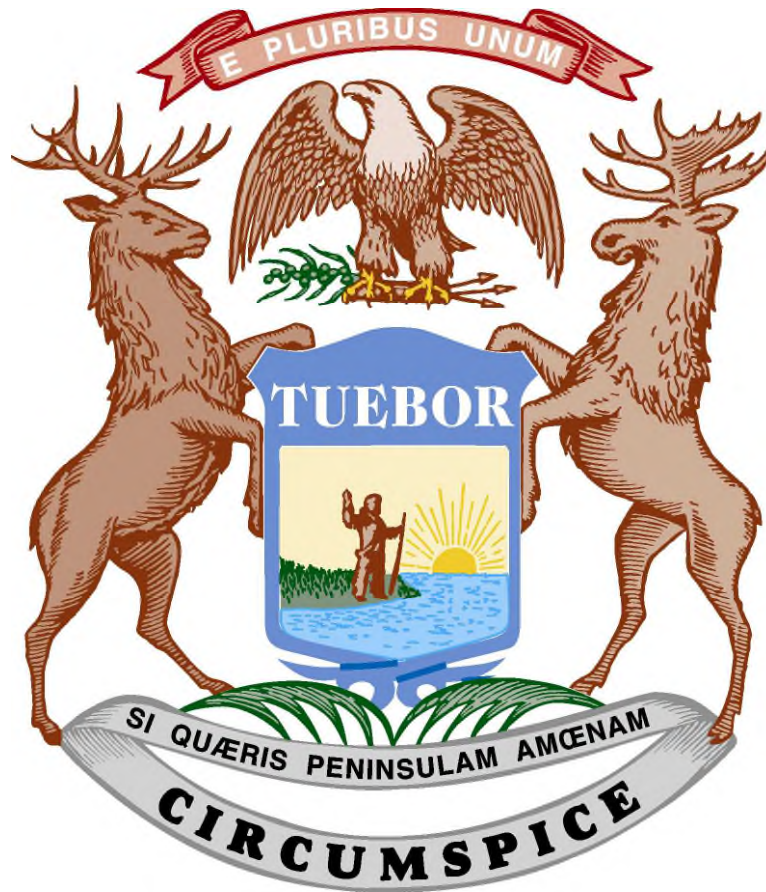
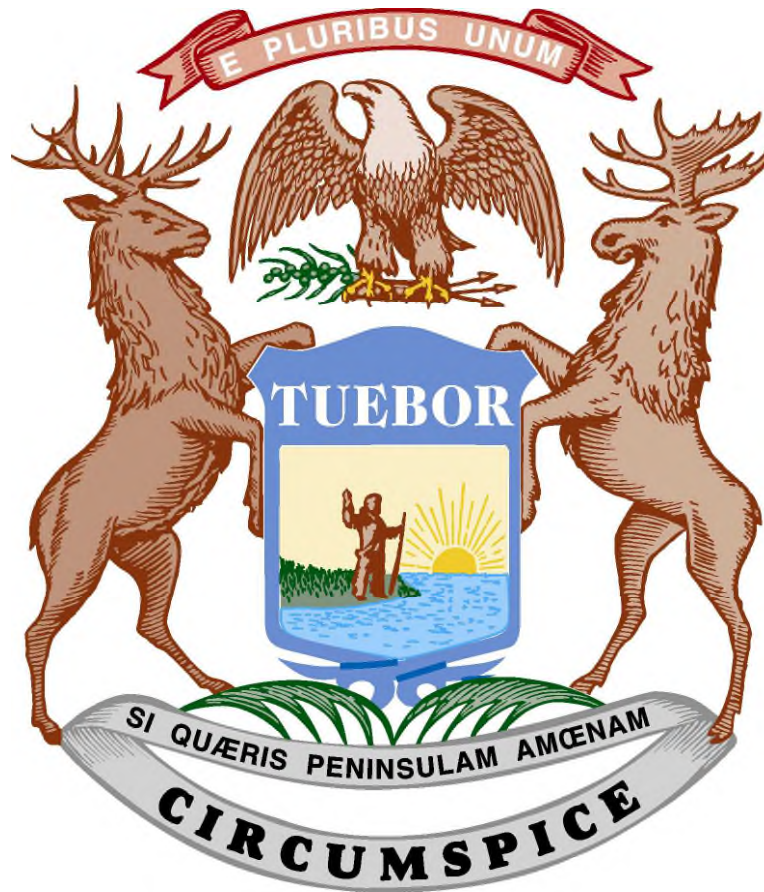


MICHIGAN'S INDIVIDUAL INCOME TAX 2017



**Michigan Department of Treasury
Office of Revenue and Tax Analysis
Tax Analysis Division
December 2019**

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I. EXECUTIVE SUMMARY

Returns and Revenue

For tax year 2017, Michigan's personal income tax generated \$8.7 billion in state revenues after all credits and refunds were paid. Net revenue increased \$604.9 million (7.4 percent) from 2016 levels, reflecting the increase in Adjusted Gross Income (AGI) from 2016 to 2017. About 4.8 million returns were filed for the 2017 tax year, or 37,900 more filers than the previous year.

Although the personal income tax was levied at a nominal flat rate of 4.25 percent in 2017, the average effective tax rate varied from negative 50.91 percent for filers with an AGI under \$2,000 to positive 3.38 percent for taxpayers with an AGI between \$190,001 and \$300,000. Including the impact of all refundable and nonrefundable credits, the overall effective tax rate was 2.37 percent. The negative effective rates for lower income groups arise because some taxpayers receive net payments from the state, due principally to the refundable credits for property taxes, home heating expenses, and the Michigan Earned Income Tax Credit (EITC). Most (91.6 percent) of the \$8.7 billion in net revenue was paid by income groups with income over \$50,000.

Interstate Comparisons

For fiscal year 2017, Michigan's income tax revenue was fourteenth lowest in the nation both on a per capita basis, and as a percentage of personal income, among the 41 states with a general income tax. Compared to the average for those 41 states, Michigan's income tax revenue was 31.1 percent below average on a per capita basis, and 22.8 percent below average as a percent of personal income.

Property Tax Credit

About 1.0 million Michigan homeowners, renters, and farmers received \$579.3 million in property tax credits, including farmland preservation credits, for 2017. The average property tax credit was \$579. Excluding farmland preservation credits, the average property tax credit for tax year 2017 was \$533. The total amount of property tax credits, including farmland preservation credits, decreased by \$0.4 million (-0.1 percent) with 28,300 fewer taxpayers benefiting compared to tax year 2016.

Senior citizens received about \$194.6 million in homestead property tax credits, a decrease of \$1.5 million from tax year 2016. For about 310,300 senior citizens receiving homestead property tax credits, the average credit was \$627.

Home Heating Credit

Home heating credits totaled \$62.9 million for tax year 2017, with about 319,600 households qualifying for an average credit of \$197. Home heating credits decreased \$5.5 million for 2017, with approximately 1,300 fewer taxpayers claiming the credit.

Michigan Earned Income Tax Credit (EITC)

About 748,600 taxpayers claimed about \$112.2 million in Michigan EITC for 2017, resulting in an average credit of \$150 per taxpayer. In 2008, the first year the Michigan credit became effective, the state credit was 10 percent of the federal credit. It increased to 20 percent of the federal credit for tax years 2009 through 2011, and was reduced to 6 percent of the federal credit effective for tax year 2012 and after.

Historic Preservation Credit

For tax year 2017, about 150 taxpayers claimed \$109,600 in historic preservation credits. Compared with tax year 2016, this was a decrease of \$54,200 with 24 more taxpayers claiming a credit.

Credit for Income Paid to Another State

For tax year 2017, 52,700 taxpayers received a total of \$71.2 million credit for income tax paid to another state, resulting in an average credit of \$1,351. This represented an increase of \$14.1 million with 1,300 more taxpayers claiming a credit.

Use Tax Payments

Starting in tax year 1999, taxpayers were asked to remit use tax payments along with their personal income tax returns. For 2017, 93,800 taxpayers paid \$5.6 million in use tax. Compared to 2016, this was an increase of \$228,500 on the total use tax paid, with 1,500 more taxpayers reporting use tax liability.

Tax Law Changes in 2018

Public Act (PA) 38 amended the Income Tax Act to specify the number of personal and dependency exemptions a taxpayer is allowed to claim, and deleted language under which the number of exemptions was controlled by the number allowed on a taxpayer's Federal return. The Act also increased the personal exemption for various tax years (from \$4,000 to \$4,050 for 2018, \$4,400 for 2019, \$4,750 for 2020, and \$4,900 for the 2021 tax year), required that the inflation-based adjusted amount of the exemption to be increased by an additional \$600 beginning with tax year 2022, and revised the deduction for contributions to and distributions from an ABLE savings account, and interest earned on contributions to education savings accounts.

PA 103 amended the Income Tax Act to allow an extension or renewal granted to certain Michigan renaissance zones to be included in a determination of whether a person is a resident of a renaissance zone for purposes of an income tax deduction.

PA 118 amended the Income Tax Act to change the deadline for filing an income tax withholding statement and an annual reconciliation return for tax year 2018 or later from February 28 to January 31 of the succeeding year, and to require electronic filing of annual returns and reports from employers with more than 250 employees.

PA 161 amended the Income Tax Act to extend provisions for determining the amount of Federal block grant funds used for weatherization in the calculation of the home heating credit when the block grant funds are less than the full credit amount until fiscal year 2022, require the Department of Health and Human Services (DHHS) to submit a report and recommendations on the home heating and weatherization assistance programs to certain legislative committees and members by July 1 each year, beginning in 2018, and prohibit the home heating credit from being claimed for tax years after 2017 unless the claimant provides the Department of Treasury with all of the information necessary to comply with the requirements of the Federal appropriation of the federal Low Income Home Energy Assistance Program (LIHEAP) block grant.

PA 252, 254, 256, and 258 amended the Income Tax Act to add, respectively, the following funds to the list of organizations to which a taxpayer can designate a contribution, beginning on tax year 2018: the Fostering Futures Scholarship Trust Fund, the Lions of Michigan Foundation Fund, the Michigan World War II Legacy Memorial Fund, and the Kiwanis Fund.

PA 309 amended the Income Tax Act to delete a provision requiring the State Treasurer to notify the Legislature if the State's Federal Low-Income Home Energy Assistance Program (LIHEAP) block grant allotment is less than the full home heating credit amount.

PA 588 amended the Income Tax Act to allow a taxpayer to deduct, to the extent included in adjusted gross income, compensation received in the tax year pursuant to the Wrongful Imprisonment Compensation Act for tax years beginning after 2017. The Act also adjusted the School Aid Fund (SAF) earmark to 0.954% (previously, 1.012%) divided by the tax rate, beginning on December 1, 2018. The reduction in the SAF earmark was designed to shift new revenue from the increased collection of sales tax on Internet purchases into the Michigan Transportation Fund (NTF) and the Renew Michigan Fund (RMF). The Act provides that if in any fiscal year from 2019 to 2022 the minimum foundation allowance falls below the fiscal year 2018 minimum foundation allowance established under the State School Aid Act, then for that fiscal year no money shall be deposited into the Renew Michigan Fund, and the distributions to the MTF revert to the limit established prior to the Act.

PA 589 amended the Income Tax Act to allow a taxpayer to claim an additional exemption in a tax year in which the taxpayer has a certificate of stillbirth from the Department of Health and Human Services, beginning for tax year 2019.

II. INTRODUCTION

This report summarizes information regarding the Michigan individual income tax for tax year 2017. It is based on returns filed and processed in calendar year 2018.

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

The Michigan income tax builds on the federal income tax, specifically federal adjusted gross income (AGI). As such, changes in federal law that alter the calculation of AGI will generally have an impact on the Michigan income tax base and revenues. Section IX summarizes the significant changes in federal income tax law in 2017 through 2019 and how those changes affect Michigan's income tax base. Section X summarizes the Michigan Public Acts (PA) in 2017 and 2018 that amended the Michigan Income Tax Act.

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

Section XII contains a summary of significant changes in federal income tax law since 2010 through changes in 2016, the Michigan personal income tax legislative history through 2016, and a table with chronological changes to the Michigan income tax requirements and limits since 1967.

III. HISTORY OF THE MICHIGAN INDIVIDUAL INCOME TAX¹

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

In response to the early 1980s economic recession that plagued Michigan with budget deficits, the state income tax rate was raised to 5.6 percent between April 1 and September 30, 1982, further increasing to 6.35 percent in 1983. As the Michigan economy improved, the income tax rate was rolled back to 5.85 percent in 1984, 5.33 percent in 1985, and 4.6 percent in 1986. On May 1, 1994, the rate was lowered to 4.4 percent, following the passage of the property tax reform package known as Proposal A. For the 1995 tax year only, the Headlee Amendment Refund reduced the income tax liability of all Michigan taxpayers by 2.0 percent. Legislation passed in 1999 reduced the income tax rate to 4.2 percent effective January 1, 2000, and further reduced the rate by 0.1 percentage point on January 2002, January 2003, and July 2004, bringing the rate to 3.9 percent, where it remained until September 2007. Renewed budgetary pressures led to legislation that increased the income tax rate to 4.35 percent effective October 1, 2007, and provided for a gradual reduction of the rate (0.1 percentage point) on each October 1 beginning in 2011, until the rate reached 3.95 percent, and finally dropped to 3.9 percent on October 1, 2015. However, PA 38 of 2011 and PA 223 of 2012 maintained the 4.35 percent rate through December 2012, and reduced the rate to 4.25 percent beginning October 2012. (See Exhibit 40 on page 59 for a complete list of average Michigan Individual Income tax rates since 1968.)

The starting point of the Michigan individual income tax is federal AGI. Therefore, changes in federal tax law can affect Michigan income tax collections. For example, the broad changes in AGI effected by the Tax Reform Act of 1986 significantly increased the Michigan income tax base. In response, the personal exemption was gradually increased from \$1,500 in 1986 to \$2,100 in 1990, a 40 percent overall increase. Under PAs 2 and 3 of 1995, the personal exemption increased to \$2,400 for tax years 1995 and 1996, and to \$2,500 in 1997, and the amount was indexed to inflation, where the inflation adjustments would be rounded to the nearest \$100 after tax year 1997. For tax years 1998 through 2013, the inflation adjusted personal exemption is further increased by an additional \$200 under PA 86 of 1997. PA 224 of 2012 provided that the personal exemption would increase to the greatest of the indexed value or a base (\$3,950 for October 1, 2012 through December 2013, and \$4,000 for tax years 2014 and after). In December 2017, the Tax Cuts and Jobs Act became law, providing the largest federal tax overhaul since 1986. To offset the revenue gains resulting from the federal changes on individual taxes, the Michigan personal exemption was increased to \$4,050 in 2018, up to \$4,900 in 2021. A table with chronological changes to the

¹ For a complete Michigan personal income tax legislative history through 2016, see Appendix A, page 61.

Michigan Income Tax (filing requirements, average rates, maximum limits of deductions and credits, and others) can be found in Appendix A on page 95.

For 2017, the following exemptions were available for taxpayers: \$4,000 personal exemption, \$2,600 special exemption for filers with certain disabilities, \$400 exemption for disabled veterans, and \$1,500 exemption for taxpayers claimed as dependent by another taxpayer. Effective in tax year 2012, PA 38 of 2011 eliminated exemptions for seniors, filers receiving at least 50 percent of their AGI from unemployment compensation, and children aged 18 years and under (for all changes resulting from that legislation, see page 89). Exhibit 1 depicts the average annual Michigan individual income tax rate and allowed exemptions since 2009.

Exhibit 1
Michigan Individual Income Tax Exemption Allowances

Tax Year	Average Rate	Personal Exemption	Claimed as Dependent Exemption	Special Exemptions			Unemployment Compensation	Child Age 18 and Under Exemption
				Blind, Deaf, or Disabled	Disabled Veteran	Senior		
2009	4.35%	3,600	1,500	2,300	300	2,300	2,300	600
2010	4.35%	3,600	1,500	2,300	300	2,300	2,300	600
2011	4.35%	3,700	1,500	2,400	300	2,400	2,400	600
2012	4.33% (a)	3,763 (b)	1,500	2,400	300	n.a.	n.a.	n.a.
2013	4.25%	3,950	1,500	2,500	300	n.a.	n.a.	n.a.
2014	4.25%	4,000	1,500	2,500	400	n.a.	n.a.	n.a.
2015	4.25%	4,000	1,500	2,600	400	n.a.	n.a.	n.a.
2016	4.25%	4,000	1,500	2,600	400	n.a.	n.a.	n.a.
2017	4.25%	4,000	1,500	2,600	400	n.a.	n.a.	n.a.
2018	4.25%	4,050 (c)	1,500	2,700	400	n.a.	n.a.	n.a.
2019	4.25%	4,400 (d)	1,500	2,700	400	n.a.	n.a.	n.a.

