000	151,896	3.4%	37,590	5.4%	12,257,239	32,129	3.1%	691,912	2,798	1.0%	157,484
14,001 - 16,000	146,593	3.3%	37,091	5.3%	11,580,149	31,712	3.1%	751,264	3,181	1.2%	182,994
16,001 - 18,000	140,665	3.2%	36,336	5.2%	11,118,311	31,616	3.1%	813,732	3,310	1.2%	195,833
18,001 - 20,000	134,216	3.0%	35,288	5.0%	10,461,521	31,080	3.0%	865,611	3,599	1.3%	220,954
20,001 - 22,000	126,904	2.9%	33,149	4.7%	9,818,232	30,305	2.9%	906,597	3,536	1.3%	227,894
22,001 - 24,000	120,577	2.7%	31,328	4.5%	9,213,529	29,048	2.8%	908,640	3,784	1.4%	235,736
24,001 - 26,000	114,518	2.6%	28,784	4.1%	8,442,981	27,700	2.7%	898,859	3,805	1.4%	236,274
26,001 - 28,000	107,662	2.4%	26,186	3.7%	7,801,755	25,886	2.5%	864,018	3,814	1.4%	243,312
28,001 - 30,000	101,180	2.3%	23,490	3.3%	7,040,083	24,361	2.4%	837,551	4,028	1.5%	258,497
30,001 - 35,000	229,839	5.2%	49,517	7.1%	15,076,985	56,500	5.5%	2,027,932	10,200	3.7%	671,373
35,001 - 40,000	204,716	4.6%	38,857	5.5%	12,342,626	51,007	5.0%	1,949,008	10,668	3.9%	715,911
40,001 - 45,000	184,515	4.2%	30,452	4.3%	10,199,812	47,474	4.6%	1,902,149	11,027	4.0%	759,396
45,001 - 50,000	169,501	3.8%	24,244	3.5%	8,666,354	44,948	4.4%	1,863,100	11,297	4.1%	800,587
Over 50,000	<u>1,376,021</u>	<u>31.2%</u>	<u>80,881</u>	<u>11.5%</u>	<u>30,416,419</u>	<u>377,671</u>	<u>36.7%</u>	<u>20,188,479</u>	<u>189,497</u>	<u>69.0%</u>	<u>17,870,850</u>
Totals	4,414,720	100.0%	701,447	100.0%	\$230,529,621	1,028,084	100.0%	\$38,014,181	274,656	100.0%	\$23,305,566

(1) Values in this table are based on a sample of 4,414,720 correct 1999 MI-1040 tax returns on file.

(2) 20,583 general property tax credits totaling \$6,276,908 were claimed on MI-1040CR returns that were filed without an MI-1040.

Exhibit 16
Four-Year Comparison of Individual Income Tax Credits
(Number and Amount in Thousands)

	1996			1997			1998			1999		
	Number	Amount	Average	Number	Amount	Average	Number	Amount	Average	Number	Amount	Average
Property Tax Credits												
General	689.6	\$208,123.4	\$301.80	700.1	\$217,637.4	\$310.86	701.7	\$222,668.0	\$317.31	722.0	\$236,806.5	\$327.97
Senior Citizen(1)												
Standard	392.2	210,308.9	536.23	387.0	212,043.4	547.92	374.9	218,225.7	582.16	372.3	222,054.4	596.51
Low Income Rent	13.7	5,225.2	381.40	12.7	4,644.1	365.68	12.1	4,277.4	354.23	11.4	4,032.7	354.08
Veteran	15.6	1,999.7	128.19	15.1	1,894.9	125.60	13.7	1,729.5	126.38	12.7	1,629.7	127.83
Blind	1.5	191.3	127.53	2.0	243.4	121.05	1.6	194.4	123.53	1.9	237.9	125.56
Disabled(2)	26.0	6,766.3	260.24	28.8	8,505.7	295.84	29.1	8,836.7	303.44	28.6	8,897.2	310.75
Farmland and Solar	11.4	18,895.2	1,657.47	8.2	17,733.9	2,150.08	7.7	18,018.6	2,331.90	7.2	17,333.9	2,418.57
Total Property Tax Credits	1,136.3	\$451,510.0	\$397.35	1,141.2	\$462,702.7	\$405.47	1,128.7	\$469,673.0	\$416.12	1,144.7	\$486,959.7	\$425.39
City Income Tax Credit	991.2	\$34,806.1	\$35.12	1,015.3	\$36,799.4	\$36.24	1,024.0	\$37,398.6	\$36.52	1,028.1	\$38,014.2	\$36.98
College Contribution Credit	258.4	\$20,540.3	\$79.49	265.4	\$21,560.9	\$81.24	264.8	\$22,047.5	\$83.26	274.7	\$23,305.6	\$84.85
Home Heating Credit	321.7	\$42,592.0	\$132.40	312.6	\$44,315.3	\$141.79	304.7	\$45,380.2	\$148.93	307.5	\$50,578.1	\$164.50
Credit for Income Tax Paid to Another State	37.5	\$22,155.7	\$590.82	39.4	\$24,208.4	\$615.04	41.7	\$26,386.7	\$633.49	41.6	\$28,332.3	\$681.72
Prescription Drug Credit	35.4	\$16,436.6	\$464.31	34.2	\$16,237.6	\$475.17	30.9	\$15,248.9	\$493.65	31.3	\$15,802.3	\$504.30
Community Foundation Credit	15.6	\$1,375.3	\$88.16	18.9	\$1,772.3	\$93.77	21.2	\$2,025.4	\$95.35	23.7	\$2,214.1	\$93.51
Medical Care Savings Credit (3)	4.6	\$95.6	\$20.78									
Homeless/Food Bank Credit	130.0	\$8,667.3	\$66.67	147.6	\$10,232.2	\$69.32	157.8	\$11,245.2	\$71.24	167.7	\$12,380.4	\$73.83
College Tuition Credit	114.4	\$12,213.5	\$106.76	106.8	\$12,093.7	\$113.24	134.7	\$22,598.1	\$167.75	52.9	\$4,769.1	\$90.20

