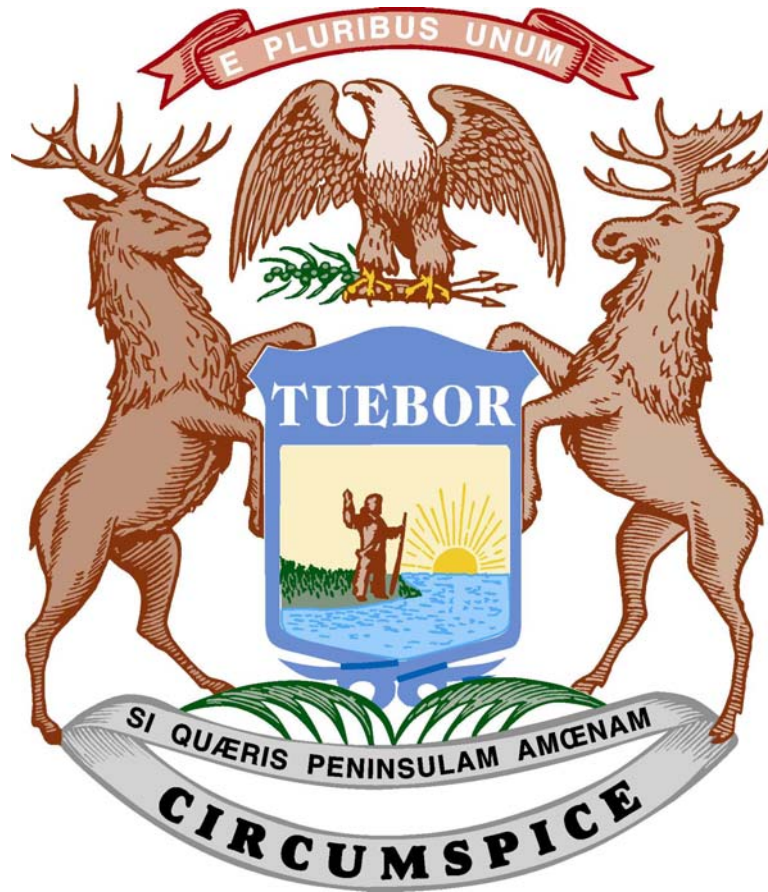


# 2009 Home Heating Expenses Reported by Home Heating Credit Filers



Prepared by  
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Michigan Department of Treasury  
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## **Background**

This report is completed in accordance with MCL 206.527a(15), which requires the Michigan Department of Treasury to complete an annual study of the heating costs of taxpayers receiving a home heating credit. The home heating credit is a refundable credit designed to assist low-income families with the cost of heating their homes. The credit was created by Public Act 458 of 1978, and is funded predominantly by federal funds disbursed to Michigan through the Low-Income Home Energy Assistance Program (LIHEAP).

The credit is based on the number of exemptions for which the household is eligible. Senior citizens, individuals who are disabled, deaf, blind, or have received unemployment compensation greater than 50 percent of their federal adjusted gross income (AGI) are entitled to extra exemptions. 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.

Michigan law requires home heating credits to be prorated or uniformly reduced so that the expected amount of total credit payments does not exceed the available federal funding. In the past few years, claimants have received only a percentage of their credit each year: 80 percent for 2003, 76 percent for 2004 through 2006, 53 percent for 2007, 65 percent for 2008 and 2009, and 52 percent for 2010.

There are two methods to calculate a home heating credit. Claimants eligible to use both methods use the one that provides the higher benefit. The standard credit for most claimants is equal to a standard allowance amount determined by family size less 3.5 percent of household income. Taxpayers who rent their homestead may have heating expenses included in their rent. These taxpayers claim the credit using the standard calculation. The credit for renters with heat included in their rent is then reduced by 50 percent. The standard allowance is increased for senior citizens and claimants with disabilities. The alternative credit is equal to 70 percent of the difference between actual heating costs and 11 percent of household income.

## **Data**

The detailed information in this report was gathered from the Department of Treasury's Data Warehouse based on the mainframe taxpayer tapes. Detailed information does not include supplemental credit amounts for 2008. The overall summary totals are from the TA-12720 reports. Whenever possible, overall summary totals include supplemental credit amounts.