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

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

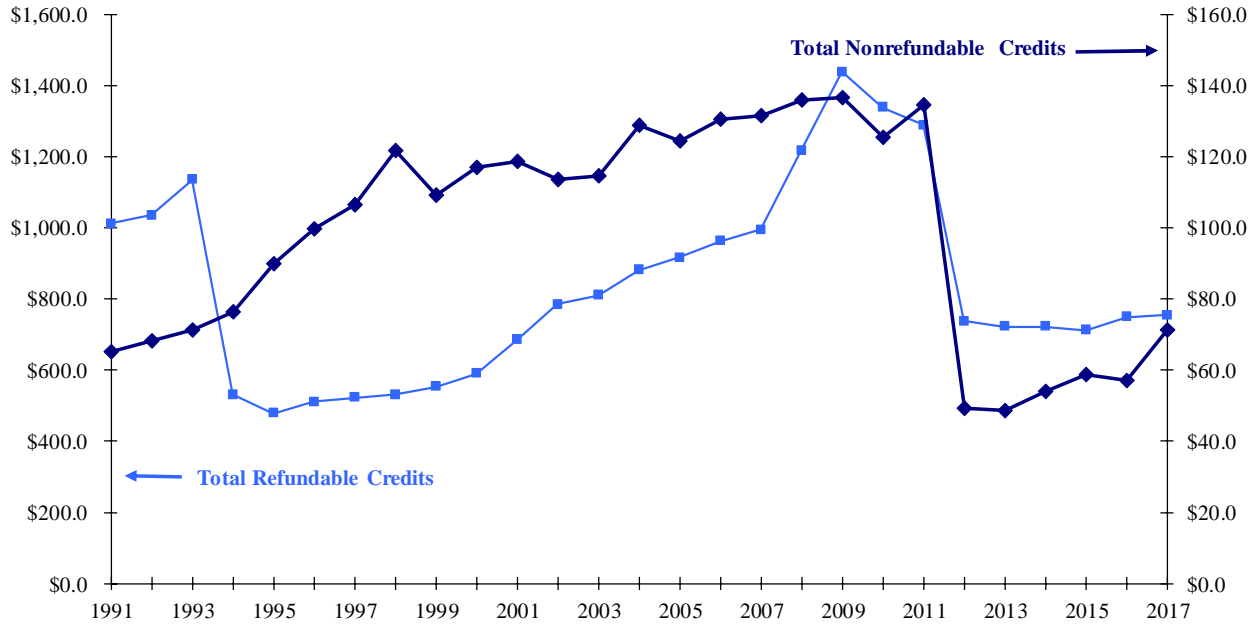
(c) Effective February 2018.

(d) Starting TY 2019, an additional personal exemption is allowed for a stillbirth certificate.

The Michigan individual income tax is a flat rate tax. The Michigan Constitution prohibits graduated income tax rates. Proposals to allow graduated rates were defeated by voters in 1968, 1972, and 1976. However, a degree of progressivity is achieved with exemptions and credits, such as the homestead property tax credit, the home heating credits, and the Michigan Earned Income Tax credit (EITC). These provisions help to make the tax less burdensome on low income taxpayers. Exhibit 2 provides information on the total amount of refundable and nonrefundable credits paid since 1991. Refundable and nonrefundable credits paid and claimed have gradually increased over the years, except in 1994 (when property tax reductions enacted as a part of school finance reform led to reduced property tax credits); in 2010 and 2011 (when falling property values depressed property tax credits), and in 2012 (when several nonrefundable credits were eliminated, and the EITC and homestead property tax credit were reduced). For tax year 2017, \$754.4 million

was paid in refundable credits, and an additional \$71.3 million was paid in nonrefundable credits. For a complete list of credits available in tax year 2017 see Chapter V on page 21.

Exhibit 2
Individual Income Tax Credits
(millions)



Starting in fiscal year 1995, a portion of income tax revenues is earmarked to the School Aid Fund (SAF) with the remainder distributed as General Fund/General Purpose (GF/GP) revenues. In fiscal year (FY) 1995, 14 percent of gross income tax collections was statutorily allocated to the SAF with the remainder of net income tax revenue allocated to GF/GP. For fiscal year 1997 through tax year 1999, the SAF allocated percentage increased to 23 percent. Starting in tax year 2000, the percentage of gross income tax collections earmarked to the SAF changed to 1.012 percent divided by the income tax rate. The inverse relationship between the income tax rate and the percentage allocated to the SAF prevents the reduction of funds to the SAF when the income tax rate decreases. PA 588 of 2018², under specific conditions, reduced the SAF earmark percentage to 0.954% divided by the income tax rate, starting in December 2018, and each fiscal year thereafter. In tax year 2017,

² The reduction in the SAF earmark results in more revenue going into the GF/GP annually. PA 588 of 2018 provides that such increase is to be divided between \$69 million earmarked to the Renew Michigan fund, and increased distributions to the Michigan Transportation Fund (MTF) in FY 2019 (from \$150 million to \$264 million), FY 2020 (from \$325 million to \$468 million), while distributions for FY 2021 and after remain the same at \$600 million annually. The Act provides that if in any fiscal year from 2019 to 2022 the minimum foundation allowance falls below the established FY 2018 minimum foundation allowance (\$7,631 per pupil) then for that fiscal year no money shall be deposited into the Renew Michigan fund, and the distributions to the MTF revert to the limit established prior to the Act.

the earmarked percentage equaled 23.81%, unchanged since 2013. Exhibit 3 summarizes the income tax revenue earmarking to the SAF and GF/GP since 1995.

Exhibit 3
Earmarking of Income Tax Gross Collections

Tax Years	Average Tax Rate	Earmarking Percentages		Tax Years	Average Tax Rate	Earmarking Percentages	
		SAF	GF/GP			SAF	GF/GP
1995	4.40%	14.00 %	86.00 %	2005 - 2006	3.90%	25.95 %	74.05 %
1996 - 1999	4.40%	23.00	77.00	2007	4.01%	25.24	74.76
2000 - 2001	4.10%	24.68	75.32	2008 - 2011	4.35%	23.26	76.74
2002	3.95%	25.62	74.38	2012	4.33%	23.40	76.60
2003	4.00%	25.30	74.70	2013 - 2017	4.25%	23.81	76.19
2004	3.95%	25.62	74.38				

USE TAX PAYMENTS

Taxpayers owe use tax when they purchase tangible personal property, either for use, consumption, or storage in Michigan, from companies that do not collect Michigan sales or use tax. This includes mail order and Internet purchases, as well as purchases made while traveling in other states or foreign countries. In those cases, compliant Michigan taxpayers must submit a use tax form, remitting the use tax owed on the total price (including shipping and handling charges) of all taxable items purchased from the out-of-state retailer who does not collect Michigan tax. Prior to PA 553 of 2014, out-of-state businesses that did not have a store, warehouse, or employees in Michigan did not have to register and collect Michigan use tax, even though many of those businesses voluntarily collected use tax for their customers³. Since then, more and more out-of-state sellers (e.g. on-line sellers) are collecting sale taxes for their customers.

In order to simplify the use tax compliance process for the taxpayers, starting in tax year 1999, Michigan taxpayers were able to remit use tax payments while filing their income tax return, instead of filing separate use tax forms. For tax year 2017, 93,800 taxpayers remitted \$5.6 million in use tax (see Exhibit 4 on page 9).

Beginning October 2, 2018, Treasury requires remote sellers with sales exceeding \$100,000 to, or 200 or more transactions with, Michigan purchasers in the previous calendar year to remit sales tax. This change was made following the decision of the U.S. Supreme Court in *South Dakota v. Wayfair*. This requirement will reinforce to the trend of declining use tax payments with income tax return filing.

³ Effective October 2015, PA 553 of 2014 provides additional presumptions to when an out-of-state company is engaged in the business of making sales at retail in the state, and therefore should register and collect sales taxes on those sales, lessening the burden of taxpayers to remit use taxes on such transactions.

Exhibit 4
Use Tax Liability Reported on Income Tax Returns

Tax Year	Number Of Returns	Use Tax Amount	Average Per Return	Tax Year	Number Of Returns	Use Tax Amount	Average Per Return
1999	64,650	\$2,895,475	\$44.79	2009	100,779	\$4,984,597	\$49.46
2000	79,627	2,976,223	37.38	2010	104,707	5,232,886	49.98
2001	72,913	2,877,459	39.46	2011	106,850	5,680,746	53.17
2002	70,619	2,872,252	40.67	2012	110,597	5,825,409	52.67
2003	79,684	3,302,217	41.44	2013	113,684	6,195,577	54.50
2004	86,774	4,041,439	46.57	2014	115,568	6,669,182	57.71
2005	82,691	3,409,451	41.23	2015	105,435	6,089,413	57.76
2006	81,360	3,346,874	41.14	2016	92,336	5,389,889	58.37
2007	104,836	4,086,157	38.98	2017	93,793	5,618,420	59.90
2008	103,637	\$4,056,857	39.14				

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

IV. INCIDENCE OF THE INDIVIDUAL INCOME TAX

For tax year 2017, about 4.8 million MI-1040 returns were filed, 37,900 more than for 2016 (see Exhibit 5 below). An additional 47,120 “credit-only” returns were filed for 2017. These “credit-only” returns refer to returns from taxpayers who did not file an MI-1040 form, but who did claim a refundable tax credit, such as a property tax credit or a home heating credit by filing the appropriate forms. Of those “credit-only” returns, 13,000 claimed only a home heating credit, 12,900 claimed only a property tax credit, and 10,610 claimed both refundable credits.

The personal income tax generated \$8.7 billion in net revenue for tax year 2017, which is total revenue after all credits and refunds are paid. Income tax revenues increased \$604.9 million (7.4%) from 2016, reflecting the AGI increase from the prior year.

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

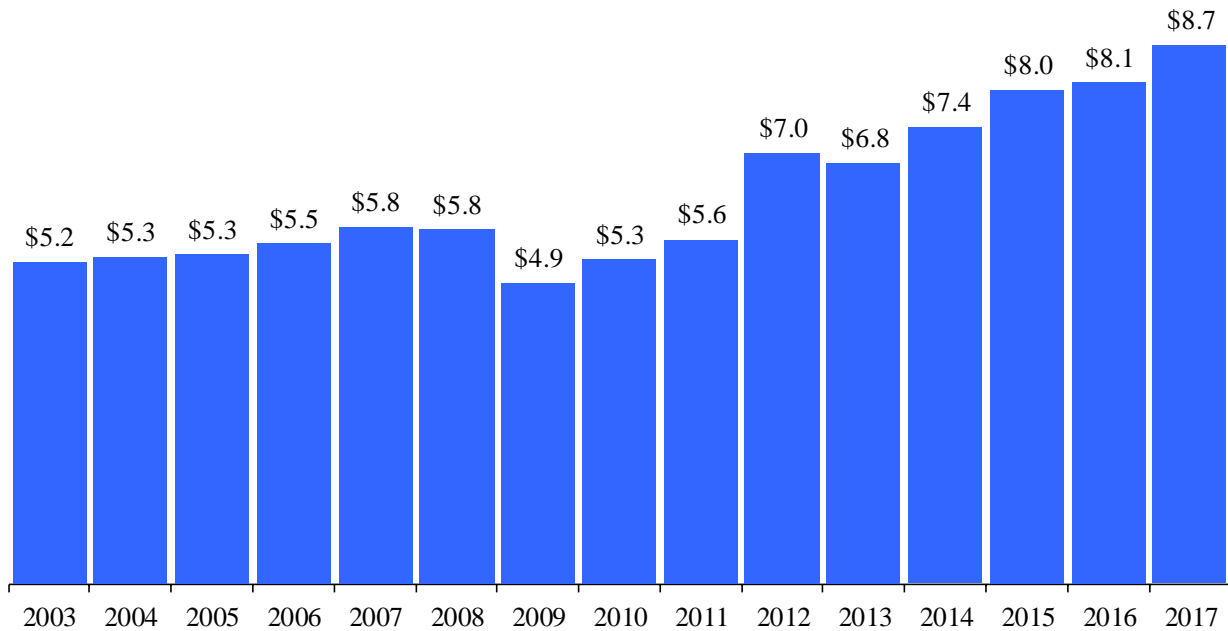
Year	Number of 1040s Filed	Adjusted Gross Income	Average AGI	Nominal Rate	Average Effective Rate	Revenue
2003	4,369,995	223,070,894,889	51,046	4.00%	2.35%	\$5,232,779,200
2004	4,390,300	241,419,608,339	54,989	3.95%	2.20%	5,301,966,200
2005	4,424,662	260,604,722,102	58,898	3.90%	2.05%	5,341,831,700
2006	4,487,257	272,454,940,745	60,717	3.90%	2.03%	5,521,426,800
2007	4,560,672	292,321,301,678	64,096	4.01%	1.99%	5,803,415,000
2008	4,481,511	257,476,490,543	57,453	4.35%	2.24%	5,757,103,800
2009	4,395,979	240,741,775,266	54,268	4.35%	2.03%	4,883,682,400
2010	4,459,933	254,568,181,316	57,079	4.35%	2.07%	5,264,953,200
2011	4,491,741	264,777,026,191	58,948	4.35%	2.11%	5,594,565,100
2012	4,514,771	288,509,600,808	63,903	4.33%	2.42%	6,994,868,100
2013	4,560,975	289,850,295,303	63,550	4.25%	2.36%	6,840,270,600
2014	4,609,070	322,151,626,296	69,895	4.25%	2.30%	7,419,330,100
2015	4,662,493	335,592,845,275	71,977	4.25%	2.39%	8,009,012,200
2016	4,737,731	340,468,742,136	71,863	4.25%	2.39%	8,133,885,300
2017	4,775,673	369,384,403,541	77,347	4.25%	2.37%	8,738,816,000

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

⁴The AGI above is reduced by returns reporting a negative AGI totaling a negative \$9.8 billion. The data for negative AGI returns are included throughout this report unless otherwise noted.

The number of income tax returns and tax revenues both generally increase when the economy expands and decrease during a recession. Changes in AGI reflect both economic growth and changes in the definition of federal AGI. Exhibit 6 below provides a graphical representation of Michigan individual income tax annual collections since 2003.

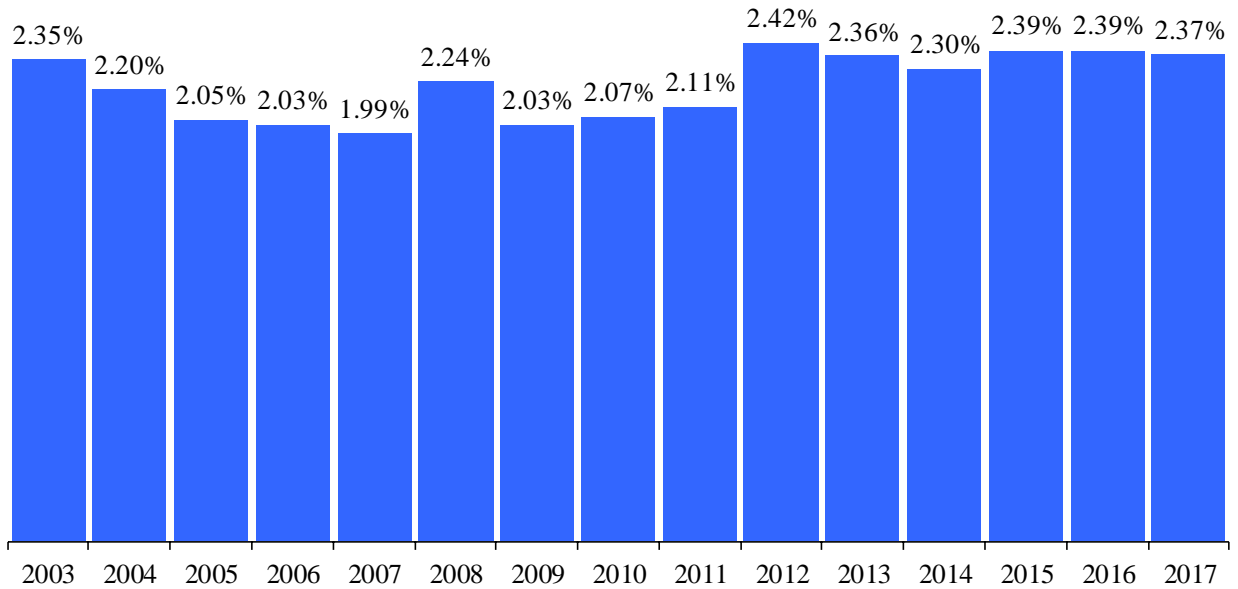
Exhibit 6
Annual Collections from Michigan Individual Income Tax
(billions of dollars)



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

Even though the nominal Michigan personal income tax is levied at a flat 4.25 percent rate, exemptions and credits help to lessen the relative burden on taxpayers with lower AGIs. As a result, the average effective tax rate is considerably lower than the nominal flat rate. As shown in Exhibit 7, the average effective tax rate for 2017 was 2.37 percent, lower than the calculated average of 2.88 percent for the 1995-1999 period, when the tax rate was 4.4 percent. Over the 2003-2017 period, the highest average effective rate was 2.42 percent for 2012, and the lowest average was 1.99 percent for 2007. The period is marked by the combination of generalized increases in exemption amounts due to inflation indexing, expansion of refundable credits, and decreases in the nominal tax rate through 2007. The increase in the effective rate for tax year 2008, reflects the full year impact of the nominal rate increase from 3.9 percent to 4.35 percent. Starting for tax year 2012, the treatment of retirement income was changed and several credits and special exemptions were either eliminated or reduced, resulting in higher average effective rates since then.