- (1) The low-income rent credit amount represents an amount over the standard senior credit. Therefore, the number of filers listed for the standard 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 of property tax credits.
- (2) This category includes credits for paraplegic, quadriplegic and totally disabled persons.
- (3) The Medical Care Savings Account Credit was eliminated in 1997.

Exhibit 17
Distribution of Property Tax Credits Claimed
Individual Income Tax, 1999 (1)

Adjusted Gross Income Group	General			Senior Citizens (2)			Veterans			Disabled (3)		
	Number of Credits Allowed	% of Total Credits Allowed	\$ Amount of Credit	Number of Credits Allowed	% of Total Credits Allowed	\$ Amount of Credit	Number of Credits Allowed	% of Total Credits Allowed	\$ Amount of Credit	Number of Credits Allowed	% of Total Credits Allowed	\$ Amount of Credit
Zero Income (4)	27,396	3.8%	\$11,739,343	107,838	29.0%	\$61,027,158	2,376	18.6%	\$346,761	16,713	54.8%	\$4,824,441
\$ 1 - 2,000	13,959	1.9%	4,839,679	12,205	3.3%	8,210,523	132	1.0%	21,387	1,522	5.0%	\$500,293
2,001 - 4,000	22,965	3.2%	7,295,249	13,552	3.6%	8,878,821	141	1.1%	19,232	1,118	3.7%	\$342,783
4,001 - 6,000	30,378	4.2%	9,948,466	18,079	4.9%	11,661,900	197	1.5%	29,702	1,179	3.9%	\$373,178
6,001 - 8,000	36,249	5.0%	12,318,591	21,388	5.7%	13,335,593	268	2.1%	36,942	1,159	3.8%	\$376,434
8,001 - 10,000	38,671	5.4%	13,190,469	24,498	6.6%	14,633,142	379	3.0%	48,962	1,106	3.6%	\$350,917
10,001 - 12,000	37,727	5.2%	12,621,495	22,946	6.2%	13,602,698	416	3.3%	54,131	939	3.1%	\$290,743
12,001 - 14,000	37,748	5.2%	12,300,215	21,186	5.7%	12,421,409	403	3.2%	53,691	829	2.7%	\$256,256
14,001 - 16,000	37,261	5.2%	11,628,845	18,720	5.0%	10,937,543	432	3.4%	57,330	678	2.2%	\$209,314
16,001 - 18,000	36,469	5.1%	11,156,735	16,136	4.3%	9,426,533	461	3.6%	58,860	610	2.0%	\$174,625
18,001 - 20,000	35,411	4.9%	10,491,631	13,094	3.5%	7,607,412	406	3.2%	49,805	525	1.7%	\$157,895
20,001 - 22,000	33,254	4.6%	9,843,798	10,350	2.8%	6,011,927	381	3.0%	49,067	456	1.5%	\$138,105
22,001 - 24,000	31,431	4.4%	9,240,483	8,481	2.3%	4,916,502	345	2.7%	42,448	403	1.3%	\$115,844
24,001 - 26,000	28,874	4.0%	8,467,991	6,861	1.8%	4,042,454	325	2.5%	42,597	355	1.2%	\$102,589
26,001 - 28,000	26,262	3.6%	7,821,312	5,941	1.6%	3,512,745	272	2.1%	34,658	299	1.0%	\$96,944
28,001 - 30,000	23,552	3.3%	7,053,435	5,416	1.5%	3,185,761	287	2.3%	37,708	231	0.8%	\$69,974
30,001 - 35,000	49,644	6.9%	15,107,828	10,719	2.9%	6,521,777	679	5.3%	85,610	514	1.7%	\$155,795
35,001 - 40,000	38,939	5.4%	12,367,351	7,759	2.1%	4,799,435	704	5.5%	87,977	390	1.3%	\$126,221
40,001 - 45,000	30,511	4.2%	10,215,716	6,130	1.6%	3,829,779	625	4.9%	76,705	325	1.1%	\$98,840
45,001 - 50,000	24,296	3.4%	8,684,584	4,928	1.3%	3,191,513	619	4.9%	74,283	229	0.8%	\$75,300
Over 50,000	<u>81,033</u>	<u>11.2%</u>	<u>30,473,313</u>	<u>16,031</u>	<u>4.3%</u>	<u>10,299,739</u>	<u>2,901</u>	<u>22.8%</u>	<u>321,878</u>	<u>946</u>	<u>3.1%</u>	<u>\$298,647</u>
Totals	722,030	100.0%	\$236,806,529	372,258	100.0%	\$222,054,364	12,749	100.0%	\$1,629,734	30,526	100.0%	\$9,135,138

(1) Values in this table are based on a sample of the 4,704,648 MI-1040 and credit-only returns.