## **Summary of 2009 Home Heating Credits**

About 484,800 taxpayers received a total of \$88.8 million in home heating credits in tax year 2009. Excluding supplemental credits paid in 2008, this represented an increase of 34,700 credits over the 2008 total, with \$4.5 million (5.3 percent) more in heating assistance provided to

low-income families. The average credit for 2009 (\$183.09) was 2.2 percent lower than the 2008 average credit excluding supplemental credit (\$187.23).

A total of 83,300 taxpayers used the alternative calculation based on energy consumption. Filers using the alternative calculation claimed credits worth \$33.2 million (about 37.4 percent of all home heating credits). The average credit under the alternative credit was \$399.30 compared to \$134.61 under the standard calculation. A total of 401,500 taxpayers used the standard calculation, claiming \$55.6 million in credits (about 62.6 percent of all home heating credits).

## **Home Heating Expenses**

From the total claimants of the home heating credits in tax year 2009, approximately 61.8 percent reported their heating expenses on the home heating credit form. From the total of claimants who reported their heating expenses, only 2.2 percent reported that heating expenses were included in their rent. This represents about 5.9 percent of all claimants who reported that heating was included in their rent. About 78.7 percent of all claimants who reported that heating expenses were not included in their rent disclosed their heating expenses on the credit form.

Filers likely omit their heating expenses, in part, because these expenses are not required to calculate the standard credit. The attached tables are based on two subgroups of credit filers. The first subgroup is all credits with heating expenses reported. The second is all credits using the alternate credit calculation. The tables show the number of credits, reported heating expenses, and the credit amount claimed for both 2009 and 2008. The distribution of credits for each subgroup is presented by household income, credit amount, and heating expenses.

Tables 1 through 3 present the distribution of home heating credits for all credits with heating expenses reported on the credit form for tax year 2009 by income, credit amount, and expenses. Similar distributions are presented for 2008 in Tables 7 through 9. In order to better compare 2008 and 2009 statistics, supplemental credit amounts for 2008 were not included in any of the tables in this report.

The average heating expense amount reported a decrease from \$1,420 for 2008 to \$1,372 for 2009 (-3.4 percent). Total reported expenses increased by \$0.9 million to \$395.6 million for 2009. The average home heating credit among those credits reporting expenses decreased from \$229 for 2008 to \$221 for 2009 (-3.5 percent). The average percentage of expenses reimbursed by the home heating credit decreased slightly from 2008 (16.2 percent) to 2009 (16.1 percent).

Tables 4 through 6 present the distribution of home heating credits for filers using the alternative credit calculation method by income, credit amount, and heating expenses for 2009. Similar distributions are presented in Tables 10 through 12 for 2008.

In general, alternative-credit filers have lower average incomes and higher average heating expenses than filers using the standard-credit calculation method. The average alternative credit is also significantly larger.

The average heating expense amount reported by filers using the alternative calculation increased from \$2,070 in 2008 to \$2,108 in 2009 (1.8 percent). Total credits decreased by \$4.6 million to \$31.9 million in 2009. The average credit using the alternative calculation increased from \$387 in 2008 to \$397 in 2009 (2.6 percent). Claimants using the alternative calculation had an average of 18.8 percent of their reported heating expenses reimbursed by the home heating credit in 2009, on par with the average of 18.7 percent in 2008.

**Table 1**  
**2009 Home Heating Credits Reporting Heating Expenses**  
**by Household Income**

<u>Household Income</u>	<u>Number of Credits</u>	<u>Total Expenses Reported</u>	<u>Average Expense Amount</u>	<u>Total Credit Amount</u>	<u>Average Credit Amount</u>	<u>Credit as Percent of Expenses</u>
Up to \$3,000	15,222	\$18,115,760	\$1,190	\$7,841,989	\$515	43.3%
\$3,001 - \$6,000	16,767	19,403,518	1,157	6,122,678	365	31.6%
\$6,001 - \$9,000	48,657	61,367,218	1,261	14,275,196	293	23.3%
\$9,001 - \$12,000	58,154	76,315,685	1,312	13,258,068	228	17.4%
\$12,001 - \$15,000	57,349	80,126,530	1,397	10,480,394	183	13.1%
Over \$15,000	<u>92,185</u>	<u>140,285,556</u>	1,522	<u>11,774,557</u>	128	8.4%
Total	288,334	\$395,614,267	\$1,372	\$63,752,882	\$221	16.1%

Note:

. Totals include all home heating credits, both standard and alternate calculations, reporting annual heating costs.