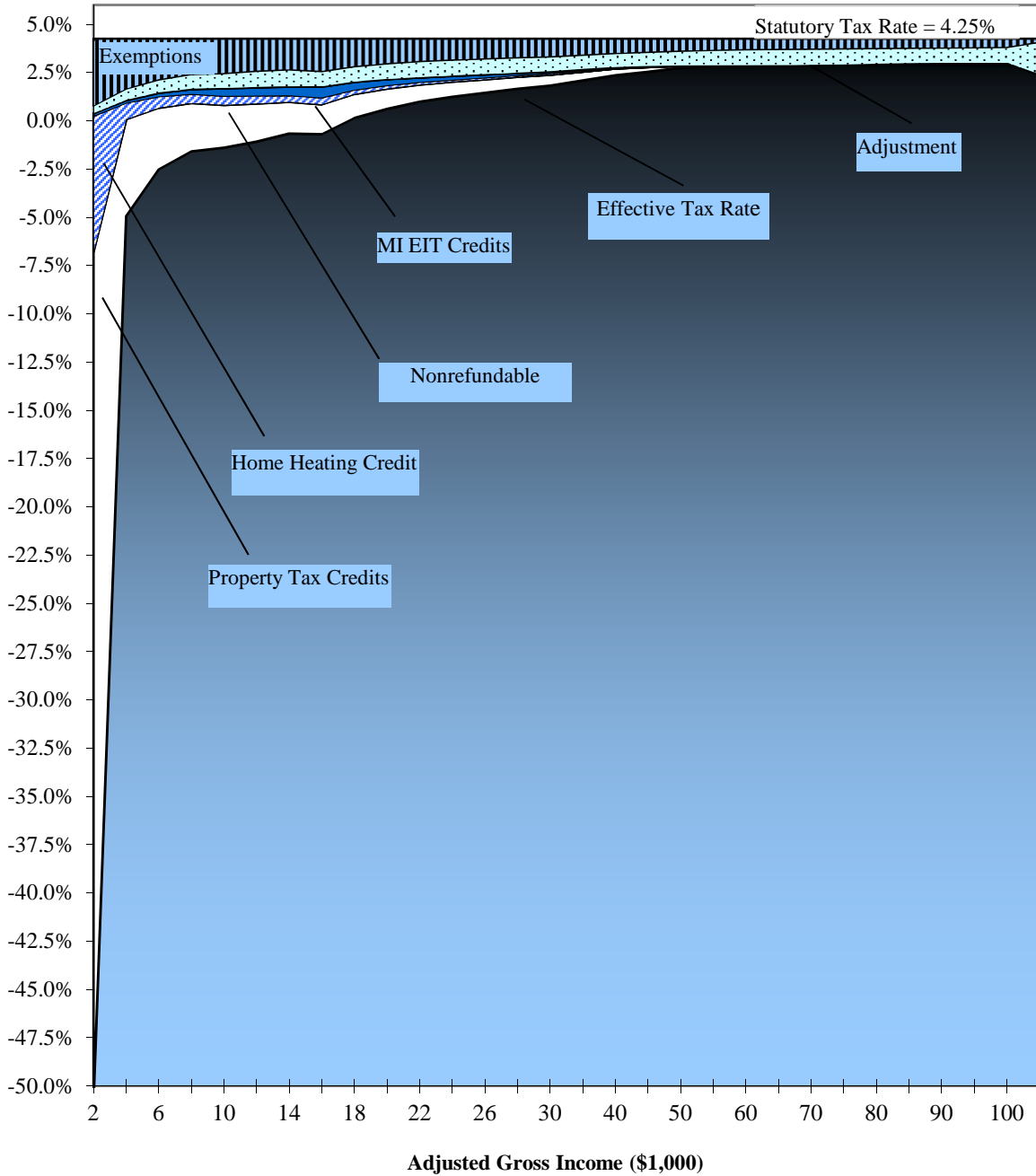
Exhibit 7
Individual Income Tax
Effective Tax Rate



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

As shown in Exhibits 8, 25 and 26 (see pages 13, 41 and 42, respectively), the effective tax rate for 2017 varied from negative 50.91 percent for taxpayers in the \$1 - \$2,000 AGI group, to positive 3.38 percent for taxpayers with an AGI between \$190,001 and \$300,000. Taxpayers with AGIs of less than \$16,000 on average received net payments from the state, mostly due to the refundable credits for property taxes, home heating expenses, and the Michigan EITC. The effective rate for taxpayers with an AGI above \$1,000,000 was 1.03 percent, lower than the peak of 3.38 percent. The reason for this lower rate is because the above \$1,000,000 AGI group includes a large number of nonresidents with relatively low Michigan income compared to their total AGI, affording them large subtractions for income not taxable in Michigan and consequently lower taxable income and effective rate. Resident taxpayers included in that AGI group are also more likely than resident taxpayers in other AGI groups to have part of their income from business activities outside of Michigan, resulting in their Michigan tax base being lower than their AGI. For resident filers across all AGI groups, the effective rate was 2.96 percent. Overall, the effective tax rate for all filers was 2.37 percent rather than the nominal rate of 4.25 percent.

**Exhibit 8
Effective Income Tax Rates, 2017**



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

Exhibit 8 reveals the influence of the various exemptions and credits on the effective tax rate and illustrates the data in Exhibit 27 (see page 43). Exhibit 27 details the effects of the personal exemption, various adjustments, and credits on the distribution of the Michigan income tax burden. As a percentage of income, the \$4,000 personal exemption and the property tax credit benefit lower income taxpayers the most, while reducing the effective tax rate for most taxpayers. The personal exemption, property tax credit, home heating credit, and the Michigan EITC make Michigan's income tax more progressive, since these provisions decline as a percentage of AGI as income increases. The nonrefundable credits, which include the credit for income paid to another state, and the Michigan Historic Preservation tax credits, have a more proportional effect on income.

The Michigan tax data overstate the aggregate effective tax rate, since taxpayers who itemize deductions on their federal returns may deduct their state income tax payments. Preliminary federal data for tax year 2017 show that 27.4 percent of Michigan taxpayers itemized deductions on their federal income tax returns⁵. With federal deductibility, taxpayers offset part of their state income tax with a lower federal tax liability. For example, taxpayers in the 28 percent federal income tax bracket who itemized would have up to 28 percent of their state income tax offset by lower federal income tax liability. Federal deductibility provides greater benefits to taxpayers with higher incomes, since higher income people are both more likely to itemize their deductions and face higher marginal tax rates. For 2016, 78.0 percent of Michigan taxpayers reporting an AGI of \$100,000 or more itemized their deductions, while 9.5 percent of taxpayers with an AGI up to \$50,000 itemized. Beginning in 2018, the higher federal standard deduction and the limit on the deduction for state and local taxes are expected to reduce significantly the number of taxpayers who itemize.

Michigan taxpayers claimed about 8.9 million personal exemptions for 2017 (see Exhibit 28 on page 45). Since the total exemption amount for some taxpayers is greater than their income, not all exemptions were used at lower income levels. In the lowest income groupings, the exemptions offset all income. As noted in Exhibit 25 (see page 41), there were an estimated 7.7 million effective personal exemptions, i.e., exemptions that actually offset income. The effective exemptions for 2017 were calculated assuming all personal exemptions and special exemptions were equally likely to offset taxable income.

Michigan taxpayers claimed about 273,800 special exemptions for tax year 2017 (see Exhibit 29 on page 47). Almost all of the special exemptions were claimed by deaf/blind/disabled filers (only 32,000 exemptions for disabled veterans were claimed for the tax year). Exhibits 28 and 29 (see pages 45 through 47) present distributions of all the exemptions claimed for tax year 2017 by income group. The number of special exemptions that actually offset taxable income for each income group can be estimated by dividing the number of effective exemptions listed for that income group in Exhibit 25 (see page 41) by the number of claimed exemptions, and then multiplying that quotient by the number of exemptions/deductions in Exhibit 29 (see page 47). For example, the number of effective deductions for disabled veterans in the \$30,001 to \$35,000 income group would be estimated by dividing 369,674 by 420,967 and then multiplying the result (0.8782) by 1,602. The result is an estimate of 1,407 effective exemptions.

⁵Data on itemized deductions was obtained from the Internal Revenue Service, Statistics of Income Division, Individual Master File System, October 2019.

The Michigan income tax is paid almost exclusively by Michigan residents. Non- or part-year residents pay about 3.8 percent of the income tax. Exhibit 9 below summarizes the distribution of Michigan returns and net tax liability by residency. While nonresidents report \$74.3 billion in AGI, they claim subtractions totaling \$76.9 billion, mostly for income not taxable in Michigan. Note that the total tax liability amount in Exhibits 9 and 10 is not reduced by refundable credits claimed by taxpayers who do not file a Michigan income tax return.

Exhibit 9
2017 Income Tax Returns Distribution by Residency

<u>Residency</u>	<u>Number of Returns</u>	<u>Adjusted Gross Income</u>	<u>Total Tax Liability</u>
Resident	4,519,263	\$287,395,269,803	\$8,430,479,013
Part-year resident	111,166	7,480,662,282	128,074,002
Nonresident	140,639	74,278,634,769	195,197,270
Residency not reported	<u>4,605</u>	<u>229,836,687</u>	<u>5,909,638</u>
Totals	4,775,673	\$369,384,403,541	\$8,759,659,923

Married taxpayers filing jointly reported 68.2 percent of AGI and paid 70.4 percent of the Michigan income tax. Married couples tend to be older and earn higher wages, due to greater accumulated human capital. Human capital includes formal education plus skills acquired through work experience and on-the-job training. Couples also have an additional potential worker. The Michigan income tax does not have a “marriage penalty” or “marriage bonus” as potentially exists with the federal income tax. Exhibit 10 depicts the distribution of Michigan returns and net tax liability by filing status.

Exhibit 10
2017 Income Tax Returns Distribution by Filing Status

<u>Filing Status</u>	<u>Number of Returns</u>	<u>Adjusted Gross Income</u>	<u>Total Tax Liability</u>
Single	2,899,259	\$110,834,833,172	\$2,442,600,570
Married filing jointly	1,795,451	252,074,169,640	6,170,728,287
Married filing separately	<u>80,963</u>	<u>6,475,400,729</u>	<u>146,340,469</u>
Totals	4,775,673	\$369,384,403,541	\$8,759,669,326

The starting point for the Michigan individual income tax is federal AGI, which is total federal income less adjustments. Federal total income is comprised of wage income, taxable pensions,

interest and dividends, capital gains and some Social Security income, but excludes most Social Security and social service assistance.

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

Exhibit 11
2017 Total AGI, Additions and Subtractions by AGI
(millions of dollars)

<u>AGI Group</u>	<u>Number of Returns</u>	<u>Total AGI</u>	<u>Total Additions</u>	<u>Additions As a % of AGI</u>	<u>Total Subtractions</u>	<u>Subtractions As a % of AGI</u>
Less than \$1 ⁽¹⁾	71,702	(\$9,786.5)	\$9,500.7	-97.1%	\$1,794.8	-18.3%
\$ 1 - 50,000	2,806,255	\$59,133.0	\$427.2	0.7%	\$13,495.5	22.8%
50,001 - 100,000	1,077,135	\$77,309.7	\$334.6	0.4%	\$15,717.9	20.3%
100,001 - 150,000	446,494	\$53,933.8	\$283.5	0.5%	\$7,963.1	14.8%
150,001 - 200,000	167,640	\$28,693.8	\$177.3	0.6%	\$5,630.1	19.6%
200,001 - 300,000	108,963	\$26,036.9	\$232.1	0.9%	\$4,218.1	16.2%
300,001 - 400,000	35,488	\$12,175.3	\$150.2	1.2%	\$2,256.9	18.5%
400,001 - 500,000	17,293	\$7,696.1	\$114.9	1.5%	\$1,629.0	21.2%
500,001 - 750,000	19,124	\$11,541.9	\$194.1	1.7%	\$2,905.6	25.2%
750,001 - 1,000,000	7,847	\$6,753.0	\$139.8	2.1%	\$2,033.6	30.1%
Over \$1,000,000	<u>17,732</u>	<u>\$95,897.4</u>	<u>\$1,663.6</u>	1.7%	<u>\$74,177.7</u>	77.4%
Total	4,775,673	\$369,384.4	\$13,218.0	3.6%	\$131,822.2	35.7%

Notes:

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

For 2017, total additions represented about 3.6 percent of total AGI, varying from 0.4 percent for taxpayers with AGI between \$50,001 and \$100,000 to 2.1 percent for those with AGI over \$750,000 (see Exhibit 11). Total subtractions represented about 35.7 percent of total AGI, and varied from 14.8 percent for taxpayers with AGI between \$100,001 and \$150,000 to 77.4 percent for those with AGI over \$1 million.

Exhibit 12 depicts the components of total additions. For tax year 2017, the largest components of total additions was the add back of losses attributable to other states (44.1 percent of total additions), and the federal NOL category (22.1 percent of total additions).

Exhibit 12
2017 Total Additions Detail by AGI
(millions of dollars)

<u>AGI Group</u>	<u>Total Additions</u>	<u>Interest & Dividends</u>	<u>Self Employment Taxes and Other</u>	<u>Gains from MI 1040D & MI 4797</u>	<u>Losses to Other States</u>	<u>Net Loss Fed Column or MI 4797</u>	<u>Oil, Gas Mineral Expenses</u>	<u>Federal NOL</u>	<u>Other</u> ⁽¹⁾
Less than \$1 ⁽²⁾	\$9,500.7	\$7.4	\$5.0	\$36.3	\$5,364.4	\$18.6	\$2.8	\$2,688.2	\$1,378.0
\$ 1 - 50,000	\$427.2	\$36.8	\$218.1	\$13.7	\$40.1	\$10.0	\$3.6	\$87.0	\$17.9
50,001 - 100,000	\$334.6	\$64.2	\$142.6	\$28.3	\$44.7	\$7.8	\$5.1	\$26.5	\$15.4
100,001 - 150,000	\$283.5	\$60.7	\$94.7	\$41.0	\$35.9	\$5.3	\$8.0	\$27.9	\$10.0
150,001 - 200,000	\$177.3	\$43.4	\$56.0	\$28.6	\$24.2	\$3.8	\$4.5	\$8.6	\$8.1
200,001 - 300,000	\$232.1	\$60.6	\$59.4	\$45.3	\$36.8	\$4.0	\$4.1	\$9.8	\$12.1
300,001 - 400,000	\$150.2	\$38.5	\$29.4	\$33.4	\$32.0	\$1.9	\$1.6	\$6.1	\$7.2
400,001 - 500,000	\$114.9	\$29.0	\$17.8	\$29.3	\$22.3	\$4.0	\$2.1	\$6.1	\$4.3
500,001 - 750,000	\$194.1	\$42.9	\$23.8	\$63.7	\$35.1	\$3.2	\$8.6	\$9.7	\$7.1
750,001 - 1,000,000	\$139.8	\$27.4	\$11.7	\$49.9	\$23.5	\$1.9	\$1.7	\$16.4	\$7.4
Over \$1,000,000	\$1,663.6	\$141.3	\$26.2	\$1,193.3	\$171.3	\$16.2	\$5.1	\$38.6	\$71.6
Total	\$13,218.0	\$552.3	\$684.8	\$1,562.8	\$5,830.3	\$76.7	\$47.4	\$2,924.7	\$1,539.1
% of Total Additions	100.0%	4.2%	5.2%	11.8%	44.1%	0.6%	0.4%	22.1%	11.6%

Notes:

1. In 2017, "Others" included non-qualified withdrawals from Michigan Education Savings Program (MESP) accounts that were not included in AGI, refunds received from a Michigan Education Trust (MET) contract, and Domestic Production Activities Deduction included in AGI attributable to business activity located in another state.
2. The less than \$1 category includes tax returns reporting a negative AGI.

The largest components of total subtractions for tax year 2017 were income attributable to other states (66.8 percent of total subtractions), and Social Security and active military benefits subtractions (10.5 percent of total subtractions, see Exhibit 13). The average AGI reduction for taxpayers with AGI up to \$100,000 was 24.5 percent, and 41.5 percent for taxpayers with AGI above \$100,000 (see Exhibit 13).

Beginning for 2012, pension and retirement benefits⁶ are taxed differently depending on the age of the benefit recipient and the age of the oldest filer on a joint return. For TY 2017, all taxable pension or retirement benefit income was exempted up to \$50,509 (single)/\$101,019 (joint) per return for filers with a birth date prior to 1946. For filers born in 1946 through 1952, all taxable pension or retirement benefit income is exempted up to \$20,000 (single)/\$40,000 (joint) per return, but once age 67 is reached, filers no longer subtract retirement benefits but may claim the Michigan standard deduction against all income. The standard deduction amount is \$20,000 (single)/\$40,000

⁶ Benefits include income distributions from all private sources, and from qualifying public sources (the State of Michigan, Michigan local governmental units, and Federal civil service). Military and Michigan National Guard pensions, Social Security benefits and railroad retirement benefits remain exempt from Michigan income tax for filers of all ages. For more information on TY 2017 limits see <https://www.michigan.gov/taxes/0,4676,7-238--459647--,00.html>

(joint) for most taxpayers. Filers born after 1952, generally, are not entitled to a pension subtraction.

Filers born before 1946 may also deduct interest, dividend and capital gains income up to the statutory limits. For 2017 this exclusion was for up to \$11,259 (single)/\$22,518 (joint) per return, and it was reduced by any pension income deducted by the taxpayer.