(2) Includes Senior Citizen Low-Income Rent Credits.

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

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

Exhibit 18
Distribution of Senior Citizen Property Tax Credits by Household Income
Individual Income Tax, 1999

<u>Household Income</u>	<u>Number of Returns</u>	<u>Property Tax Paid</u>	<u>Property Tax Credit</u>	<u>Property Tax Paid After Credit</u>
\$1,000 and below	1,319	\$3,081,024	\$1,374,577	\$1,706,447
1,001 - 2,000	374	481,092	320,687	160,405
2,001 - 3,000	670	650,809	497,942	152,867
3,001 - 4,000	1,306	1,087,237	879,602	207,635
4,001 - 5,000	2,651	2,085,649	1,660,912	424,737
5,001 - 6,000	6,278	4,709,646	3,983,070	726,576
6,001 - 7,000	12,091	8,811,522	6,506,309	2,305,213
7,001 - 8,000	9,807	8,209,970	5,489,359	2,720,611
8,001 - 9,000	11,646	10,489,542	6,650,767	3,838,775
9,000 - 10,000	12,205	11,464,842	7,146,965	4,317,877
10,001 - 11,000	11,729	11,662,104	6,966,355	4,695,749
11,001 - 12,000	11,712	12,415,599	7,092,600	5,322,999
12,001 - 13,000	11,684	12,887,967	7,171,408	5,716,559
13,001 - 14,000	12,029	13,765,266	7,417,646	6,347,620
14,001 - 15,000	12,281	14,692,760	7,518,431	7,174,329
15,001 - 16,000	12,058	14,694,600	7,353,653	7,340,947
16,001 - 17,000	12,127	15,600,660	7,384,311	8,216,349
17,001 - 18,000	12,230	15,819,965	7,445,824	8,374,141
18,001 - 19,000	11,670	15,483,888	7,039,965	8,443,923
19,001 - 20,000	11,207	15,232,780	6,790,451	8,442,329
20,001 - 21,000	11,097	16,084,929	6,716,686	9,368,243
21,001 - 22,000	10,607	15,753,574	6,339,429	9,414,145
22,001 - 23,000	10,269	15,177,566	6,036,578	9,140,988
23,001 - 24,000	9,913	14,948,689	5,801,652	9,147,037
24,001 - 25,000	9,583	14,670,654	5,602,264	9,068,390
25,001 - 26,000	9,080	14,435,408	5,357,093	9,078,315
26,001 - 27,000	8,678	14,444,900	5,079,735	9,365,165
27,001 - 28,000	8,106	13,544,094	4,713,124	8,830,970
28,001 - 29,000	7,875	13,412,242	4,567,006	8,845,236
29,001 - 30,000	7,426	12,850,372	4,265,880	8,584,492
30,001 - 35,000	31,125	57,234,046	17,848,058	39,385,988
35,001 - 40,000	22,134	45,417,290	12,647,706	32,769,584
40,001 - 45,000	15,373	35,279,287	9,118,641	26,160,646
45,001 - 50,000	10,518	26,292,096	6,451,493	19,840,603
Over 50,000	<u>23,400</u>	<u>73,966,522</u>	<u>14,818,185</u>	<u>59,148,337</u>
Totals	372,258	\$576,838,590	\$222,054,364	\$354,784,226

Exhibit 19
Distribution of General Property Tax Credits by Household Income
Individual Income Tax, 1999

<u>Household Income</u>	<u>Number of Returns</u>	<u>Property Tax Paid</u>	<u>Property Tax Credit</u>	<u>Property Tax Paid After Credit</u>
\$1,000 and below	10,456	\$16,542,931	\$6,763,213	\$9,779,718
1,001 - 2,000	3,674	3,205,314	1,644,990	1,560,324
2,001 - 3,000	5,556	4,431,782	2,163,230	2,268,552
3,001 - 4,000	8,104	6,032,501	2,825,139	3,207,362
4,001 - 5,000	11,207	8,525,093	3,732,108	4,792,985
5,001 - 6,000	17,176	13,333,914	5,558,648	7,775,266
6,001 - 7,000	19,840	16,078,781	6,432,215	9,646,566
7,001 - 8,000	19,438	16,772,686	6,480,779	10,291,907
8,001 - 9,000	20,248	17,886,263	6,729,146	11,157,117
9,000 - 10,000	21,624	19,798,869	7,190,225	12,608,644
10,001 - 11,000	21,225	20,117,616	7,037,178	13,080,438
11,001 - 12,000	20,874	20,193,606	6,830,963	13,362,643
12,001 - 13,000	20,756	20,792,034	6,744,070	14,047,964
13,001 - 14,000	20,804	21,601,622	6,767,828	14,833,794
14,001 - 15,000	20,167	20,974,142	6,357,800	14,616,342
15,001 - 16,000	19,980	21,271,153	6,239,281	15,031,872
16,001 - 17,000	19,745	21,607,550	6,092,830	15,514,720
17,001 - 18,000	19,365	21,725,499	5,926,884	15,798,615
18,001 - 19,000	19,083	21,751,524	5,705,134	16,046,390
19,001 - 20,000	18,729	22,150,234	5,568,365	16,581,869
20,001 - 21,000	18,220	22,085,590	5,416,024	16,669,566
21,001 - 22,000	17,360	21,742,205	5,164,006	16,578,199
22,001 - 23,000	17,043	21,897,558	4,988,108	16,909,450
23,001 - 24,000	16,391	21,680,473	4,781,197	16,899,276
24,001 - 25,000	15,527	21,166,570	4,598,913	16,567,657
25,001 - 26,000	15,231	21,530,192	4,540,001	16,990,191
26,001 - 27,000	14,306	20,550,419	4,199,096	16,351,323
27,001 - 28,000	13,535	20,075,984	4,044,177	16,031,807
28,001 - 29,000	12,970	19,674,533	3,871,511	15,803,022
29,001 - 30,000	12,407	19,229,636	3,694,202	15,535,434
30,001 - 35,000	53,082	89,003,845	16,204,059	72,799,786
35,001 - 40,000	40,944	76,465,855	12,879,067	63,586,788
40,001 - 45,000	31,811	66,487,570	10,643,535	55,844,035
45,001 - 50,000	25,061	58,250,940	8,988,718	49,262,222
Over 50,000	<u>80,091</u>	<u>242,904,688</u>	<u>30,003,889</u>	<u>212,900,799</u>
Totals	722,030	\$1,077,539,173	\$236,806,529	\$840,732,644