**Table 2**  
**2009 Home Heating Credits Reporting Heating Expenses**  
**by Credit Amount**

<u>Credit Amount</u>	<u>Number of Credits</u>	<u>Total Expenses Reported</u>	<u>Average Expense Amount</u>	<u>Total Credit Amount</u>	<u>Average Credit Amount</u>	<u>Credit as Percent of Expenses</u>
Up to \$100	86,565	\$99,197,232	\$1,146	\$4,506,417	\$52	4.5%
\$101 - \$150	40,672	46,955,162	1,154	5,047,020	124	10.7%
\$151 - \$200	39,744	45,334,231	1,141	6,903,312	174	15.2%
\$201 - \$250	25,951	33,043,222	1,273	5,793,593	223	17.5%
\$251 - \$300	22,092	30,114,105	1,363	6,028,487	273	20.0%
More than \$300	<u>73,310</u>	<u>140,970,315</u>	1,923	<u>35,474,053</u>	484	25.2%
Total	288,334	\$395,614,267	\$1,372	\$63,752,882	\$221	16.1%

Note:

. Totals include all home heating credits, both standard and alternate calculations, reporting annual heating costs.

**Table 3**  
**2009 Home Heating Credits Reporting Heating Expenses**  
**by Heating Expenses**

<u>Annual Heating Expenses</u>	<u>Number of Credits</u>	<u>Total Expenses Reported</u>	<u>Average Expense Amount</u>	<u>Total Credit Amount</u>	<u>Average Credit Amount</u>	<u>Credit as Percent of Expenses</u>
Up to \$500	24,684	\$7,331,989	\$297	\$3,669,844	\$149	50.1%
\$501 - \$750	31,452	19,623,969	624	4,770,499	152	24.3%
\$751 - \$1,000	46,075	40,374,984	876	7,227,986	157	17.9%
\$1,001 - \$1,500	85,209	103,737,218	1,217	15,128,090	178	14.6%
More than \$1,500	<u>100,914</u>	<u>224,546,107</u>	2,225	<u>32,956,463</u>	327	14.7%
Total	288,334	\$395,614,267	\$1,372	\$63,752,882	\$221	16.1%

Note:

. Totals include all home heating credits, both standard and alternate calculations, reporting annual heating costs.

**Table 4**  
**2009 Home Heating Credits Reporting Heating Expenses**  
**Alternate Credit Filers Only**  
**by Household Income**

<u>Household Income</u>	<u>Number of Credits</u>	<u>Total Expenses Reported</u>	<u>Average Expense Amount</u>	<u>Total Credit Amount</u>	<u>Average Credit Amount</u>	<u>Credit as Percent of Expenses</u>
Up to \$3,000	9,890	\$14,528,310	\$1,469	\$5,959,518	\$603	41.0%
\$3,001 - \$6,000	7,861	13,080,906	1,664	3,857,671	491	29.5%
\$6,001 - \$9,000	19,034	37,019,872	1,945	8,400,171	441	22.7%
\$9,001 - \$12,000	18,188	39,358,407	2,164	6,921,424	381	17.6%
\$12,001 - \$15,000	14,069	34,386,972	2,444	4,523,272	322	13.2%
Over \$15,000	<u>11,290</u>	<u>30,981,731</u>	2,744	<u>2,244,650</u>	199	7.2%
Total	80,332	\$169,356,198	\$2,108	\$31,906,706	\$397	18.8%

Note:

. The household income limits for the alternate credit for tax year 2009 were \$12,590 for one-person households, \$16,942 for two, \$21,298 for three, and \$21,373 for all others (same as in 2008).