Exhibit 13
2017 Total Subtractions Detail by AGI Group
(millions of dollars)

<u>AGI Group</u>	<u>Total Subtractions</u>	<u>Income from US Gov't Bonds</u>	<u>Military & Railroad Retirement Benefit</u>	<u>Gains from MI 1040D and MI 4797</u>	<u>Income Attributable to Other States</u>	<u>Retirement/Pension Incl. in MI-1040</u>	<u>Income from Renssenc Zones</u>	<u>State and Local IIT Refunds</u>	<u>MESP Subtraction</u>
Less than \$1 ⁽²⁾	\$1,794.8	\$3.1	\$1.4	\$71.2	\$75.4	\$1.3	\$0.0	\$5.5	\$0.4
\$ 1 - 50,000	\$13,495.5	\$46.2	\$195.4	\$19.3	\$1,502.7	\$2,106.8	\$7.5	\$51.8	\$6.0
50,001 - 100,000	\$15,717.9	\$70.7	\$246.3	\$41.4	\$2,339.4	\$5,086.1	\$6.2	\$102.0	\$26.2
100,001 - 150,000	\$7,963.1	\$39.8	\$121.0	\$42.1	\$1,759.0	\$2,260.0	\$3.4	\$89.5	\$42.6
150,001 - 200,000	\$5,630.1	\$36.2	\$75.2	\$69.2	\$2,039.0	\$1,161.0	\$1.5	\$81.0	\$61.6
200,001 - 300,000	\$4,218.1	\$23.3	\$35.0	\$81.3	\$2,349.2	\$538.6	\$2.6	\$52.6	\$57.2
300,001 - 400,000	\$2,256.9	\$7.4	\$8.4	\$64.2	\$1,596.2	\$168.1	\$0.9	\$19.8	\$25.7
400,001 - 500,000	\$1,629.0	\$4.7	\$3.3	\$52.2	\$1,278.9	\$78.2	\$0.6	\$11.6	\$13.5
500,001 - 750,000	\$2,905.6	\$5.2	\$1.7	\$101.0	\$2,465.7	\$79.6	\$2.7	\$22.7	\$15.1
750,001 - 1,000,000	\$2,033.6	\$2.4	\$0.7	\$84.3	\$1,789.2	\$30.4	\$1.2	\$17.6	\$5.5
Over \$1,000,000	\$74,177.7	\$84.5	\$0.7	\$1,786.2	\$70,814.3	\$61.6	\$0.3	\$98.7	\$7.0
Total	\$131,822.2	\$323.4	\$688.9	\$2,412.4	\$88,009.1	\$11,571.7	\$26.9	\$552.8	\$260.8
% of Total Subtractions	100.0%	0.2%	0.5%	1.8%	66.8%	8.8%	0.0%	0.4%	0.2%

<u>AGI Group</u>	<u>MET Subtraction</u>	<u>Oil & Gas Income Subtraction</u>	<u>NOL Subtraction</u>	<u>Resident Tribal Income Subtraction</u>	<u>Standard Deduction Based on Yr</u>	<u>Social Security & Active Military Benefits</u>	<u>Dividend/Interest/Capital Gain Exemption</u>	<u>Miscellaneous Subtraction⁽¹⁾</u>
Less than \$1 ⁽²⁾	\$0.1	\$3.6	\$1,319.1	\$0.3	\$230.3	\$55.5	\$16.0	\$11.5
\$ 1 - 50,000	\$2.0	\$7.8	\$54.0	\$93.5	\$4,266.1	\$4,537.9	\$285.3	\$313.3
50,001 - 100,000	\$4.3	\$11.9	\$21.0	\$121.7	\$2,611.5	\$4,571.2	\$105.1	\$352.8
100,001 - 150,000	\$5.8	\$9.8	\$12.6	\$32.4	\$1,111.7	\$2,197.8	\$43.6	\$192.0
150,001 - 200,000	\$9.7	\$9.5	\$18.5	\$15.5	\$578.5	\$1,312.5	\$29.7	\$131.6
200,001 - 300,000	\$8.2	\$8.0	\$9.7	\$8.5	\$271.2	\$667.0	\$20.5	\$85.1
300,001 - 400,000	\$3.4	\$2.9	\$6.9	\$1.1	\$93.7	\$208.6	\$9.3	\$40.2
400,001 - 500,000	\$1.6	\$3.7	\$14.3	\$0.7	\$47.7	\$93.1	\$5.7	\$19.1
500,001 - 750,000	\$1.8	\$10.0	\$10.3	\$0.7	\$52.1	\$91.1	\$6.4	\$39.6
750,001 - 1,000,000	\$0.9	\$2.8	\$19.8	\$0.0	\$21.8	\$30.7	\$3.1	\$23.2
Over \$1,000,000	\$2.1	\$7.0	\$105.8	\$2.7	\$56.7	\$44.4	\$9.6	\$1,096.1
Total	\$39.9	\$77.2	\$1,592.0	\$277.1	\$9,341.2	\$13,809.9	\$534.3	\$2,304.6
% of Total Subtractions	0.0%	0.1%	1.2%	0.2%	7.1%	10.5%	0.4%	1.7%

Notes:

- In 2017, miscellaneous subtractions included: any portion of a qualified withdrawal from an MESP account (including the MAP, or ABLE accounts); benefits from a discriminatory self-insured medical expense amount used to determine the federal credit for elderly or totally and permanently disabled; Holocaust victim payments; and qualified losses from the disposal of property reported in the MI column of MI-1040D, or MI-4797.
- The less than \$1 category includes tax returns reporting a negative AGI.

Exhibit 14 presents estimates of the growth of Michigan personal income from 2016 to 2017 prepared by the U.S. Bureau of Economic Analysis. Personal income increased 3.5 percent overall in 2017, with strong growth in adjustments for residence (11.4 percent), and proprietors' income (6.0 percent).

Exhibit 14
Growth in Michigan Income from 2016 to 2017
(millions)

		<u>2016</u>	<u>2017</u>	Percentage Change
Labor Earnings				
Wage and Salary Disbursements		\$222,475	\$231,748	4.2%
Other Labor Income		36,543	38,237	4.6%
Proprietors' Income		<u>28,886</u>	<u>30,622</u>	6.0%
Total Labor Earnings	(A)	\$287,904	\$300,607	4.4%
Adjustments				
Personal Contributions for Social Insurance		-\$19,105	-\$20,022	4.8%
Adjustment for Residence		<u>2,245</u>	<u>2,500</u>	11.4%
Total Adjustments	(B)	-\$16,860	-\$17,521	3.9%
Net Michigan Labor Earnings	(C)=(A)-(B)	\$271,044	\$283,086	4.4%
Dividends, Interest, and Rent	(D)	\$79,341	\$82,505	4.0%
Transfer Payments	(E)	<u>94,148</u>	<u>94,679</u>	0.6%
Michigan Personal Income	(C)+(D)+(E)	\$444,532	\$460,270	3.5%

Source: Bureau of Economic Analysis, U.S. Department of Commerce, March 26, 2019 update.

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

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

A simple calculation will clarify the concept of elasticity. In Exhibit 5 (see page 9), net tax revenues increased by 3.36 percent from 2005 to 2006, and total AGI increased by 4.55 percent for the same period. This resulted in an elasticity estimate of 0.738 (4.55 divided by 3.36), meaning that a 10 percent increase/decrease in income will, on average, increase/decrease tax revenues by 7.38 percent. However, this method of calculating income elasticity is not suitable when changes in other important variables that affect tax revenues are also present (e.g., tax rate, or exemption amounts). Using 1999 and 2000 data, the reported changes of net income tax revenues and of AGI would result in a calculated elasticity of -0.077, suggesting that a 10 percent increase in income will lead, on average, to tax revenues declining 0.7 percent. The problem with this estimate is that the tax revenue drop in 2000 reflected not only the change in AGI, but also the decrease in the tax rate and the increase in the exemption amount, which cannot be accounted for using this simple method. Using 2000 and 2001 data, the simple method yields an income elasticity estimate of 1.58, suggesting that a 10 percent increase in income will increase tax revenues by, on average, 15.8 percent. Here, the strong responsiveness of tax revenues to income suggested by the elasticity estimate results from the fact that the simple calculation method does not properly account for the large drop in capital gains, which was concentrated among taxpayers with high marginal rates.

Regression analysis provides a more thorough method of estimating the income elasticity of net income tax revenues. It allows the investigator to isolate the effect of changes in income on tax revenues by controlling for other variables that influence tax collections, such as changes in the personal exemption or tax rate. Regression analysis of Michigan income tax collections from the first quarter of 1978 through the fourth quarter of 2018 results in an estimated elasticity of 0.949, suggesting that a 10 percent increase in income will increase tax revenue by, on average, 9.49 percent. This estimate is based on net quarterly income tax collections and quarterly personal income as reported by the Bureau of Economic Analysis (BEA), the latter increased by annual capital gains realizations estimates from the Congressional Budget Office (CBO).⁷

⁷ The Michigan income tax is based on federal AGI. However, quarterly AGI data are not available. Therefore, quarterly personal income is used as proxy for AGI. BEA's personal income figure does not include capital gains. This omission understates the absolute value of the income growth rate. Capital gains tend to be more volatile than other income sources (e.g., wages, interest, and pensions) so their exclusion will make the growth of the personal income variable lower than the growth in AGI in good times and higher in bad times. In order to remedy this situation, the CBO's estimate of capital gains realizations was added to the personal income data.

V. INCOME TAX CREDITS

For tax year 2017, Michigan’s personal income tax offered six different credits to taxpayers: four are refundable credits (homestead property tax, farmland preservation property tax, home heating, and the Michigan earned income tax (EITC)), two are nonrefundable credits (other state income tax, and the Michigan historic preservation tax credits). The credits convert the flat rate Michigan income tax into a more progressive tax structure.

REFUNDABLE CREDITS

Homestead Property Tax Credit

Michigan’s property tax credit is designed to provide property tax relief through the income tax. When property taxes exceed specific income thresholds, the credit provides relief to taxpayers. Effective tax year 2012, the income thresholds for the credit are measured using household resources⁸, which replaces household income.

For tax year 2017, most homeowners and renters received credits equal to 60 percent of the amount by which homestead property taxes (or 20 percent of rent for renters) are greater than 3.5 percent of income. Taxpayers with household resources less than \$50,000 may claim a property tax credit, and the computed credit is reduced by 10 percent for every \$1,000 that household resources exceeds \$41,000.

Disabled claimants (paraplegic, hemiplegic, quadriplegic, totally and permanently disabled, deaf or blind) filers received a credit for 100 percent of their property taxes above the following percentages of household resources:

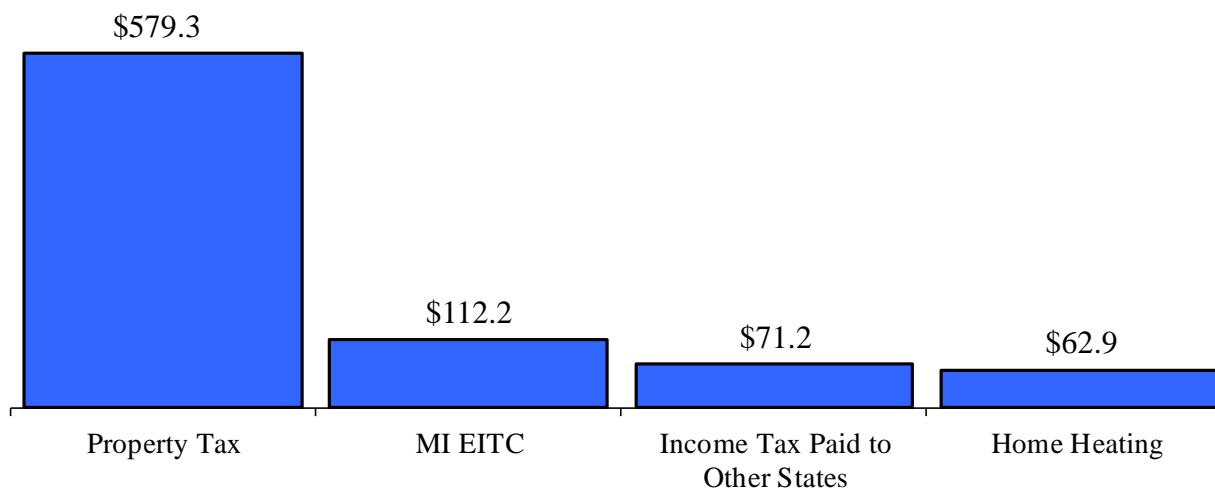
<u>Household Resources</u>	<u>Percent Not Refundable</u>
\$ 0 - \$3,000	0.0%
\$3,001 - \$4,000	1.0%
\$4,001 - \$5,000	2.0%
\$5,001 - \$6,000	3.0%
Over \$6,000	3.5%

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

⁸ Household resources exclude net losses from business (including farm), rental and royalties, and also excludes net operating losses. For more information on total household resources, visit <http://www.michigan.gov/taxes/0,1607,7-238-43513-235899--,00.html>

Almost 1.0 million Michigan taxpayers received \$529.8 million of homestead property tax credits and \$49.5 million in farmland preservation property tax credits for tax year 2017. The \$579.3 million in total 2017 property tax credits represented a decrease of \$0.4 million (-0.1 percent) from the prior year, and 28,300 fewer taxpayers received assistance. Senior citizens received \$194.6 million of the credits, a \$1.5 million decrease from 2016. Exhibit 15 compares the amount of property tax credits paid to taxpayers compared to other credits.

Exhibit 15
2017 Individual Income Tax Credits
(millions of dollars)



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

The average 2017 homestead property tax credit was \$533.24 (excluding the farmland credit), a \$12.28 increase from the tax year 2016 average. Senior citizens' credits averaged \$627.13, a \$8.07 increase from 2016 (see Exhibit 30 on page 48). Exhibit 16 (on page 23) provides a summary of the number of credits received by taxpayers, according to AGI levels.

Exhibits 16 and 27 (on pages 23 and 43) confirm that the homestead property tax credit is a progressive element in the state income tax structure. Credits as a fraction of AGI decline continuously as incomes rise. While accounting for only 2.8 percent of total AGI, taxpayers with incomes between \$10,001 and \$20,000 received 28.1 percent of the total homestead credits. On the other hand, taxpayers with AGIs over \$50,000 accounted for 86.6 percent of total 2017 Michigan AGI, but received only 0.3 percent of total homestead credits. Exhibits 31 through 34 (see pages 49 through 52) provide the distribution of property tax credits by income group.

Exhibit 16
2017 Homestead Property Tax Credits
(Excludes Farmland Credit)

AGI Range	Number of Credits Allowed	Dollar Amount of Credit	Average Credit
Under \$10,000	291,823	\$199,497,076	\$683.62
\$10,001 - \$20,000	269,668	148,898,145	552.15
\$20,001 - \$50,000	424,841	179,627,095	422.81
Over \$50,000	<u>7,264</u>	<u>1,799,996</u>	<u>247.80</u>
Total	993,596	\$529,822,312	\$533.24

The farmland preservation program, originally PA 116 of 1974 which was replaced by PA 451 of 1994 (part 361 of chapter 1, article III of the Natural Resources and Environmental Protection Act), provides additional property tax relief for farmers. Under the farmland program, farmers may receive additional property tax relief by entering into an agreement with the state not to convert the farmland to other uses for at least seven years. The program benefited over 7,300 farms in 2017, providing credits of \$49.5 million for an average credit of \$6,776.13. Including the farmland preservation credit, the average property tax credit was \$578.82 in tax year 2017. For 2,900 farmers claiming both a farmland credit and homestead property tax credit, the combined credits averaged about 92.8 percent of total property taxes paid. Those taxpayers paid \$17.2 million in property taxes, receiving \$13.2 million in farmland credits, and \$2.8 million in homestead property tax credits.

PA 269 of 1982 provided a special tax credit for senior citizens with high rent burdens equal to the amount of rent paid that exceeds 40 percent of household income. For 2017, 10,500 senior citizens claimed an additional \$2.6 million using this alternate homestead property tax credit calculation, representing a \$244.21 average credit. The amount of this credit is included in the senior citizens' homestead property tax credit statistics, but shown separately in Exhibit 30 (see page 48).

Qualified blind or veteran filers are also eligible for special alternate homestead property tax credit calculation, and may claim the largest of the standard or alternate credits. For these qualified filers, the alternate credit equals the property tax amount paid times the ratio of the specific statutorily allowable taxable value with respect to the filer's homestead taxable value. Statistics for these alternate credit amounts are shown separately in Exhibit 30 (see page 48).

Home Heating Credit

The home heating credit program, designed to help low-income taxpayers with the cost of heating their homes, is financed almost exclusively with federal funds. The credit is based both on the number of exemptions for which the household is eligible and on the household income level, which is measured by the household resources calculation effective for tax years after 2011. In tax year 2017, individuals who are disabled, deaf, blind, or qualified disabled veteran were entitled to extra exemptions.

Home heating credits for tax year 2017 totaled \$62.9 million, with 319,600 households qualifying. This represented a \$5.5 million decrease from the previous year regular credit amount, with 1,300 fewer households receiving assistance. Prior to 1991, recipients of Aid to Families with Dependent Children or General Assistance were not eligible for this credit, but were provided comparable benefits from other state and local programs. Senior citizens received \$5.6 million of the total home heating credits claimed for tax year 2017 (see Exhibit 17 below). Exhibit 35 (see page 53) provides information on the distribution of the home heating credit by household resources.

**Exhibit 17
2017 Home Heating Credits**

	Number of Credits	Credit Amount	Average Credit
Senior Citizen	37,303	\$5,638,032	\$151.14
General	239,970	48,537,075	\$202.26
Disabled	41,999	8,639,679	\$205.71
Veteran	304	60,388	\$198.64
Totals	319,576	\$62,875,174	\$196.75

About 30,200 taxpayers used the alternative calculation based on energy consumption claiming credits worth \$13.4 million. The average credit under the standard calculation was \$166.52 compared to \$442.78 under the alternative calculation.

Michigan Earned Income Tax Credit

About 748,600 taxpayers claimed \$112.2 million in Michigan EITC in 2017, resulting in an average credit of \$149.94 per taxpayer. Exhibit 18 below provides information on the distribution of credit recipients by AGI.