Exhibit 20
Distribution of Home Heating Credits by Household Income
Individual Income Tax, 1999

<u>Household Income</u>	<u>Senior Citizens</u>		<u>General</u>		<u>Disabled (1)</u>		<u>Veterans</u>	
	<u>Number of Returns</u>	<u>Home Heating Credit</u>	<u>Number of Returns</u>	<u>Home Heating Credit</u>	<u>Number of Returns</u>	<u>Home Heating Credit</u>	<u>Number of Returns</u>	<u>Home Heating Credit</u>
\$ 1,000 and below	757	\$376,859	7,267	\$2,878,364	93	\$35,680	4	\$1,403
1,001 - 2,000	215	76,945	3,601	1,059,751	34	10,969	1	260
2,001 - 3,000	476	153,429	5,519	1,510,362	92	26,247	4	1,561
3,001 - 4,000	980	275,578	7,655	1,907,856	172	42,152	5	1,137
4,001 - 5,000	2,305	565,655	11,265	2,634,424	385	85,699	15	3,090
5,001 - 6,000	5,864	1,202,674	20,602	4,073,261	3,467	573,633	61	11,285
6,001 - 7,000	11,789	2,095,915	26,624	4,629,938	4,532	693,194	136	19,910
7,001 - 8,000	9,546	1,471,572	19,903	3,239,460	1,518	223,447	80	11,594
8,001 - 9,000	11,081	1,414,197	19,438	2,836,695	1,352	180,975	121	14,137
9,001 - 10,000	10,870	1,198,721	16,429	2,728,305	1,399	200,707	56	7,105
Over 10,000	28,964	2,434,837	69,030	9,165,416	3,417	463,822	349	39,869
Totals	82,847	\$11,266,382	207,333	\$36,663,832	16,461	\$2,536,525	832	\$111,351
Average Credit		\$135.99		\$176.84		\$154.09		\$133.84

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

Exhibit 21 1999 Income Tax Collections by County

<u>County</u>	<u>Property Tax Credits</u>	<u>Home Heating Credits</u>	<u>Tax After Credits</u>	<u>Percent of Total Tax</u>
Alcona	\$272,573	\$116,833	\$3,363,134	0.1%
Alger	175,845	77,332	3,390,650	0.1%
Allegan	3,669,020	365,364	53,134,454	0.8%
Alpena	1,074,207	268,749	13,226,328	0.2%
Antrim	1,005,715	145,238	9,713,083	0.2%
Arenac	717,364	168,491	4,776,856	0.1%
Baraga	146,416	60,843	2,588,426	0.0%
Barry	1,387,413	166,868	27,308,087	0.4%
Bay	5,471,708	689,519	55,797,518	0.9%
Benzie	450,464	88,741	6,185,585	0.1%
Berrien	6,272,165	1,136,719	84,263,189	1.3%
Branch	1,728,573	232,320	17,930,830	0.3%
Calhoun	5,764,854	821,598	64,762,383	1.0%
Cass	1,829,779	255,602	17,926,033	0.3%
Charlevoix	912,498	135,218	16,542,020	0.3%
Cheboygan	595,880	199,861	9,020,374	0.1%
Chippewa	760,380	258,134	12,135,972	0.2%
Clare	628,615	336,726	10,383,026	0.2%
Clinton	2,397,359	178,268	31,427,285	0.5%
Crawford	270,878	105,960	3,773,214	0.1%
Delta	969,633	326,250	17,748,244	0.3%
Dickinson	1,000,140	181,704	12,649,286	0.2%
Eaton	5,182,907	335,212	67,368,915	1.1%
Emmet	1,277,804	154,325	19,872,550	0.3%
Genesee	13,837,688	2,554,433	251,934,318	4.0%
Gladwin	829,558	241,709	8,882,962	0.1%
Gogebic	296,013	185,844	4,890,785	0.1%
Grand Traverse	3,954,007	255,528	52,780,471	0.8%
Gratiot	1,664,948	285,061	17,481,063	0.3%
Hillsdale	1,586,725	359,631	21,187,563	0.3%
Houghton	601,435	299,920	12,012,064	0.2%
Huron	4,482,554	352,963	13,674,750	0.2%
Ingham	15,249,610	1,209,166	155,137,071	2.4%
Ionia	1,870,598	254,514	28,580,859	0.5%
Iosco	695,718	263,395	9,090,060	0.1%
Iron	235,315	142,945	3,905,397	0.1%
Isabella	1,963,278	262,765	40,472,787	0.6%
Jackson	4,880,425	708,693	82,927,454	1.3%
Kalamazoo	10,086,138	898,795	144,176,444	2.3%
Kalkaska	392,265	101,457	6,117,951	0.1%
Kent	21,605,325	1,984,630	385,127,254	6.1%
Keweenaw	24,200	16,533	641,378	0.0%
Lake	237,497	164,162	1,996,916	0.0%
Lapeer	2,600,023	262,246	53,226,611	0.8%
Leelanau	771,792	56,893	9,503,729	0.1%