**Table 5**  
**2009 Home Heating Credits Reporting Heating Expenses**  
**Alternate Credit Filers Only**  
**by Credit Amount**

<u>Credit Amount</u>	<u>Number of Credits</u>	<u>Total Expenses Reported</u>	<u>Average Expense Amount</u>	<u>Total Credit Amount</u>	<u>Average Credit Amount</u>	<u>Credit as Percent of Expenses</u>
Up to \$100	4,000	\$7,662,402	\$1,916	\$255,998	\$64	3.3%
\$101 - \$150	4,634	9,062,626	1,956	581,774	126	6.4%
\$151 - \$200	6,137	11,494,853	1,873	1,075,790	175	9.4%
\$201 - \$250	6,922	12,552,274	1,813	1,555,806	225	12.4%
\$251 - \$300	7,762	14,782,750	1,905	2,132,043	275	14.4%
More than \$300	<u>50,877</u>	<u>113,801,293</u>	2,237	<u>26,305,295</u>	517	23.1%
Total	80,332	\$169,356,198	\$2,108	\$31,906,706	\$397	18.8%

**Table 6**  
**2009 Home Heating Credits Reporting Heating Expenses**  
**Alternate Credit Filers Only**  
**by Heating Expenses**

<u>Annual Heating Expenses</u>	<u>Number of Credits</u>	<u>Total Expenses Reported</u>	<u>Average Expense Amount</u>	<u>Total Credit Amount</u>	<u>Average Credit Amount</u>	<u>Credit as Percent of Expenses</u>
Up to \$500	13	\$2,431	\$187	\$691	\$53	28.4%
\$501 - \$750	444	299,835	675	124,264	280	41.4%
\$751 - \$1,000	2,538	2,267,742	894	794,641	313	35.0%
\$1,001 - \$1,500	14,176	18,202,311	1,284	4,367,873	308	24.0%
More than \$1,500	<u>63,161</u>	<u>148,583,879</u>	2,352	<u>26,619,237</u>	421	17.9%
Total	80,332	\$169,356,198	\$2,108	\$31,906,706	\$397	18.8%

**Table 7**  
**2008 Home Heating Credits Reporting Heating Expenses**  
**by Household Income**

<u>Household Income</u>	<u>Number of Credits</u>	<u>Total Expenses Reported</u>	<u>Average Expense Amount</u>	<u>Total Credit Amount</u>	<u>Average Credit Amount</u>	<u>Credit as Percent of Expenses</u>
Up to \$3,000	15,239	\$18,785,463	\$1,233	\$7,911,499	\$519	42.1%
\$3,001 - \$6,000	19,997	24,452,780	1,223	7,457,062	373	30.5%
\$6,001 - \$9,000	55,522	72,139,208	1,299	16,269,740	293	22.6%
\$9,001 - \$12,000	60,561	83,234,437	1,374	13,768,295	227	16.5%
\$12,001 - \$15,000	55,296	80,876,455	1,463	9,575,312	173	11.8%
Over \$15,000	<u>71,371</u>	<u>115,170,857</u>	1,614	<u>8,811,915</u>	123	7.7%
Total	277,986	\$394,659,200	\$1,420	\$63,793,823	\$229	16.2%

Note:

- . Totals include all home heating credits, both standard and alternate calculations, reporting annual heating costs.
- . Does not include supplemental credit.

**Table 8**  
**2008 Home Heating Credits Reporting Heating Expenses**  
**by Credit Amount**

<u>Credit Amount</u>	<u>Number of Credits</u>	<u>Total Expenses Reported</u>	<u>Average Expense Amount</u>	<u>Total Credit Amount</u>	<u>Average Credit Amount</u>	<u>Credit as Percent of Expenses</u>
Up to \$100	79,974	\$92,610,685	\$1,158	\$4,192,482	\$52	4.5%
\$101 - \$150	38,015	44,317,733	1,166	4,708,362	124	10.6%
\$151 - \$200	37,211	43,150,667	1,160	6,442,129	173	14.9%
\$201 - \$250	25,274	33,459,403	1,324	5,648,352	223	16.9%
\$251 - \$300	21,228	30,340,943	1,429	5,783,240	272	19.1%
More than \$300	<u>76,284</u>	<u>150,779,769</u>	1,977	<u>37,019,258</u>	485	24.6%
Total	277,986	\$394,659,200	\$1,420	\$63,793,823	\$229	16.2%

Note:

- . Totals include all home heating credits, both standard and alternate calculations, reporting annual heating costs.
- . Does not include supplemental credit.