**Exhibit 18
2017 Michigan Earned Income Tax Credits**

AGI Range	Number of Credits	Amount of Credit	Average Credit
Under \$10,000	181,736	\$12,610,144	\$69.39
\$10,001 - \$15,000	167,397	26,625,585	\$159.06
\$15,001 - \$20,000	99,285	25,818,440	\$260.04
\$20,001 - \$25,000	76,467	18,152,062	\$237.38
\$25,001 - \$30,000	69,161	13,166,475	\$190.37
\$30,001 - \$40,000	107,786	12,917,377	\$119.84
Over \$40,000	46,765	2,952,584	\$63.14
Total	748,597	\$112,242,667	\$149.94

Effective in tax year 2008, the Michigan EITC follows the same requirements as the federal earned income tax credit, and is calculated as a percentage of the total federal credit for which the taxpayer is eligible in a given tax year. The federal credit was established in 1975 to offset the impact of the Social Security tax on low-income, working families. In 2008, the state credit was 10 percent of the federal credit, and increased to 20 percent of the federal credit for tax year 2009 through 2011. PA 38 of 2011 reduced the Michigan EITC to 6 percent of the federal credit, effective for tax years beginning in 2012 or after.

NON-REFUNDABLE CREDITS

Historic Preservation Credit

The Michigan historic preservation credit provides tax incentives for homeowners, commercial property owners and businesses to rehabilitate historic commercial and residential resources located in the State of Michigan. The credit was created by Public Acts 534 and 535 of 1999, and equaled 25 percent of the qualified expenditures. If the credit exceeds the taxpayer's tax liability, the balance may be carried forward up to 10 years. However, taxpayers who were issued a credit certificate for a tax year beginning after December 31, 2008 and for a credit amount allowed less than \$250,000 may forego the credit carryforward and receive a refund of 90 percent of the amount of the credit that exceeds the tax liability. For tax year 2017, 150 taxpayers claimed a total of \$109,600 in historic preservation credits (see Exhibit 30 on page 48). Starting in tax year 2012, this credit is no longer available for historic rehabilitation plans certified after December 31, 2011 (PA 38 of 2011).

Credit for Income Paid to Another State

For tax year 2017, 52,700 Michigan taxpayers received a total of \$71.2 million in credits for income tax paid to another state on income also subject to tax in Michigan, resulting in an average credit of \$1,350.81. This credit was designed so that taxpayers were not taxed twice (in two states) for the same income (see Exhibit 30 on page 48).

VI. DESIGNATED CONTRIBUTIONS

For tax year 2017, Michigan taxpayers could make seven separate designations on their tax returns: the State Campaign Fund, the Children’s Trust Fund, the Military Family Relief Fund, the Animal Welfare Fund, the United Way Fund, the American Red Cross Michigan Fund, and the Michigan Junior Achievement Fund. Unlike contributions to the State Campaign Fund that result in a designated portion of the taxpayers’ tax liability to be deposited in the campaign fund, contributions to all other funds either reduce taxpayers’ refund or increase their tax liability.

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

Exhibit 19 Returns Designating Contributions 2004 – 2017

Tax Year	Number of 1040's Filed	State Campaign Fund		Children's Trust Fund		Military Family Relief Fund		Animal Welfare Fund		United Way Fund	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2004	4,390,300	467,503	\$1,402,509	--	--	53,541	\$1,233,661	--	--	--	--
2005	4,424,662	425,526	1,276,578	28,613	\$390,695	34,484	549,167	--	--	--	--
2006	4,487,257	406,646	1,219,938	28,587	325,337	36,603	553,021	--	--	--	--
2007	4,560,672	399,482	1,198,446	35,043	333,912	46,849	473,501	--	--	--	--
2008	4,481,511	366,911	1,100,733	35,448	318,945	46,019	415,611	15,429	\$142,358	--	--
2009	4,395,979	347,147	1,041,441	17,021	183,319	22,162	264,733	7,982	103,162	5,934	\$256,740
2010	4,459,933	339,663	1,018,989	6,817	82,233	6,919	115,167	10,855	148,766	7,824	407,369
2011	4,491,741	294,728	884,184	10,384	113,455	11,627	170,338	13,080	159,168	7,101	246,514
2012	4,514,771	265,901	797,703	8,594	88,736	10,125	140,093	11,687	135,862	5,426	135,862
2013	4,560,975	254,101	762,303	7,067	77,677	8,862	127,239	9,690	115,215	4,679	115,215
2014	4,609,070	239,597	718,791	7,107	75,926	8,134	106,203	9,117	102,942	4,188	102,942
2015	4,662,493	206,482	619,446	3,817	47,361	3,711	63,205	4,287	52,792	1,992	57,430
2016	4,737,731	198,396	595,188	3,493	45,706	3,209	59,143	3,877	51,781	1,854	66,038
2017	4,775,673	188,295	564,885	6,876	83,744	7,760	122,920	9,329	114,336	4,667	118,901

Notes:

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

State Campaign Fund

For the 2017 tax year, taxpayers were able to designate \$3 of their tax liability for the State Campaign Fund. Revenues from this fund are disbursed only to gubernatorial candidates, regardless of political party, who agree to limit campaign spending and meet the campaign fund requirements. For 2017, 188,300 taxpayers contributed \$0.6 million to the State Campaign Fund (see Exhibit 19). On average, there was one designation for every 25 returns.

Children's Trust Fund

The Children's Trust Fund (CTF) was first created by PA 211 of 1982. Contributions to the fund are dedicated to the prevention of child abuse. PA 291 of 2000 appropriated amounts to fully fund both the Non-Game Wildlife Fund⁹ and the CTF, and both were removed from the tax form. However, PA 160 of 2005 reinstated the CTF checkoff on the income tax form in tax year 2005. For tax year 2017, 6,900 taxpayers contributed a total of \$83,700 to the fund (see Exhibit 19).

Military Family Relief Fund

The Military Family Relief Fund benefits qualifying families of military members in either the Michigan National Guard who are serving in the U.S. Armed Forces or those reserve forces called to active duty by the federal government. The fund became first available in tax year 2004, and in tax year 2017, it received contributions by 7,800 taxpayers totaling \$122,900 (see Exhibit 19).

Animal Welfare Fund

Starting tax year 2009, taxpayers may designate moneys to fund the Animal Welfare Fund. The Fund supports projects that increase the number of Michigan dogs and cats sterilized prior to adoption and that educate on the proper care of animals per Michigan's anti-cruelty laws. \$114,300 was contributed by 9,300 taxpayers to fund this program in tax year 2017 (see Exhibit 19).

United Way Fund Fund

Under PA 560 of 2008, taxpayers were allowed to contribute towards the United Way Fund via checkoffs on the income tax form, starting in tax year 2009. Contributions to the United Way Fund are used to provide for basic needs (such as food, clothing and shelter) to Michigan residents. In tax year 2017, 4,700 taxpayers contributed a total of \$118,900 to the fund (see Exhibit 19).

Other Funds

The remaining funds available for taxpayer voluntary contributions on tax year 2017 are the American Red Cross Michigan Fund, and the Michigan Junior Achievement Fund. Both funds have been available since 2016 (see Exhibit 20).

Discontinued Funds

A number of other funds were available in past years, but failed to raise the minimum threshold to remain included on the Michigan income tax form (see Exhibit 21).

⁹ Prior to tax year 2000, taxpayers could donate a portion of their income tax refund or increase their liability to support the Non-Game Wildlife Fund. The Michigan Non-Game Wildlife Fund was created by PA 189 of 1983. Contributions were used for research and management of non-game fish and wildlife.

Exhibit 20
Additional Returns Designating Contributions 2016 – 2017

Tax Year	American Red Cross Michigan Fund		Michigan Junior Achievement Fund	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
2016	2,382	\$31,034	795	\$9,714
2017	7,117	\$98,336	2,725	\$27,420

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

Exhibit 21
Discontinued Returns Designating Contributions 2006 – 2016

Tax Year	Children of Veterans Tuition Grant Program		Amanda's Fund for Breast Cancer Prevention and Treatment		MI Housing and Community Development Fund		Prostate Cancer Research Fund		MI Law Enforcement Officers Memorial Monument Fund	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
2006	22,970	\$212,110	--	--	--	--	--	--	--	--
2007	34,226	252,582	--	--	--	--	--	--	--	--
2008	34,524	242,270	9,626	\$76,783	4,352	\$35,474	7,171	\$55,646	7,517	\$62,655
2009	14,965	124,312	3,803	\$39,916	1,637	\$18,718	2,959	\$30,752	2,500	\$27,477
2010	5,406	66,339	--	--	--	--	--	--	--	--
2011	7,367	90,436	--	--	--	--	--	--	--	--
2012	6,242	68,911	--	--	--	--	--	--	--	--
2013	5,122	63,137	--	--	--	--	--	--	--	--
2014	5,108	57,524	--	--	--	--	--	--	--	--
2015	2,701	35,928	--	--	--	--	--	--	--	--
2016	2,387	35,768	--	--	--	--	--	--	--	--

Tax Year	Children's Hospital of MI Fund		Children's Miracle Network Fund		Foster Care Trust Fund		MI Council The Arts Fund		Renewal Fuels Fund	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
2009	5,833	\$63,940	3,533	\$36,963	2,491	\$25,444	2,692	\$29,280	2,225	\$18,828
2010	7,403	\$87,537	4,719	\$57,989	3,432	\$37,077	3,348	\$34,443	2,598	\$24,798

Tax Year	Girls Scouts Fund		AMBER Alert Fund of Michigan		Special Olympics Michigan		ALS of Michigan Fund		Alzheimer's Association of Michigan	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
2011	4,517	\$62,983	--	--	--	--	--	--	--	--
2012	3,522	\$43,623	--	--	6,698	\$83,797	--	--	--	--
2013	2,834	\$35,619	4,325	\$35,121	5,470	\$78,719	3,343	\$41,504	6,161	\$75,982
2014	--	--	3,804	\$31,204	5,115	\$58,958	4,283	\$54,436	6,212	\$72,688
2015	--	--	--	--	2,658	\$38,963	2,163	\$27,494	3,373	\$46,239
2016	--	--	--	--	2,448	\$38,977	1,971	\$27,008	3,013	\$42,751

VII. INTERSTATE COMPARISONS

In 2017, Michigan along with eight other states (Colorado, Illinois, Indiana, Kentucky, Massachusetts, North Carolina, Pennsylvania, and Utah) had a flat rate income tax. Seven states (Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming) had no state personal income tax. Two states (New Hampshire and Tennessee) taxed only dividend and interest income. The remaining 32 states had income taxes with graduated rates. A state-by-state comparison of the income tax burden per person and tax revenue as a percent of personal income is shown in Exhibit 22 (see page 30). Exhibits 23 and 24 (see page 31) compare Michigan's income tax to that of other states in the Great Lakes region.

Michigan ranked fourteenth lowest in income taxes per person among the 41 states with a general income tax in fiscal year 2017, and New York ranked highest. For fiscal year 2017, the average collections of \$951 per person in Michigan were lower than the average of \$975 in fiscal year 1999, when the tax rate was 4.4 percent (for Michigan income tax rates from 1968 to present, see Exhibit 40 on page 60). National average income tax collections per person were \$1,087, and for the 41 states with an income tax, average income tax collections per person were \$1,380.

For fiscal year 2017, Michigan ranked fourteenth lowest in state income taxes as a percent of personal income among the 41 states with a general income tax, with Oregon ranking highest. Michigan's income tax as a percent of personal income was 2.08 percent, 0.08 percentage point below the U.S. average, and 0.61 percentage point below the average of the 41 states with a general income tax. This represents an increase from the results in 2016, when Michigan's income tax as a percent of personal income was 2.01 percent. The above calculations use estimates of quarterly state personal income, released by the U.S. Bureau of Economic Analysis on June 2019, and compiled by the Office of Revenue and Tax Analysis for each state's fiscal year. Because personal income does not include capital gains but tax revenues include the tax on realized gains, and capital gains are not uniformly distributed among states, the calculated ratios are skewed.

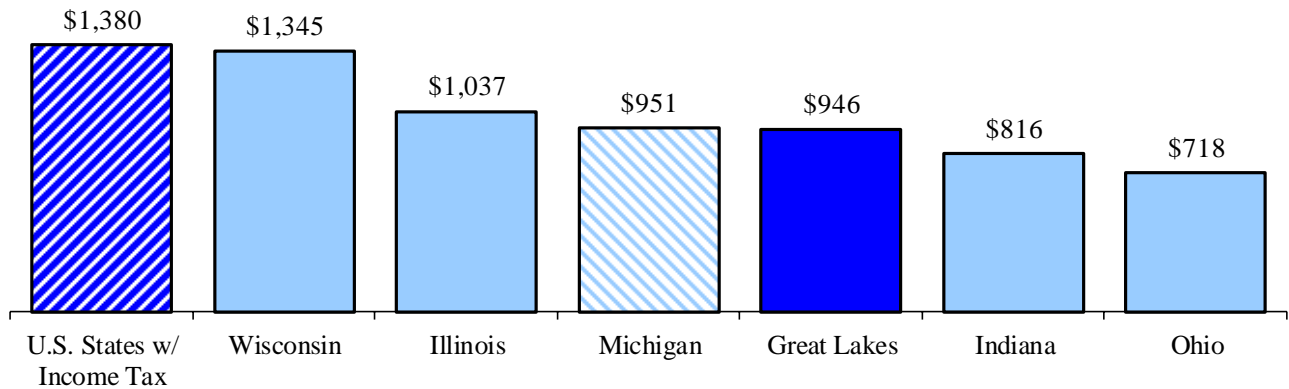
The income tax burden in Michigan has been declining relative to that in other states over the FY 1994-2017 period. In fiscal year 1994, Michigan ranked 11th highest in per capita income taxes and 14th highest in income taxes as a percent of personal income. For fiscal year 2017, Michigan ranked 28th highest in both categories.

Exhibit 22
State Individual Income Taxes for FY 2017
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	\$743	35	1.84%	32
Alaska	No Tax	N/A	No Tax	N/A
Arizona	586	40	1.43%	40
Arkansas	922	30	2.28%	24
California	2,137	4	3.64%	4
Colorado	1,209	13	2.28%	25
Connecticut	2,227	2	3.15%	6
Delaware	1,234	12	2.52%	14
Florida	No Tax	N/A	No Tax	N/A
Georgia	1,054	22	2.44%	20
Hawaii	1,471	10	2.83%	8
Idaho	966	27	2.38%	21
Illinois	1,037	23	1.94%	30
Indiana	816	32	1.84%	33
Iowa	1,163	18	2.49%	17
Kansas	800	33	1.66%	36
Kentucky	987	26	2.47%	18
Louisiana	632	38	1.46%	39
Maine	1,150	20	2.53%	13
Maryland	1,505	9	2.51%	16
Massachusetts	2,145	3	3.24%	5
Michigan	951	28	2.08%	28
Minnesota	1,968	6	3.68%	2
Mississippi	602	39	1.66%	35
Missouri	1,007	24	2.28%	26
Montana	1,119	21	2.52%	15
Nebraska	1,162	19	2.32%	22
Nevada	No Tax	N/A	No Tax	N/A
New Hampshire	49	42	0.08%	42
New Jersey	1,570	7	2.46%	19
New Mexico	640	37	1.63%	37
New York	2,278	1	3.65%	3
North Carolina	1,177	15	2.72%	11
North Dakota	423	41	0.80%	41
Ohio	718	36	1.57%	38
Oklahoma	794	34	1.85%	31
Oregon	2,021	5	4.31%	1
Pennsylvania	943	29	1.80%	34
Rhode Island	1,173	16	2.27%	27
South Carolina	825	31	2.02%	29
South Dakota	No Tax	N/A	No Tax	N/A
Tennessee	37	43	0.08%	43
Texas	No Tax	N/A	No Tax	N/A
Utah	1,167	17	2.75%	10
Vermont	1,191	14	2.32%	23
Virginia	1,542	8	2.85%	7
Washington	No Tax	N/A	No Tax	N/A
West Virginia	998	25	2.65%	12
Wisconsin	1,345	11	2.80%	9
Wyoming	No Tax	N/A	No Tax	N/A
U.S. Average	\$1,087		2.16%	
U.S. Average for States W/ General Income Tax	\$1,380		2.69%	

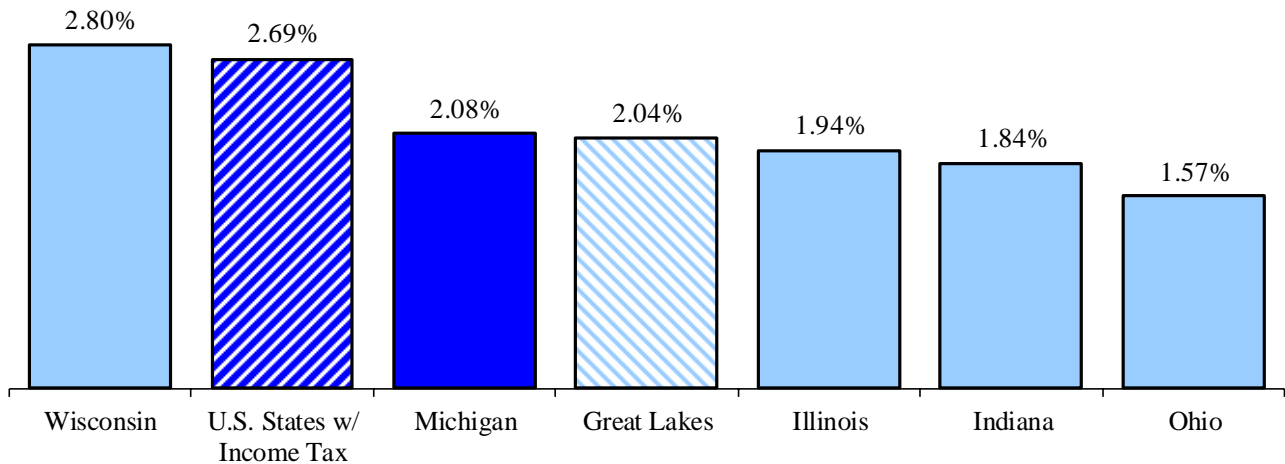
Sources: Census Bureau and Bureau of Economic Analysis, U.S. Department of Commerce.