Exhibit 21 (cont.)

<u>County</u>	<u>Property Tax Credits</u>	<u>Home Heating Credits</u>	<u>Tax After Credits</u>	<u>Percent of Total Tax</u>
Lenawee	\$4,639,052	\$378,385	\$52,284,577	0.8%
Livingston	4,653,099	179,311	104,037,205	1.6%
Luce	51,157	59,213	2,201,288	0.0%
Mackinac	318,213	95,226	4,610,769	0.1%
Macomb	52,613,691	2,089,484	561,609,759	8.9%
Manistee	744,986	184,372	9,392,622	0.1%
Marquette	1,396,827	337,732	28,681,029	0.5%
Mason	1,085,923	211,001	11,813,216	0.2%
Mecosta	916,867	248,619	13,947,940	0.2%
Menominee	510,244	224,012	9,896,441	0.2%
Midland	2,273,899	308,026	59,952,645	0.9%
Missaukee	505,246	105,038	4,141,585	0.1%
Monroe	5,393,634	401,364	82,395,749	1.3%
Montcalm	2,320,981	448,961	25,617,458	0.4%
Montmorency	203,343	110,650	3,215,438	0.1%
Muskegon	5,712,333	1,092,919	77,067,319	1.2%
Newaygo	1,300,420	282,371	16,864,406	0.3%
Oakland	79,943,603	2,290,100	1,308,212,501	20.6%
Oceana	971,429	216,503	9,381,464	0.1%
Ogemaw	632,120	254,640	6,734,489	0.1%
Ontonagon	127,965	81,777	2,470,420	0.0%
Osceola	746,906	267,346	8,869,903	0.1%
Oscoda	104,592	80,662	2,033,811	0.0%
Otsego	418,574	98,083	13,291,603	0.2%
Ottawa	9,287,061	477,379	171,695,392	2.7%
Presque Isle	397,475	179,442	4,770,513	0.1%
Roscommon	755,668	264,471	8,217,372	0.1%
Saginaw	7,357,312	1,483,309	106,587,698	1.7%
St. Clair	7,782,786	698,505	101,110,404	1.6%
St. Joseph	2,005,349	301,450	29,372,578	0.5%
Sanilac	2,752,693	374,260	17,449,867	0.3%
Schoolcraft	109,495	97,170	3,257,279	0.1%
Shiawassee	3,018,863	364,351	39,587,855	0.6%
Tuscola	3,772,180	354,897	26,540,550	0.4%
Van Buren	3,460,479	523,602	35,710,361	0.6%
Washtenaw	21,286,564	652,123	267,732,625	4.2%
Wayne (excl. Detroit)	69,900,079	3,345,626	677,401,489	10.7%
Wexford	1,012,249	238,506	13,056,667	0.2%
Outside Michigan	3,797,141	368,751	176,972,225	2.8%
Detroit	<u>50,851,872</u>	<u>13,141,295</u>	<u>376,000,641</u>	<u>5.9%</u>
	\$486,959,672	\$50,578,090	\$6,343,222,482	100.0%