**Table 9**  
**2008 Home Heating Credits Reporting Heating Expenses**  
**by Heating Expenses**

<u>Annual Heating Expenses</u>	<u>Number of Credits</u>	<u>Total Expenses Reported</u>	<u>Average Expense Amount</u>	<u>Total Credit Amount</u>	<u>Average Credit Amount</u>	<u>Credit as Percent of Expenses</u>
Up to \$500	21,842	\$6,351,754	\$291	\$3,146,519	\$144	49.5%
\$501 - \$750	27,410	17,090,272	624	4,069,426	148	23.8%
\$751 - \$1,000	40,549	35,541,583	877	6,232,325	154	17.5%
\$1,001 - \$1,500	82,571	100,813,174	1,221	14,830,367	180	14.7%
More than \$1,500	<u>105,614</u>	<u>234,862,417</u>	2,224	<u>35,515,186</u>	336	15.1%
Total	277,986	\$394,659,200	\$1,420	\$63,793,823	\$229	16.2%

Note:

- . Totals include all home heating credits, both standard and alternate calculations, reporting annual heating costs.
- . Does not include supplemental credit.

**Table 10**  
**2008 Home Heating Credits Reporting Heating Expenses**  
**Alternate Credit Filers Only**  
**by Household Income**

<u>Household Income</u>	<u>Number of Credits</u>	<u>Total Expenses Reported</u>	<u>Average Expense Amount</u>	<u>Total Credit Amount</u>	<u>Average Credit Amount</u>	<u>Credit as Percent of Expenses</u>
Up to \$3,000	10,492	\$15,575,200	\$1,484	\$6,297,216	\$600	40.4%
\$3,001 - \$6,000	10,503	17,639,333	1,679	5,146,373	490	29.2%
\$6,001 - \$9,000	24,404	46,684,584	1,913	10,440,961	428	22.4%
\$9,001 - \$12,000	21,784	46,480,164	2,134	7,874,876	361	16.9%
\$12,001 - \$15,000	15,895	38,330,324	2,411	4,709,325	296	12.3%
Over \$15,000	<u>11,321</u>	<u>30,696,811</u>	2,711	<u>2,028,776</u>	179	6.6%
Total	94,399	\$195,406,416	\$2,070	\$36,497,527	\$387	18.7%

Note:

- . The household income limits for the alternate credit for tax year 2008 were \$12,590 for one-person households, \$16,942 for two, \$21,298 for three, and \$21,373 for all others.
- . Does not include supplemental credit.

**Table 11**  
**2008 Home Heating Credits Reporting Heating Expenses**  
**Alternate Credit Filers Only**  
**by Credit Amount**

<u>Credit Amount</u>	<u>Number of Credits</u>	<u>Total Expenses Reported</u>	<u>Average Expense Amount</u>	<u>Total Credit Amount</u>	<u>Average Credit Amount</u>	<u>Credit as Percent of Expenses</u>
Up to \$100	5,446	\$10,293,436	\$1,890	\$333,166	\$61	3.2%
\$101 - \$150	5,597	10,450,887	1,867	701,026	125	6.7%
\$151 - \$200	7,365	13,178,320	1,789	1,290,166	175	9.8%
\$201 - \$250	8,504	15,427,192	1,814	1,913,270	225	12.4%
\$251 - \$300	9,302	17,573,205	1,889	2,551,183	274	14.5%
More than \$300	<u>58,185</u>	<u>128,483,376</u>	2,208	<u>29,708,716</u>	511	23.1%
Total	94,399	\$195,406,416	\$2,070	\$36,497,527	\$387	18.7%

Note:

. Does not include supplemental credit.

**Table 12**  
**2008 Home Heating Credits Reporting Heating Expenses**  
**Alternate Credit Filers Only**  
**by Heating Expenses**

<u>Annual Heating Expenses</u>	<u>Number of Credits</u>	<u>Total Expenses Reported</u>	<u>Average Expense Amount</u>	<u>Total Credit Amount</u>	<u>Average Credit Amount</u>	<u>Credit as Percent of Expenses</u>
Up to \$500	17	\$4,404	\$259	\$1,012	\$60	23.0%
\$501 - \$750	517	348,715	674	141,072	273	40.5%
\$751 - \$1,000	2,792	2,496,020	894	825,168	296	33.1%
\$1,001 - \$1,500	18,310	23,494,998	1,283	5,356,333	293	22.8%
More than \$1,500	<u>72,763</u>	<u>169,062,279</u>	2,323	<u>30,173,942</u>	415	17.8%
Total	94,399	\$195,406,416	\$2,070	\$36,497,527	\$387	18.7%

Note:

. Does not include supplemental credit.