Exhibit 23
State Income Taxes Per Person
Great Lakes Region – FY 2017



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

Exhibit 24
State Income Taxes
Percentage of Personal Income
Great Lakes Region – FY 2017



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

VIII. GEOGRAPHIC PATTERN OF TAX AND CREDITS

Exhibit 36 (see pages 54 and 55) reports the distribution of income tax collections, property tax and home heating credits, and the Michigan EITC by county. Since farms receive special treatment for the homestead property tax credit and the separate farmland credit, rural counties benefit substantially from these programs.

Exhibit 37 (see pages 56 and 57) provides a ranking by county of average AGI, average income tax before and after credits, credits as a percentage of income tax before credits, ratio of property tax credits to returns filed, and average property tax credit. A summary of Exhibit 37 is provided below.

Exhibits 38 and 39 (see pages 58 and 59) compare the average AGI and property tax credit for each Michigan county.

County-level statistics are compiled using the zip code provided on each tax return.

Personal Income Tax Tax Year 2017 County Data Summary

	<u>State Average</u>	<u>Highest County</u>	<u>Lowest County</u>
Average AGI	\$77,347	\$97,131 Oakland	\$38,749 Oscoda
Average Income Tax Before Credits	\$2,000	\$3,393 Oakland	\$930 Montmorency
Average Income Tax After Credits	\$1,830	\$3,254 Oakland	\$819 Montmorency
Income Tax Credits as a Percent of Tax Before Credits	8.5%	36.8% Huron	3.7% Livingston
Ratio of Property Tax Credits to 1040s Filed	21.0%	29.9% Wayne	9.3% Keweenaw
Average Property Tax Credit	\$579	\$2,140 Huron	\$310 Luce

Note: Property tax credits include farmland preservation credits.

IX. FEDERAL INCOME TAX INTERACTION

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

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

Changes in AGI at the federal level can be offset or reinforced at the state level. Expansions in the tax base can be offset with tax cuts. In response to TRA-86, the Michigan personal exemption was increased steadily from \$1,500 in 1986 to \$2,100 for 1990, and the Michigan special exemptions for senior citizens, blind, disabled persons, and those taxpayers with 50 percent or more of their AGI attributable to unemployment compensation were created in 1987. For 2017, the Michigan personal exemption was \$4,000, and Michigan special exemptions were \$2,600.

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

Summary of Federal Tax Law Changes Passed Before 2019

Significant federal tax law changes affecting Michigan's tax base are discussed below. The changes are grouped based on when they first became effective. For changes prior to 2017, see Appendix A on page 61.

2017

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

Several provisions that were set to expire were extended or made permanent in 2017, and a few provisions were added. They are:

- The above-the-line deduction of up to \$4,000 for qualified higher education was extended to taxable year 2017;
- The exclusion from gross receipts of qualified discharges of indebtedness on principal residence of up to \$2 million was extended to apply for indebtedness discharged in 2017, including the treatment of mortgage insurance premiums as qualified residence interest, which permits a taxpayer whose income is below certain thresholds to deduct the cost of premiums on mortgage insurance purchased in connection with acquisition indebtedness on the taxpayer's principal residence;
- The immediate expensing of 50 percent of the cost of qualified underground mine safety equipment that is above and beyond existing safety equipment requirements was extended to taxable year 2017;
- The election to deduct up to \$15 million (\$20 million for productions in certain areas) of the aggregate costs of any qualifying film and television production was extended to apply to qualified film and television productions commencing before 2018. The provision was also extended to include qualified live theatrical productions;
- The domestic production activities deduction for activities in Puerto Rico was extended to tax year 2017;
- The additional first-year depreciation deduction, equal to 50 percent of the adjusted basis of qualified second generation biofuel plant property for one year was extended, to apply to such property placed in service in 2017;
- The accelerated depreciation for qualified business property used in the active conduct of a trade or business within an Indian reservation was extended to 2017. After 2017, qualified taxpayers also may elect out of the accelerated depreciation rules;
- The depreciation of certain racehorses as three-year property instead of seven-year property was extended to tax year 2017;
- The seven-year recovery period for motorsports entertainment complexes was extended to tax year 2017;
- The energy tax deduction for energy-efficient commercial buildings was extended to tax year 2017;
- Special disaster-related rules for use of retirement funds: individuals whose principal place of abode was located in the Hurricane Harvey, Irma, or Maria disaster areas on the date of disaster and who sustained an economic loss by reason of the hurricane are allowed penalty-free withdrawals from eligible retirement plans, subject to certain limitations.

2018

The Tax Cuts and Jobs Act of 2017 (TCJA-17) provided a comprehensive tax reform for individuals and corporations. Significant provisions of this Act and others that are likely to impact Michigan's individual income tax are as follows:

- Increase the standard deduction: the basic standard deduction for individuals is indexed to inflation and is increased from \$6,350 in 2017 to \$12,000 (single) in 2018, and from \$12,700 in 2017 to \$24,000 (joint) in 2018. The increases apply to taxable years 2018 through 2025;
- Repeal of deductions and exclusions for moving expenses: the above-the-line deductions for moving expenses paid by an employee and an exclusion from income for moving expenses reimbursed by an employer were repealed for taxpayers other than members of the Armed Forces, effective for taxable years 2018 through 2025;
- Disallow active pass-through losses in excess of threshold: for tax years 2018 through 2025, taxpayer's use of pass-through losses to offset other ordinary income is limited by the following thresholds: \$250,000 (single) or \$500,000 (joint). Under prior law, there was no limit to the use of business losses to offset other ordinary income. Any excess disallowed losses under the new law is carried forward to be used to offset future income, subject to limitations;
- Modify net operating loss deduction: under previous law, a net operating loss (NOL) could be carried back two years and carried forward over 20 years to offset taxable income in such years. The Act limits NOL deductions to 80 percent of taxable income and repeals the ability to carry back NOLs, with exceptions for certain businesses, affecting individuals with pass-through businesses;
- Repeal or limit business-related deductions: the Act permanently repeals or limits a number of deductions from business income, including eliminating the deduction for income attributable to domestic production activities and limiting the deduction for employee meal, entertainment, and transportation expenses;
- Extend, expand, and phase down bonus depreciation: the additional first-year depreciation deduction is extended through 2026, the 50-percent allowance is increased to 100 percent for property placed in service after September 27, 2017, through 2022. The allowance then decreases by 20 percentage points each year before phasing out completely for property placed in service after 2026;
- Limit net interest deduction to 30 percent of adjusted taxable income: the interest deduction is generally limited to 30 percent of the adjusted taxable income of the business, but with an exception for certain small businesses. Adjusted taxable income is not reduced for depreciation, amortization, or depletion deductions for taxable years beginning in 2018 through 2021. The excess amount of interest may be carried forward indefinitely to future tax years;
- Limit deduction of state and local taxes to \$10,000 for taxable years beginning in 2018 through 2024;
- Special disaster-related rules for use of retirement funds: individuals whose principal place of abode was located in the California wildfire disaster area and who have sustained an economic loss by reason of such wildfires are allowed penalty-free withdrawals from eligible retirement plans, subject to certain limitations, as well as more beneficial terms in case of repayments of qualified distributions from IRAs, and increased loan limits from qualified employer plans.

2019 and after

Several provisions of the TCJA-17 and others became effective in 2019 or after, as follows:

- Repeal of deductions for alimony payments: the above-the-line deductions for payments of alimony was repealed, as well as the corresponding inclusion of alimony as income, effective for any divorce or separation instrument executed after December 2018;
- Allow deduction for certain pass-through income: Effective tax years 2019 through 2025, an individual taxpayer is allowed to deduct 20 percent of domestic qualified business income from a partnership, S corporation, or sole proprietorship, subject to certain limitations;
- Amortize research and experimentation expenditures: under current law, business may choose to deduct certain research or experimentation expenditures from current income, or to capitalize these expenditures and deduct them over a longer period. The Act requires that these expenditures paid or incurred in taxable years beginning in 2022 be capitalized and amortized ratably over a five-year period. Certain expenditures which are attributable to research that is conducted outside of the United States are required to be capitalized and amortized ratably over a period of 15 years.

X. MICHIGAN PUBLIC ACTS – INCOME TAX

For changes prior to 2017, see Appendix A on page 67.

2017

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

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

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

Public Act 149 amended the Income Tax Act to provide an increased tax deduction starting TY 2018 for retirement income to taxpayers born after 1952, that retired as of January 1, 2013, and that receive retirement or pension benefits from employment with a governmental agency that was not covered by the Social Security Act. The deduction is \$35,000 (single) / \$55,000 (joint) / \$70,000 (joint where both spouses worked for an “uncovered” agency). The Act also standardized the use of the term “retirement or pension benefits” throughout the section.

2018

Public Act 38 amended the Income Tax Act to specify the number of personal and dependency exemptions a taxpayer is allowed, and deleted language under which the number of exemptions

depended on the number allowed on a taxpayer's Federal return. The Act also increased the personal exemption (from \$4,000 to \$4,050 for the 2018 taxpayer, \$4,400 for the 2019 tax year, \$4,750 for the 2020 tax year, and \$4,900 for the 2021 tax year), required that the inflation-based adjusted amount of the exemption to be increased by an additional \$600 (beginning with the 2022 tax year), and revised the deduction for contributions to and distributions from an ABLE savings account, and interest earned on contributions to education savings accounts.

Public Act 103 amended the Income Tax Act to allow an extension or renewal granted to certain Michigan renaissance zones to be included in a determination of whether a person is a resident of a renaissance zone for purposes of an income tax deduction.

Public Act 118 amended the Income Tax Act to change the filing deadline for filing an income tax withholding statement and an annual reconciliation return for a tax year 2018 or later from February 28 to January 31 of the succeeding year, and to require an employer that has more than 250 employees to file its annual return or report in electronic form.

Public Act 161 amended the Income Tax Act to extend to FY 2022 provisions for determining the amount of Federal block grant funds used for weatherization in the calculation of the home heating credit when the block grant funds are less than the full credit amount, require the Department of Health and Human Services (DHHS) to submit a report and recommendations on the home heating and weatherization assistance programs to certain legislative committees and members by July 1 each year, beginning in 2018, and prohibit the home heating credit from being claimed during tax years after the 2017 tax years unless the claimant provides the Department of Treasury with all of the information necessary to comply with the requirements of the Federal appropriation of the federal Low Income Home Energy Assistance Program (LIHEAP) block grant.

Public Act 252 amended the Income Tax Act to add the Fostering Futures Scholarship Trust Fund to the list of organizations to which a taxpayer can designate a contribution, beginning on tax year 2018. The Trust Fund is a charitable and educational endowment fund that provides scholarships for postsecondary education for eligible foster care students. The Act also deleted provisions regarding organizations that have been removed from the voluntary contribution schedule in recent years. The Act was tie-barred to PA 253 (allowed the Trust Fund to receive donations from taxpayers via the check-off).

Public Act 254 amended the Income Tax Act to include the Lions of Michigan Foundation Fund to the list of organizations to which a taxpayer can designate a contribution, beginning on tax year 2018. The Fund provides resources to assist Michigan Lions Clubs and other charities that provide services aimed at helping children and adults with sight and hearing deficiencies and improve the quality of life for people with unmet needs. The Act was tie-barred to PA 255 (creates the Lions of Michigan Foundation Fund Act).

Public Act 256 amended the Income Tax Act to add the Michigan World War II Legacy Memorial Fund to the list of organizations to which a taxpayer can designate a contribution, beginning on tax year 2018. The Memorial Fund provides resources to assist in honoring Michigan residents who served in the armed forces and on the home front during World War II and in building Michigan's

official monument to these individuals. The Act was tie-barred to PA 257 (creates the Michigan World War II Legacy Memorial Fund Act).

Public Act 258 amended the Income Tax Act to include the Kiwanis Fund to the list of organizations to which a taxpayer can designate a contribution, beginning on tax year 2018. The Kiwanis Fund provides resources to any Kiwanis club or organization located in Michigan to improve the world by making lasting differences in the lives of children. The Act was tie-barred to PA 259 (creates the Kiwanis Fund Act).

Public Act 309 amended the Income Tax Act to delete a provision requiring the State Treasurer to notify the Legislature if the State's Federal Low Income Home Energy Assistance Program (LIHEAP) block grant allotment is less than the full home heating credit amount.

Public Act 588 amended the Income Tax Act to allow a taxpayer to deduct, to the extent included in adjusted gross income, compensation received in the tax year pursuant to the Wrongful Imprisonment Compensation Act for tax years beginning after 2017. The Act also adjusted the School Aid Fund (SAF) earmark to 0.954% (previously, 1.012%) divided by the tax rate, beginning on December 2018. The reduction in the SAF earmark was designed to shift new revenue from the increased collection of sales tax on Internet purchases to the Michigan Transportation Fund (MTF) and the Renew Michigan Fund (RMF). As a result, \$69 million is earmarked to the RMF (fund is created under the Act), and distributions to the MTF are increased for fiscal years 2019 (from \$150 million to \$264 million) and 2020 (from \$325 million to \$468 million). The Act provides that if in any fiscal year from 2019 to 2022 the minimum foundation allowance falls below the FY 2018 minimum foundation allowance established under the State School Aid Act, then for that fiscal year no money shall be deposited into the Renew Michigan Fund, and the distributions to the MTF revert to the limit established prior to the Act.

Public Act 589 amended the Income Tax Act to allow a taxpayer to claim an additional exemption in a tax year in which the taxpayer has a certificate of stillbirth from, the Department of Health and Human Services, beginning for tax year 2019.

XI. EXHIBITS 25 THROUGH 40

Exhibit 25
Effective Rate of the Michigan Individual Income Tax, 2017

Adjusted Gross Income Group	number of Returns Filed ⁽¹⁾	Adjusted Gross Income	effective Personal Exemptions ⁽²⁾	Claimed Exemptions	Subtractions Minus Additions	Total Credits	Effective Tax	Effective Tax as a % of Income
Less than \$1 ⁽³⁾	118,839	(\$9,786,469,177)		101,580	(\$7,759,829,611)	\$64,974,208	(\$57,189,432)	
\$ 1 - 2,000	168,111	128,262,274	19,981	145,138	342,015,609	65,807,218	(65,298,463)	-50.91%
2,001 - 4,000	142,860	429,586,610	48,605	95,135	206,160,917	25,839,285	(21,224,341)	-4.94%
4,001 - 6,000	144,019	720,683,702	72,700	117,742	266,950,486	28,717,151	(18,186,143)	-2.52%
6,001 - 8,000	141,613	990,585,119	90,910	135,871	324,136,773	32,098,168	(15,715,614)	-1.59%
8,001 - 10,000	147,635	1,334,520,630	125,296	171,932	389,097,474	41,238,721	(18,606,973)	-1.39%
10,001 - 12,000	150,238	1,647,196,103	149,157	196,786	464,445,517	46,438,400	(17,711,555)	-1.08%
12,001 - 14,000	144,458	1,880,430,651	165,962	213,386	517,103,569	46,153,475	(12,544,093)	-0.67%
14,001 - 16,000	150,503	2,251,514,731	213,556	260,430	539,830,123	55,907,568	(15,773,552)	-0.70%
16,001 - 18,000	133,417	2,266,583,041	182,710	221,037	538,414,726	42,699,276	3,173,762	0.14%
18,001 - 20,000	126,333	2,399,098,785	174,469	209,297	935,178,779	37,307,735	14,705,091	0.61%
20,001 - 22,000	121,651	2,554,033,095	167,975	201,184	592,828,417	32,586,526	25,119,954	0.98%
22,001 - 24,000	116,861	2,687,457,494	165,214	196,744	615,504,575	29,623,250	33,204,788	1.24%
24,001 - 26,000	112,922	2,822,848,589	163,766	192,682	628,140,404	27,047,993	41,012,889	1.45%
26,001 - 28,000	107,348	2,897,865,250	158,820	184,824	619,926,071	24,149,363	47,985,283	1.66%
28,001 - 30,000	104,184	3,021,091,962	158,179	182,136	616,459,360	22,244,925	55,159,911	1.83%
30,001 - 35,000	238,485	7,737,280,161	369,674	420,967	1,486,094,294	45,307,075	161,891,658	2.09%
35,001 - 40,000	209,247	7,835,742,590	333,400	375,684	1,444,128,446	33,521,217	184,639,190	2.36%
40,001 - 45,000	181,915	7,721,927,822	298,521	335,356	1,448,187,062	22,063,300	196,297,182	2.54%
45,001 - 50,000	164,455	7,806,303,547	276,678	309,847	1,470,051,231	10,238,311	213,782,735	2.74%
Over 50,000	<u>1,897,716</u>	<u>320,037,860,562</u>	<u>4,339,175</u>	<u>4,652,579</u>	<u>113,360,102,567</u>	<u>91,806,448</u>	<u>8,004,093,723</u>	2.50%
Totals	4,822,810	\$369,384,403,541	7,674,748	8,920,337	\$119,044,926,789	\$825,769,613	\$8,738,816,000	2.37%

⁽¹⁾Includes 47,140 credit-only returns.