Exhibit 22 1999 Income Tax Data by County

County	1999	1999	Income		Average		Average		Credits		Ratio of		Average	
	AGI	AGI	Tax	Rank	Income	Rank	Income	Rank	as a %	Rank	Property	Rank	Property	Rank
	(Millions)	Average	Before		Before		After		of Tax		Filed		Credit (1)	
			Credits		Credits		Credits		Before		Rank		Rank	Rank
Alcona	\$151.6	\$31,632	\$3,836,104	74	\$801	78	\$702	80	12.3%	14	19.0%	55	\$300	62
Alger	123.7	31,187	3,707,123	75	934	59	855	58	8.5%	62	17.0%	76	261	73
Allegan	1,657.8	41,416	57,604,959	22	1,439	20	1,327	19	7.8%	68	20.8%	43	441	16
Alpena	473.9	33,914	14,884,077	46	1,065	48	946	48	11.1%	23	25.3%	15	304	60
Antrim	370.3	36,902	11,011,173	54	1,097	46	968	47	11.8%	17	22.6%	30	443	15
Arenac	194.6	29,389	5,722,617	67	864	71	721	75	16.5%	3	25.4%	12	427	17
Baraga	96.5	31,822	2,844,710	78	939	58	854	59	9.0%	53	17.2%	75	281	66
Barry	852.7	41,753	29,201,081	33	1,430	22	1,337	15	6.5%	76	18.3%	67	371	39
Bay	1,895.8	37,579	62,687,808	20	1,243	30	1,106	31	11.0%	27	28.2%	6	384	34
Benzie	228.9	34,046	6,841,721	65	1,018	53	920	52	9.6%	45	20.2%	49	331	50
Berrien	2,818.9	38,465	93,206,430	14	1,272	29	1,150	29	9.6%	44	24.4%	20	350	45
Branch	622.4	33,949	20,155,443	39	1,099	45	978	45	11.0%	25	20.6%	45	458	11
Calhoun	2,242.7	37,708	72,992,911	18	1,227	32	1,089	33	11.3%	21	25.8%	11	375	36
Cass	639.3	36,174	20,681,123	38	1,170	37	1,014	41	13.3%	7	20.5%	46	506	7
Charlevoix	535.3	43,844	17,767,316	44	1,455	15	1,355	13	6.9%	74	20.0%	51	374	37
Cheboygan	339.7	31,580	9,933,754	62	924	63	839	62	9.2%	50	18.4%	65	301	61
Chippewa	449.2	30,753	13,367,120	50	915	67	831	63	9.2%	49	18.5%	64	282	65
Clare	393.6	29,557	11,533,082	53	866	70	780	69	10.0%	36	18.2%	69	259	74
Clinton	998.6	43,781	34,141,231	28	1,497	12	1,378	12	7.9%	66	23.4%	25	450	13
Crawford	147.6	30,243	4,249,918	73	871	69	773	70	11.2%	22	20.4%	48	272	68
Delta	612.1	35,458	19,437,870	41	1,126	42	1,028	38	8.7%	59	19.7%	53	285	63
Dickinson	449.7	36,195	14,046,039	48	1,131	41	1,018	40	9.9%	37	23.9%	22	336	49
Eaton	2,179.8	42,997	73,972,216	17	1,459	14	1,329	17	8.9%	55	25.2%	16	405	28
Emmet	638.0	42,641	21,559,049	36	1,441	19	1,328	18	7.8%	67	22.7%	29	377	35
Genesee	8,139.2	41,658	272,503,017	6	1,395	24	1,289	21	7.5%	72	22.5%	31	315	58
Gladwin	350.5	32,130	10,110,151	60	927	61	814	65	12.1%	15	24.1%	21	316	57
Gogebic	193.0	28,378	5,550,800	68	816	75	719	76	11.9%	16	19.8%	52	220	81
Grand Traverse	1,697.8	42,848	57,495,308	23	1,451	16	1,332	16	8.2%	63	25.0%	17	398	29
Graziot	601.6	34,256	19,551,245	40	1,113	43	995	42	10.6%	31	18.7%	61	508	6
Hillsdale	713.4	35,417	23,655,531	35	1,174	36	1,052	37	10.4%	32	18.8%	58	419	21
Houghton	432.4	30,243	13,222,464	52	925	62	840	61	9.2%	52	16.4%	77	256	75
Huron	579.9	33,364	18,290,895	43	1,052	50	787	68	25.2%	1	31.0%	3	832	1
Ingham	5,119.2	42,296	175,355,505	8	1,449	17	1,282	23	11.5%	19	31.9%	2	395	30
Ionia	931.3	36,857	31,106,012	30	1,231	31	1,131	30	8.1%	64	18.2%	68	407	27
Iosco	378.6	30,409	10,197,118	59	819	74	730	73	10.9%	29	21.0%	41	267	71
Iron	155.9	28,321	4,389,159	72	797	79	709	78	11.0%	26	19.1%	54	224	80
Isabella	1,260.1	44,364	43,153,255	26	1,519	11	1,425	10	6.2%	78	18.6%	62	372	38
Jackson	2,658.7	40,466	89,897,636	15	1,368	26	1,262	24	7.8%	69	21.0%	40	353	44
Kalamazoo	4,536.1	45,032	156,759,460	9	1,556	10	1,431	9	8.0%	65	27.3%	8	366	41
Kalkaska	220.4	31,121	6,706,593	66	947	57	864	55	8.8%	57	17.3%	73	320	56
Kent	11,670.9	46,094	416,819,367	4	1,646	7	1,521	6	7.6%	70	23.9%	23	357	43
Keweenaw	24.8	28,215	701,627	83	797	80	729	74	8.6%	61	10.9%	82	252	76
Lake	90.3	26,322	2,447,671	80	714	83	582	83	18.4%	2	26.5%	9	262	72
Lapeer	1,625.7	45,384	56,692,519	24	1,583	8	1,486	8	6.1%	79	17.7%	70	409	26
Leelanau	337.0	45,583	10,473,628	57	1,417	23	1,286	22	9.3%	48	21.5%	36	487	8

Exhibit 22 (cont.)

County	1999	1999	Income Tax Before		Average Income Tax Before		Average Income Tax After		Credits as a % of Tax Before		Ratio of Property Tax Credits to 1040s		Average Property Tax Credit (1)	
	AGI (Millions)	Average AGI	Credits	Rank	Credits	Rank	Credits	Rank	Credits	Rank	Filed	Rank	Credit (1)	Rank
Lenaw ee	\$1,734.3	\$41,008	\$58,695,491	21	\$1,388	25	\$1,236	26	10.9%	28	22.9%	28	\$479	9
Livingston	3,001.8	58,795	109,529,216	12	2,145	3	2,038	2	5.0%	82	20.2%	50	451	12
Luce	80.2	31,385	2,343,621	81	918	65	862	56	6.1%	80	10.9%	83	184	83
Mackinac	169.6	30,146	5,101,721	70	907	68	820	64	9.6%	41	17.4%	72	324	54
Macomb	17,740.5	47,160	623,284,992	3	1,657	6	1,493	7	9.9%	38	29.6%	5	473	10
Manistee	344.1	32,580	10,451,302	58	990	55	889	53	10.1%	35	21.5%	35	328	51
Marquette	968.1	35,585	30,914,113	31	1,136	38	1,054	36	7.2%	73	18.9%	57	272	69
Mason	419.2	34,429	13,332,584	51	1,095	47	970	46	11.4%	20	24.5%	19	364	42
Mecosta	503.3	33,922	15,449,910	45	1,041	51	940	49	9.7%	40	18.4%	66	337	48
Menominee	357.0	33,612	10,842,796	55	1,021	52	932	50	8.7%	58	17.7%	71	272	70
Midland	1,839.2	52,033	63,333,373	19	1,792	4	1,696	4	5.3%	81	18.9%	56	340	47
Missaukee	157.0	30,230	4,769,861	71	918	64	797	67	13.2%	8	21.7%	34	449	14
Monroe	2,846.3	45,789	98,097,299	13	1,578	9	1,326	20	16.0%	4	20.8%	44	418	22
Montcalm	870.4	33,444	28,688,527	34	1,102	44	984	43	10.7%	30	21.2%	38	421	18
Montmorency	140.6	29,357	3,587,523	76	749	81	672	81	10.4%	33	17.2%	74	246	77
Muskegon	2,556.1	36,161	85,247,467	16	1,206	34	1,090	32	9.6%	43	24.7%	18	327	52
New aygo	581.8	35,205	18,715,410	42	1,132	39	1,020	39	9.9%	39	20.4%	47	385	32
Oakland	37,557.8	70,261	1,403,636,022	1	2,626	1	2,447	1	6.8%	75	27.6%	7	543	3
Oceana	344.7	31,085	10,714,202	56	966	56	846	60	12.4%	13	21.2%	37	413	24
Ogemaw	270.6	29,378	7,731,075	64	839	72	731	72	12.9%	11	21.1%	39	325	53
Ontonagon	94.9	28,215	2,733,172	79	813	76	735	71	9.6%	42	15.9%	78	239	78
Osceola	327.9	29,915	10,038,787	61	916	66	809	66	11.6%	18	18.5%	63	368	40
Oscoda	83.4	26,944	2,263,754	82	732	82	657	82	10.2%	34	15.0%	80	226	79
Otsego	413.9	43,069	13,921,360	49	1,448	18	1,383	11	4.5%	83	15.9%	79	275	67
Ottaw a	5,144.2	48,853	183,326,357	7	1,741	5	1,631	5	6.3%	77	21.0%	42	421	20
Presque Isle	196.8	28,960	5,481,708	69	806	77	702	79	13.0%	10	18.7%	60	313	59
Roscommon	353.1	30,871	9,408,423	63	823	73	718	77	12.7%	12	23.3%	26	284	64
Saginaw	3,553.1	39,338	117,616,260	10	1,302	27	1,180	27	9.4%	47	23.4%	24	348	46
St. Clair	3,217.4	43,034	111,116,554	11	1,486	13	1,352	14	9.0%	54	25.3%	14	412	25
St. Joseph	981.9	35,991	32,416,680	29	1,188	35	1,077	35	9.4%	46	18.7%	59	392	31
Sanilac	644.8	32,848	20,703,844	37	1,055	49	889	54	15.7%	5	25.9%	10	541	4
Schoolcraft	119.3	31,476	3,523,883	77	930	60	859	57	7.6%	71	14.1%	81	205	82
Shiaw assee	1,302.0	38,165	43,424,131	25	1,273	28	1,160	28	8.8%	56	23.0%	27	385	33
Tuscola	954.5	35,254	30,631,073	32	1,131	40	980	44	13.4%	6	21.7%	33	642	2
Van Buren	1,199.2	36,444	40,176,566	27	1,221	33	1,085	34	11.1%	24	25.3%	13	416	23
Washtenaw	8,040.3	59,272	293,043,860	5	2,160	2	1,974	3	8.6%	60	30.7%	4	511	5
Wayne (incl. Detroit)	35,631.9	42,321	1,210,601,598	2	1,438	21	1,251	25	13.0%	9	34.1%	1	421	19
Wexford	453.0	32,067	14,372,870	47	1,017	54	924	51	9.2%	51	22.4%	32	320	55
Detroit	13,843.4	34,638	459,427,671		1,150		941		18.2%		36.5%		349	
Outside Michigan	26,068.9	183,400	185,182,789		1,303		1,245		4.4%		6.7%		398	
Totals	\$222,092.8	\$50,307	\$6,984,914,014		\$1,582		\$1,437		9.2%		25.9%		\$425	

(1) Includes Farmland Preservation credits.