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

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

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

Exhibit 26
Breakdown of Upper Income Filers
Individual Income Tax, 2017

Adjusted Gross Income Group	Number of Returns Filed	Adjusted Gross Income	Effective				Total Credits	Effective Tax	Effective Tax as a % of Income
			Personal Exemptions ⁽¹⁾	Claimed Exemptions	Subtractions Minus Additions				
\$50,001 - 55,000	150,181	\$7,878,574,037	258,997	291,027	\$1,572,176,089	\$3,716,329	\$221,768,162	2.81%	
55,001 - 60,000	137,246	7,888,125,882	247,690	274,937	1,606,759,073	2,769,412	223,344,724	2.83%	
60,001 - 65,000	127,809	7,983,046,057	242,876	266,221	1,642,381,161	2,713,706	226,172,306	2.83%	
65,001 - 70,000	117,549	7,931,590,783	233,993	252,204	1,617,742,775	2,678,841	227,045,137	2.86%	
70,001 - 75,000	109,302	7,920,757,927	227,914	242,669	1,584,274,842	2,523,420	229,001,912	2.89%	
75,001 - 80,000	101,591	7,870,005,917	219,434	232,216	1,547,328,962	2,416,367	229,605,562	2.92%	
80,001 - 85,000	93,699	7,726,816,204	208,062	219,749	1,508,558,143	2,457,534	227,399,137	2.94%	
85,001 - 90,000	85,850	7,509,408,837	195,778	206,646	1,470,156,205	2,376,160	222,121,149	2.96%	
90,001 - 95,000	79,995	7,397,260,374	187,537	197,194	1,436,601,913	2,404,488	219,627,212	2.97%	
95,001 - 100,000	73,913	7,204,099,119	175,839	185,274	1,397,331,557	2,337,323	215,122,128	2.99%	
100,001 - 110,000	128,692	13,492,447,188	317,080	333,236	2,480,042,520	4,513,662	411,011,580	3.05%	
110,001 - 120,000	105,876	12,158,400,247	270,104	283,220	2,067,377,035	3,835,268	380,090,035	3.13%	
120,001 - 130,000	85,826	10,713,192,555	224,570	234,377	1,728,064,834	3,558,154	341,586,929	3.19%	
130,001 - 140,000	69,512	9,373,377,196	184,654	192,816	1,468,001,183	2,946,142	302,471,743	3.23%	
140,001 - 150,000	56,588	8,196,343,538	153,333	159,460	1,233,843,427	2,750,916	267,733,452	3.27%	
150,001 - 160,000	47,081	7,289,908,065	128,068	133,505	1,082,588,428	2,651,303	240,153,773	3.29%	
160,001 - 170,000	39,194	6,461,222,420	107,514	111,942	962,117,847	2,056,102	214,105,557	3.31%	
170,001 - 180,000	32,296	5,647,215,493	89,472	93,206	790,739,998	2,120,980	189,531,497	3.36%	
180,001 - 190,000	26,577	4,912,446,567	73,162	76,655	701,192,896	1,592,780	165,551,511	3.37%	
190,001 - 200,000	22,492	4,382,964,786	62,266	65,421	618,473,017	1,452,144	148,352,600	3.38%	
200,001 - 300,000	108,963	26,036,908,541	298,340	317,213	3,985,960,468	9,623,149	880,545,704	3.38%	
300,001 - 400,000	35,488	12,175,334,000	94,352	103,862	2,106,742,036	5,150,610	409,001,040	3.36%	
400,001 - 500,000	17,293	7,696,104,624	45,586	51,139	1,514,087,598	2,956,954	253,685,258	3.30%	
500,001 - 750,000	19,124	11,541,903,924	46,724	56,401	2,711,536,867	3,898,743	365,057,035	3.16%	
750,001 - 1,000,000	7,847	6,753,014,909	17,974	22,756	1,894,081,563	2,265,971	202,535,448	3.00%	
Over \$1,000,000	<u>17,732</u>	<u>95,897,391,372</u>	<u>27,857</u>	<u>49,233</u>	<u>72,631,942,130</u>	<u>14,039,990</u>	<u>991,473,132</u>	1.03%	
Totals for AGI over \$50,000	1,897,716	\$320,037,860,562	4,339,175	4,652,579	\$113,360,102,567	\$91,806,448	\$8,004,093,723	2.50%	

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

⁽²⁾For taxpayers with AGI over \$1 million, if Income Attributable to Another State were subtracted from AGI, the effective tax rate would be about 3.95%.

Exhibit 27
Tax Base Deductions as a Percentage of AGI
Individual Income Tax, 2017

Adjusted Gross Income Group	Total Effective Exemptions	Subtractions Minus Additions	Nonrefundable Credits⁽¹⁾	Property Tax Credits	Home Heating Credits	Michigan Earned Income Tax Credits
\$ 1 - 2,000	81.1%	266.7%	0.0%	1031.9%	163.9%	4.8%
2,001 - 4,000	60.6%	48.0%	0.0%	115.8%	18.7%	4.7%
4,001 - 6,000	49.6%	37.0%	0.0%	73.7%	12.4%	6.1%
6,001 - 8,000	42.8%	32.7%	0.0%	58.0%	9.6%	7.5%
8,001 - 10,000	41.6%	29.2%	0.0%	51.0%	9.2%	11.0%
10,001 - 12,000	39.0%	28.2%	0.0%	45.4%	8.0%	11.8%
12,001 - 14,000	37.3%	27.5%	0.0%	38.3%	6.3%	12.3%
14,001 - 16,000	39.4%	24.0%	0.0%	35.8%	6.7%	15.1%
16,001 - 18,000	33.4%	23.8%	0.0%	28.6%	3.7%	11.1%
18,001 - 20,000	30.0%	39.0%	0.0%	24.3%	2.3%	9.0%
20,001 - 22,000	27.1%	23.2%	0.0%	20.6%	1.4%	7.2%
22,001 - 24,000	25.2%	22.9%	0.0%	18.1%	0.9%	6.2%
24,001 - 26,000	23.7%	22.3%	0.0%	15.9%	0.6%	5.3%
26,001 - 28,000	22.4%	21.4%	0.0%	14.0%	0.4%	4.4%
28,001 - 30,000	21.3%	20.4%	0.0%	12.6%	0.3%	3.7%
30,001 - 35,000	19.4%	19.2%	0.0%	10.3%	0.1%	2.6%
35,001 - 40,000	17.3%	18.4%	0.0%	7.9%	0.1%	1.4%
40,001 - 45,000	15.7%	18.8%	0.0%	5.2%	0.0%	0.6%
45,001 - 50,000	14.4%	18.8%	0.0%	2.0%	0.0%	0.2%
50,001 - 55,000	13.3%	20.0%	0.0%	0.3%	0.0%	0.0%
55,001 - 60,000	12.7%	20.4%	0.0%	0.1%	0.0%	0.0%
60,001 - 65,000	12.3%	20.6%	0.0%	0.0%	0.0%	0.0%
65,001 - 70,000	11.9%	20.4%	0.0%	0.0%	0.0%	0.0%
70,001 - 75,000	11.6%	20.0%	0.0%	0.0%	0.0%	0.0%
75,001 - 80,000	11.3%	19.7%	0.0%	0.0%	0.0%	0.0%

Exhibit 27 (cont.)

Adjusted Gross Income Group	Total Effective Exemptions	Subtractions Minus Additions	Nonrefundable Credits⁽¹⁾	Property Tax Credits	Home Heating Credits	Michigan Earned Income Tax Credits
80,001 - 85,000	10.9%	19.5%	0.0%	0.0%	0.0%	0.0%
85,001 - 90,000	10.5%	19.6%	0.0%	0.0%	0.0%	0.0%
90,001 - 95,000	10.2%	19.4%	0.0%	0.0%	0.0%	0.0%
95,001 - 100,000	9.8%	19.4%	0.0%	0.0%	0.0%	0.0%
100,001 - 110,000	9.5%	18.4%	0.0%	0.0%	0.0%	0.0%
110,001 - 120,000	8.9%	17.0%	0.0%	0.0%	0.0%	0.0%
120,001 - 130,000	8.4%	16.1%	0.0%	0.0%	0.0%	0.0%
130,001 - 140,000	7.9%	15.7%	0.0%	0.0%	0.0%	0.0%
140,001 - 150,000	7.5%	15.1%	0.0%	0.0%	0.0%	0.0%
150,001 - 160,000	7.1%	14.9%	0.0%	0.0%	0.0%	0.0%
160,001 - 170,000	6.7%	14.9%	0.0%	0.0%	0.0%	0.0%
170,001 - 180,000	6.4%	14.0%	0.0%	0.0%	0.0%	0.0%
180,001 - 190,000	6.0%	14.3%	0.0%	0.0%	0.0%	0.0%
190,001 - 200,000	5.7%	14.1%	0.0%	0.0%	0.0%	0.0%
200,001 - 300,000	4.6%	15.3%	0.0%	0.0%	0.0%	0.0%
300,001 - 400,000	3.1%	17.3%	0.0%	0.0%	0.0%	0.0%
400,001 - 500,000	2.4%	19.7%	0.0%	0.0%	0.0%	0.0%
500,001 - 750,000	1.6%	23.5%	0.0%	0.0%	0.0%	0.0%
750,001 - 1,000,000	1.1%	28.0%	0.0%	0.0%	0.0%	0.0%
Over \$1,000,000	0.1%	75.7%	0.0%	0.0%	0.0%	0.0%
Overall Percent	8.5%	32.2%	0.0%	3.4%	0.4%	0.7%

⁽¹⁾ Nonrefundable credits, home heating credits, property tax credits, and earned income tax credits are divided by the tax rate (4.25%) to determine the equivalent income tax deduction. Nonrefundable credits for 2017 are: the Other State Tax credit, and the Michigan Historic Preservation credit.

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

Exhibit 28
Distribution of Personal Exemptions
Claimed on 2017 Individual Income Tax Returns⁽¹⁾

Adjusted Gross Income Group	Exemptions Claimed							Total Returns	Total Exemptions ⁽²⁾
	<u>Zero</u>	<u>One</u>	<u>Two</u>	<u>Three</u>	<u>Four</u>	<u>Five</u>	<u>Six or More</u>		
Zero Income	1,938	47,560	17,217	2,316	1,541	718	412	71,702	101,580
\$ 1 - 2,000	54,249	90,137	19,177	2,739	1,111	450	248	168,111	145,138
2,001 - 4,000	71,252	54,677	12,777	2,559	1,098	322	175	142,860	95,135
4,001 - 6,000	57,641	64,330	16,053	3,788	1,505	496	206	144,019	117,742
6,001 - 8,000	44,875	69,734	19,217	4,859	2,028	643	257	141,613	135,871
8,001 - 10,000	33,239	73,733	29,718	6,988	2,738	843	376	147,635	171,932
10,001 - 12,000	24,385	77,006	34,551	9,138	3,508	1,159	491	150,238	196,786
12,001 - 14,000	17,800	75,176	29,061	13,701	6,183	1,753	784	144,458	213,386
14,001 - 16,000	12,826	72,970	28,732	20,627	11,167	2,910	1,271	150,503	260,430
16,001 - 18,000	9,082	70,232	28,743	14,043	7,759	2,376	1,182	133,417	221,037
18,001 - 20,000	6,342	69,282	28,483	11,788	6,903	2,336	1,199	126,333	209,297
20,001 - 22,000	4,532	68,556	28,199	11,004	5,906	2,292	1,162	121,651	201,184
22,001 - 24,000	3,123	65,799	27,847	10,810	5,857	2,291	1,134	116,861	196,744
24,001 - 26,000	2,297	63,320	27,483	10,580	5,842	2,256	1,144	112,922	192,682
26,001 - 28,000	1,616	60,132	26,551	10,129	5,635	2,166	1,119	107,348	184,824
28,001 - 30,000	1,242	57,917	25,964	9,918	5,584	2,356	1,203	104,184	182,136
30,001 - 35,000	1,844	132,889	59,832	21,993	13,184	5,751	2,992	238,485	420,967
35,001 - 40,000	986	116,036	52,957	18,519	11,900	5,683	3,166	209,247	375,684
40,001 - 45,000	610	97,669	47,953	15,863	11,262	5,381	3,177	181,915	335,356
45,001 - 50,000	336	85,019	45,682	14,409	10,826	5,174	3,009	164,455	309,847
50,001 - 55,000	201	72,379	45,372	14,107	10,575	4,773	2,774	150,181	291,027
55,001 - 60,000	139	61,586	43,799	13,782	10,623	4,652	2,665	137,246	274,937
60,001 - 65,000	87	52,458	43,229	13,433	11,140	4,894	2,568	127,809	266,221
65,001 - 70,000	71	44,196	41,888	13,211	11,070	4,736	2,377	117,549	252,204
70,001 - 75,000	42	37,176	40,739	13,086	11,210	4,713	2,336	109,302	242,669
75,001 - 80,000	35	30,726	39,968	12,733	11,494	4,533	2,102	101,591	232,216

Exhibit 28 (cont.)

Adjusted Gross Income Group	Exemptions Claimed							Total Returns	Total Exemptions ⁽²⁾
	<u>Zero</u>	<u>One</u>	<u>Two</u>	<u>Three</u>	<u>Four</u>	<u>Five</u>	<u>Six or More</u>		
80,001 - 85,000	24	25,644	38,006	12,279	11,354	4,452	1,940	93,699	219,749
85,001 - 90,000	34	20,560	36,449	11,674	11,089	4,249	1,795	85,850	206,646
90,001 - 95,000	12	17,128	34,767	11,136	11,050	4,195	1,707	79,995	197,194
95,001 - 100,000	21	14,350	32,844	10,308	10,778	4,042	1,570	73,913	185,274
100,001 - 110,000	26	21,893	56,627	18,949	20,601	7,667	2,929	128,692	333,236
110,001 - 120,000	26	15,617	45,921	16,154	18,611	6,987	2,560	105,876	283,220
120,001 - 130,000	22	11,266	37,161	13,224	16,014	5,956	2,183	85,826	234,377
130,001 - 140,000	22	8,327	29,738	11,033	13,582	5,042	1,768	69,512	192,816
140,001 - 150,000	12	6,192	23,906	9,179	11,488	4,355	1,456	56,588	159,460
150,001 - 160,000	7	4,939	19,784	7,673	9,837	3,628	1,213	47,081	133,505
160,001 - 170,000	10	3,963	16,260	6,483	8,420	3,038	1,020	39,194	111,942
170,001 - 180,000	5	3,196	12,994	5,456	7,223	2,596	826	32,296	93,206
180,001 - 190,000	15	2,624	10,792	4,418	5,833	2,202	693	26,577	76,655
190,001 - 200,000	7	2,158	9,043	3,709	5,079	1,869	627	22,492	65,421
200,001 - 300,000	41	10,403	44,102	17,475	24,543	9,392	3,007	108,963	317,213
300,001 - 400,000	11	3,639	14,294	5,302	7,747	3,362	1,133	35,488	103,862
400,001 - 500,000	6	1,721	7,015	2,494	3,679	1,728	650	17,293	51,139
500,001 - 750,000	23	2,088	7,695	2,612	3,957	1,992	757	19,124	56,401
750,001 - 1,000,000	15	892	3,291	1,028	1,507	814	300	7,847	22,756
Over \$1,000,000	<u>22</u>	<u>2,552</u>	<u>7,713</u>	<u>2,188</u>	<u>2,960</u>	<u>1,614</u>	<u>683</u>	<u>17,732</u>	<u>49,233</u>
Totals	351,151	1,989,847	1,349,594	468,897	393,001	154,837	68,346	4,775,673	8,920,337

⁽¹⁾ Values in this table are based on 4,775,673 MI-1040 tax returns on file.

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

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

Exhibit 29
Distribution of Special Exemptions and Dependent Exemptions
Claimed on 2017 Individual Income Tax Returns⁽¹⁾

Adjusted Gross Income Group	Deaf/Blind/ Disabled Exemptions	Disabled Veteran Exemptions	Claimed as Dependent Exemptions	Total
Zero Income	16,192	928	1,822	18,942
\$ 1 - 2,000	35,977	976	54,300	91,253
2,001 - 4,000	8,315	629	71,301	80,245
4,001 - 6,000	8,238	665	57,686	66,589
6,001 - 8,000	8,500	661	44,915	54,076
8,001 - 10,000	9,354	755	33,274	43,383
10,001 - 12,000	9,126	744	24,407	34,277
12,001 - 14,000	8,518	788	17,819	27,125
14,001 - 16,000	8,288	788	12,842	21,918
16,001 - 18,000	6,912	750	9,106	16,768
18,001 - 20,000	6,347	751	6,362	13,460
20,001 - 22,000	6,059	742	4,549	11,350
22,001 - 24,000	5,683	741	3,132	9,556
24,001 - 26,000	5,307	731	2,307	8,345
26,001 - 28,000	4,763	712	1,626	7,101
28,001 - 30,000	4,586	768	1,261	6,615
30,001 - 35,000	9,996	1,602	1,866	13,464
35,001 - 40,000	8,667	1,435	1,014	11,116
40,001 - 45,000	7,314	1,345	632	9,291
45,001 - 50,000	6,140	1,265	348	7,753
50,001 - 55,000	5,679	1,236	227	7,142
55,001 - 60,000	5,424	1,095	172	6,691
60,001 - 65,000	5,155	1,132	105	6,392
65,001 - 70,000	4,569	986	100	5,655
70,001 - 75,000	4,260	932	67	5,259
75,001 - 80,000	3,822	902	53	4,777
80,001 - 85,000	3,405	803	41	4,249
85,001 - 90,000	3,050	712	41	3,803
90,001 - 95,000	2,640	690	25	3,355
95,001 - 100,000	2,277	639	28	2,944
Over \$100,000	17,212	5,094	386	22,692
Totals	241,775	31,997	351,814	625,586

⁽¹⁾ Values in this table are based on 4,775,673 MI-1040 tax returns on file.