Exhibit 23
Average Annual Individual Income Tax Rates

<u>Year</u>	<u>Rate</u>
1968	2.60%
1969	2.60%
1970	2.60%
1971	3.14%
1972	3.90%
1973	3.90%
1974	3.90%
1975	4.37%
1976	4.60%
1977	4.60%
1978	4.60%
1979	4.60%
1980	4.60%
1981	4.60%
1982	5.10%
1983	6.35%
1984	5.85%
1985	5.33%
1986	4.60%
1987	4.60%
1988	4.60%
1989	4.60%
1990	4.60%
1991	4.60%
1992	4.60%
1993	4.60%
1994	4.47%
1995	4.40%
1996	4.40%
1997	4.40%
1998	4.40%
1999	4.40%
2000	4.20%
2001	4.20%

Exhibit 24
Average Adjusted Gross Income by County
1999

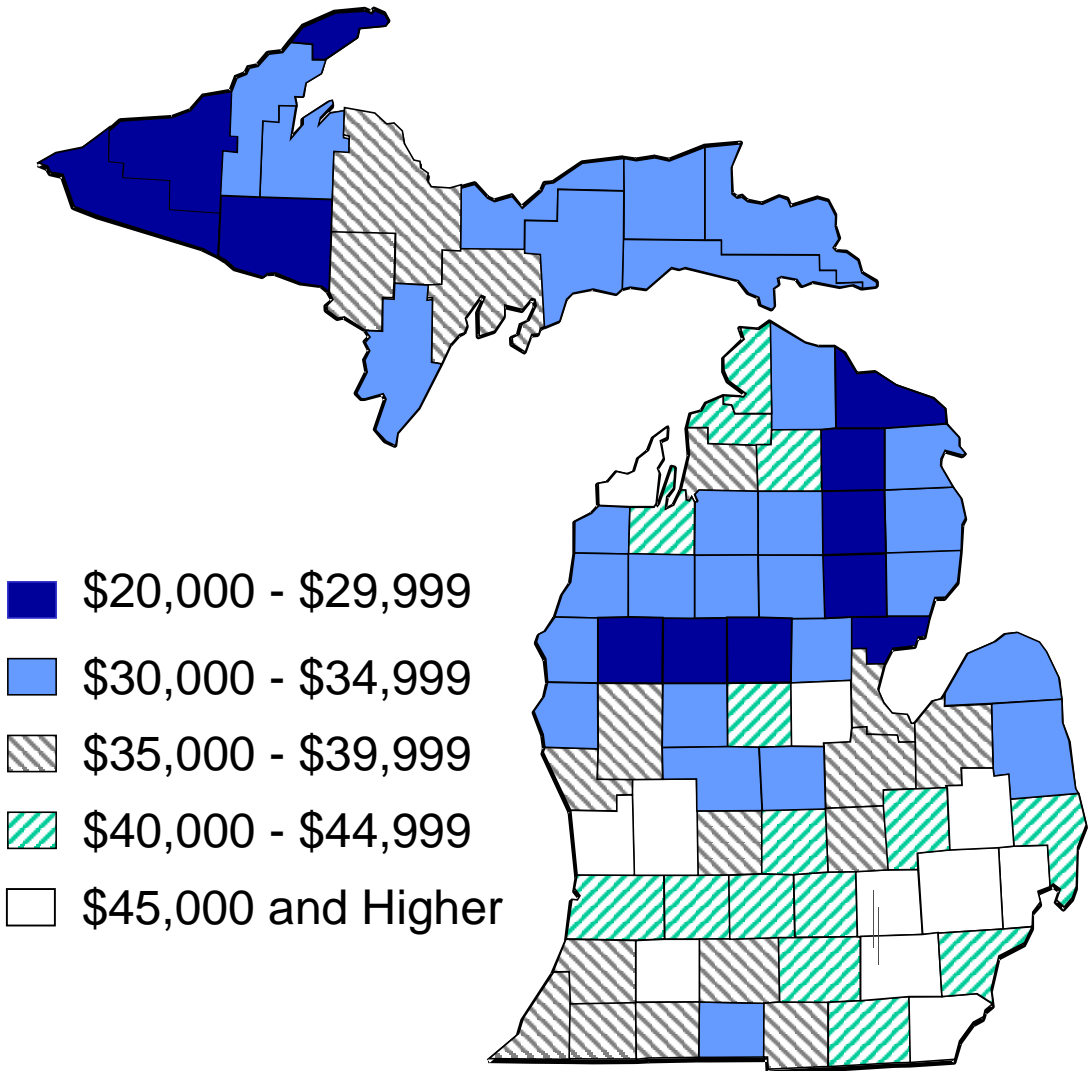


Exhibit 26
Growth in Michigan Income
1998 – 1999
(thousands)

	<u>1998</u>	<u>1999</u>	<u>Percentage Change</u>
Labor Earnings			
Wage and salary disbursements	\$157,497,283	\$166,625,552	5.8%
Other labor income	17,654,743	18,148,746	2.8%
Proprietors' income	<u>15,031,625</u>	<u>16,099,325</u>	7.1%
Total labor earnings	<u>\$190,183,651</u>	<u>\$200,873,623</u>	5.6%
Adjustments			
Personal contributions for social insurance	-\$11,764,518	-\$12,479,328	6.1%
Adjustment for residence	<u>904,344</u>	<u>943,679</u>	4.3%
Total adjustments	<u>-\$10,860,174</u>	<u>-\$11,535,649</u>	
Net Michigan labor earnings	\$179,323,477	\$189,337,974	5.6%
Dividends, interest, and rent	48,971,364	50,791,745	3.7%
Transfer payments	<u>34,957,056</u>	<u>37,166,199</u>	6.3%
Michigan Personal Income	\$263,251,897	\$277,295,918	5.3%

Source: Bureau of Economic Analysis, U.S. Department of Commerce.