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

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

	2014			2015			2016			2017		
	<u>Number</u>	<u>Amount</u>	<u>Average</u>	<u>Number</u>	<u>Amount</u>	<u>Average</u>	<u>Number</u>	<u>Amount</u>	<u>Average</u>	<u>Number</u>	<u>Amount</u>	<u>Average</u>
Property Tax Credits												
General	633.6	\$274,075.3	\$432.57	608.3	\$267,209.1	\$439.26	619.8	\$282,938.0	\$456.51	603.4	\$283,917.2	\$470.50
Senior Citizen ⁽¹⁾												
Total	316.2	\$189,265.4	\$598.62	314.0	\$190,057.2	\$605.33	316.8	\$196,122.2	\$619.06	310.3	\$194,587.2	\$627.13
Low Income Rent	9.4	\$2,368.3	\$252.35	9.4	\$2,352.1	\$249.35	9.9	\$2,450.1	\$247.38	10.5	\$2,568.4	\$244.21
Veteran	3.5	\$407.9	\$115.42	3.4	\$399.3	\$118.34	3.1	\$363.2	\$118.54	2.8	\$336.9	\$118.85
Blind	0.7	\$75.7	\$114.41	0.6	\$73.9	\$117.36	0.6	\$73.2	\$123.51	0.6	\$72.0	\$122.70
Disabled	85.2	\$53,195.8	\$624.20	84.2	\$53,348.8	\$633.35	81.6	\$52,825.4	\$647.52	76.5	\$50,909.0	\$665.84
Farmland	<u>7.2</u>	<u>\$40,831.4</u>	\$5,703.51	<u>7.5</u>	<u>\$46,064.6</u>	\$6,163.31	<u>7.4</u>	<u>\$47,383.6</u>	\$6,441.49	<u>7.3</u>	<u>\$49,520.0</u>	\$6,776.13
Total Property Tax Credits	1,046.4	\$557,851.6	\$533.14	1,018.0	\$557,152.9	\$547.30	1,029.2	\$579,705.7	\$563.27	1,000.9	\$579,342.3	\$578.82
Homeowners Total Credits ⁽²⁾	556.0	\$302,177.5	\$543.48	540.1	\$298,914.1	\$553.39	536.3	\$303,595.6	\$566.09	515.6	\$296,345.4	\$574.77
Renters Total Credits ⁽²⁾	479.0	\$214,359.1	\$447.52	466.4	\$211,700.9	\$453.93	481.9	\$228,290.1	\$473.77	474.6	\$233,068.0	\$491.10
Home Heating Credit Total	379.9	\$52,946.9	\$139.38	332.4	\$45,422.1	\$136.64	320.9	\$68,325.2	\$212.93	319.6	\$62,875.2	\$196.75
HHC regular credit		\$52,946.9	\$139.38		\$45,422.1	\$136.64		\$56,275.7	\$175.38		\$62,875.2	\$196.75
HHC supplemental		n.a.	n.a.		n.a.	n.a.		\$12,049.5	\$37.6		n.a.	n.a.
MI Earned Income Tax Credit	775.5	\$111,226.6	\$143.43	756.9	\$109,487.7	\$144.65	770.5	\$113,951.1	\$147.90	748.6	\$112,242.7	\$149.94
Credit for Income Tax Paid to Another State	52.2	\$53,506.8	\$1,025.90	51.5	\$58,372.3	\$1,133.27	51.4	\$57,074.9	\$1,109.85	52.7	\$71,199.9	\$1,350.81
Historic Preservation Credit	0.4	\$397.2	\$904.67	0.2	\$266.9	\$1,700.29	0.1	\$163.7	\$1,299.56	0.2	\$109.6	\$730.54

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

⁽²⁾ Refers to credits for Disabled, Seniors, and Regular claimants.

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

Exhibit 31
Distribution of Property Tax Credits Claimed
Individual Income Tax, 2017 ⁽¹⁾

Adjusted Gross Income Group	General			Senior Citizens ⁽²⁾			Veterans			Disabled ⁽³⁾		
	Number of Credits Allowed	% of Total Credits Allowed	Credit Amount	Number of Credits Allowed	% of Total Credits Allowed	Credit Amount	Number of Credits Allowed	% of Total Credits Allowed	Credit Amount	Number of Credits Allowed	% of Total Credits Allowed	Credit Amount
Zero Income ⁽⁴⁾	9,424	1.6%	\$6,162,146	36,119	11.6%	\$28,250,390	184	6.5%	\$25,655	16,824	21.8%	\$11,736,131
\$ 1 - 2,000	10,809	1.8%	6,238,736	41,620	13.4%	33,483,831	188	6.6%	26,012	22,859	29.7%	16,502,547
2,001 - 4,000	8,558	1.4%	4,459,433	18,770	6.0%	14,417,592	105	3.7%	14,754	3,376	4.4%	2,245,820
4,001 - 6,000	11,911	2.0%	6,018,268	19,386	6.2%	14,366,136	91	3.2%	12,298	3,230	4.2%	2,180,581
6,001 - 8,000	16,057	2.7%	8,043,686	20,129	6.5%	14,265,172	102	3.6%	12,119	3,245	4.2%	2,112,508
8,001 - 10,000	25,353	4.2%	13,370,623	19,899	6.4%	13,186,015	124	4.4%	17,638	3,460	4.5%	2,348,985
10,001 - 12,000	31,410	5.2%	17,113,792	20,099	6.5%	12,597,245	128	4.5%	15,051	3,173	4.1%	2,089,865
12,001 - 14,000	32,508	5.4%	17,659,185	19,108	6.2%	11,111,880	149	5.3%	18,621	2,740	3.6%	1,782,638
14,001 - 16,000	41,701	6.9%	23,320,180	16,893	5.4%	9,248,188	149	5.3%	19,392	2,456	3.2%	1,658,579
16,001 - 18,000	35,526	5.9%	19,048,583	13,883	4.5%	7,242,145	142	5.0%	18,019	1,909	2.5%	1,206,881
18,001 - 20,000	33,795	5.6%	17,432,736	12,075	3.9%	6,207,862	127	4.5%	12,361	1,697	2.2%	1,094,942
20,001 - 22,000	32,319	5.4%	16,049,134	10,814	3.5%	5,298,628	134	4.7%	16,935	1,604	2.1%	956,114
22,001 - 24,000	31,463	5.2%	15,300,292	9,566	3.1%	4,531,918	134	4.7%	16,811	1,440	1.9%	811,164
24,001 - 26,000	30,393	5.0%	14,501,786	8,434	2.7%	3,892,500	114	4.0%	13,729	1,262	1.6%	697,878
26,001 - 28,000	29,152	4.8%	13,470,237	7,191	2.3%	3,237,998	110	3.9%	12,300	1,099	1.4%	573,356
28,001 - 30,000	28,419	4.7%	12,936,225	6,274	2.0%	2,738,062	113	4.0%	13,604	962	1.2%	504,133
30,001 - 35,000	63,566	10.5%	28,169,797	11,961	3.9%	4,755,521	232	8.2%	27,516	2,089	2.7%	1,059,988
35,001 - 40,000	52,682	8.7%	22,473,224	8,418	2.7%	2,978,608	201	7.1%	21,919	1,606	2.1%	724,943
40,001 - 45,000	41,006	6.8%	14,911,851	5,586	1.8%	1,748,248	146	5.1%	12,843	1,143	1.5%	467,873
45,001 - 50,000	31,414	5.2%	5,846,549	3,007	1.0%	687,418	128	4.5%	7,707	659	0.9%	160,286
50,001 - 55,000	4,464	0.7%	823,041	718	0.2%	160,331	22	0.8%	804	147	0.2%	36,423
55,001 - 60,000	838	0.1%	223,889	154	0.0%	56,106	6	0.2%	325	38	0.0%	11,380
60,001 - 65,000	238	0.0%	84,189	41	0.0%	22,335	n.a.	0.0%	7	7	0.0%	1,223
65,001 - 70,000	96	0.0%	50,193	27	0.0%	19,669	n.a.	0.0%	n.a.	4	0.0%	3,371
70,001 - 75,000	69	0.0%	31,104	17	0.0%	10,429	-	0.0%	-	n.a.	0.0%	n.a.
75,001 - 80,000	32	0.0%	21,199	9	0.0%	7,948	n.a.	0.1%	128	n.a.	0.0%	n.a.
80,001 - 85,000	32	0.0%	18,694	13	0.0%	8,685	-	0.0%	-	n.a.	0.0%	n.a.
85,001 - 90,000	23	0.0%	13,080	9	0.0%	6,499	-	0.0%	-	-	0.0%	-
90,001 - 95,000	27	0.0%	14,446	7	0.0%	5,244	n.a.	0.0%	125	n.a.	0.0%	n.a.
95,001 - 100,000	11	0.0%	7,373	4	0.0%	2,431	-	0.0%	-	-	0.0%	-
Over 100,000	138	0.0%	103,482	51	0.0%	42,144	n.a.	0.0%	119	7	0.0%	7,183
Totals	603,434	100.0%	\$283,917,153	310,282	100.0%	\$194,587,178	2,835	100.0%	\$336,947	77,045	100.0%	\$50,981,034

Notes:

- ⁽¹⁾ Values in this table are based on a sample of the 4,822,810 MI-1040 and MI-1040CR returns.
- ⁽²⁾ Includes Senior Citizen Low Income Rent Credits.
- ⁽³⁾ Includes blind, blind/deaf, paraplegic, quadriplegic, and totally disabled.
- ⁽⁴⁾ Represents those individuals who had no taxable income, but did receive a property tax credit.
- ⁽⁵⁾ Per Rule 205.1003, "n.a." was used to protect the confidentiality of filers in this income classification.

Exhibit 32
Distribution of Senior Citizen Property Tax Credits by Household Resources
Individual Income Tax, 2017

Household Resources	Number of Returns	Property Tax Paid	Property Tax Credit	Property Tax Paid After Credit
\$1,000 and below	533	\$1,023,709	\$487,516	\$536,193
1,001 - 2,000	182	259,975	148,623	111,352
2,001 - 3,000	259	306,701	206,746	99,955
3,001 - 4,000	437	652,801	364,494	288,307
4,001 - 5,000	610	757,264	494,728	262,536
5,001 - 6,000	900	1,146,112	742,190	403,922
6,001 - 7,000	1,421	1,791,525	1,168,252	623,273
7,001 - 8,000	2,221	2,892,365	1,864,254	1,028,111
8,001 - 9,000	5,665	6,502,650	4,661,099	1,841,551
9,001 - 10,000	5,892	7,105,121	4,654,320	2,450,801
10,001 - 11,000	4,959	6,680,412	4,042,932	2,637,480
11,001 - 12,000	5,792	7,895,484	4,760,718	3,134,766
12,001 - 13,000	6,444	9,119,376	5,222,447	3,896,929
13,001 - 14,000	7,812	11,519,125	6,393,215	5,125,910
14,001 - 15,000	7,418	11,359,926	6,050,518	5,309,408
15,001 - 16,000	8,086	12,657,814	6,423,046	6,234,768
16,001 - 17,000	7,854	12,725,858	6,396,913	6,328,945
17,001 - 18,000	8,238	13,525,379	6,617,410	6,907,969
18,001 - 19,000	8,426	14,152,409	6,786,561	7,365,848
19,001 - 20,000	8,551	14,682,354	6,830,681	7,851,673
20,001 - 21,000	8,773	15,396,193	7,062,650	8,333,543
21,001 - 22,000	8,880	15,815,795	6,933,143	8,882,652
22,001 - 23,000	8,751	15,861,842	6,653,984	9,207,858
23,001 - 24,000	8,998	16,650,654	6,621,409	10,029,245
24,001 - 25,000	8,790	16,549,638	6,288,757	10,260,881
25,001 - 26,000	8,690	16,506,590	5,972,445	10,534,145
26,001 - 27,000	8,721	16,861,979	5,790,979	11,071,000
27,001 - 28,000	8,512	16,645,467	5,433,900	11,211,567
28,001 - 29,000	8,503	17,654,052	5,227,048	12,427,004
29,001 - 30,000	8,535	17,320,472	4,996,212	12,324,260
30,001 - 35,000	40,157	85,403,791	22,228,352	63,175,439
35,001 - 40,000	36,182	83,729,714	19,609,294	64,120,420
40,001 - 45,000	30,751	75,346,615	13,295,814	62,050,801
45,001 - 50,000	24,330	63,984,969	4,151,974	59,832,995
50,001 - 60,000	7	41,359	2,241	39,118
60,001 - 70,000	n.a.	0	0	0
70,001 - 80,000	0	0	0	0
Over 80,000	n.a.	5,859	2,313	3,546
Totals	310,282	\$610,531,350	\$194,587,178	\$415,944,172

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

Exhibit 33
Distribution of General Property Tax Credits by Household Resources
Individual Income Tax, 2017

Household Resources	Number of Returns	Property Tax Paid	Property Tax Credit	Property Tax Paid After Credit
\$1,000 and below	4,087	\$6,925,880	\$2,870,740	\$4,055,140
1,001 - 2,000	1,659	1,817,399	905,208	912,191
2,001 - 3,000	2,331	2,551,589	1,240,802	1,310,787
3,001 - 4,000	3,096	3,300,015	1,576,667	1,723,348
4,001 - 5,000	3,937	4,226,599	1,965,226	2,261,373
5,001 - 6,000	4,815	5,260,994	2,389,250	2,871,744
6,001 - 7,000	5,840	6,506,542	2,829,860	3,676,682
7,001 - 8,000	7,224	8,222,219	3,596,968	4,625,251
8,001 - 9,000	9,723	11,328,464	4,915,247	6,413,217
9,001 - 10,000	13,900	17,219,166	7,473,766	9,745,400
10,001 - 11,000	15,893	20,665,879	8,778,503	11,887,376
11,001 - 12,000	13,739	18,041,415	7,398,852	10,642,563
12,001 - 13,000	14,724	19,855,877	8,015,410	11,840,467
13,001 - 14,000	17,233	24,097,623	9,561,610	14,536,013
14,001 - 15,000	21,982	32,141,787	12,558,160	19,583,627
15,001 - 16,000	19,017	28,127,441	10,610,128	17,517,313
16,001 - 17,000	18,622	27,921,922	10,247,758	17,674,164
17,001 - 18,000	17,880	27,015,457	9,625,023	17,390,434
18,001 - 19,000	18,013	27,670,291	9,588,618	18,081,673
19,001 - 20,000	17,478	26,979,395	9,115,638	17,863,757
20,001 - 21,000	17,825	27,985,382	9,145,735	18,839,647
21,001 - 22,000	16,961	26,813,800	8,566,437	18,247,363
22,001 - 23,000	16,979	27,437,198	8,506,804	18,930,394
23,001 - 24,000	16,995	27,871,934	8,416,808	19,455,126
24,001 - 25,000	16,314	27,065,620	7,972,596	19,093,024
25,001 - 26,000	16,284	27,563,413	7,856,990	19,706,423
26,001 - 27,000	15,957	27,398,526	7,600,874	19,797,652
27,001 - 28,000	15,673	27,408,844	7,472,709	19,936,135
28,001 - 29,000	15,402	27,323,992	7,245,725	20,078,267
29,001 - 30,000	15,053	27,208,863	7,053,244	20,155,619
30,001 - 35,000	68,721	130,423,011	31,321,372	99,101,639
35,001 - 40,000	57,999	119,666,224	25,862,971	93,803,253
40,001 - 45,000	46,189	103,607,800	16,599,042	87,008,758
45,001 - 50,000	35,876	87,644,307	5,027,198	82,617,109
50,001 - 60,000	9	69,629	3,696	65,933
60,001 - 70,000	0	0	0	0
70,001 - 80,000	n.a.	n.a.	n.a.	n.a.
Over 80,000	n.a.	n.a.	n.a.	n.a.
Totals	603,434	\$1,035,377,407	\$283,917,153	\$751,460,254

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

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

Exhibit 34
Distribution of Farmland Credit by Household Resources
Individual Income Tax, 2017

Household Resources	Farmland Credit		
	Number of Returns	Credit Amount	Average Credit
\$1,000 and below	170	\$1,801,391	\$10,596
1,001 - 2,000	16	68,431	4,277
2,001 - 3,000	49	260,482	5,316
3,001 - 4,000	549	4,385,490	7,988
4,001 - 5,000	46	232,226	5,048
5,001 - 6,000	58	194,230	3,349
6,001 - 7,000	317	3,025,477	9,544
7,001 - 8,000	41	244,197	5,956
8,001 - 9,000	59	252,118	4,273
9,001 - 10,000	68	311,920	4,587
10,001 - 11,000	315	3,341,554	10,608
11,001 - 12,000	73	331,789	4,545
12,001 - 13,000	82	366,702	4,472
13,001 - 14,000	54	254,770	4,718
14,001 - 15,000	66	252,288	3,823
15,001 - 16,000	14	91,394	6,528
16,001 - 17,000	77	370,760	4,815
17,001 - 18,000	56	261,080	4,662
18,001 - 19,000	87	322,940	3,712
19,001 - 20,000	87	348,165	4,002
20,001 - 21,000	74	291,389	3,938
21,001 - 22,000	77	265,504	3,448
22,001 - 23,000	88	378,407	4,300
23,001 - 24,000	70	337,302	4,819
24,001 - 25,000	64	274,592	4,291
25,001 - 26,000	82	397,970	4,853
26,001 - 27,000	25	129,678	5,187
27,001 - 28,000	439	2,111,620	4,810
28,001 - 29,000	414	1,953,124	4,718
29,001 - 30,000	23	124,646	5,419
30,001 - 35,000	385	1,967,939	5,112
35,001 - 40,000	382	1,921,770	5,031
40,001 - 45,000	27	116,954	4,332
45,001 - 50,000	683	3,543,121	5,188
50,001 - 60,000	27	293,977	10,888
60,001 - 70,000	566	3,220,131	5,689
70,001 - 80,000	24	104,097	4,337
80,001 - 90,000	461	2,935,094	6,367
90,001 - 100,000	32	115,371	3,605
100,001 - 125,000	359	2,296,538	6,397
125,001 - 150,000	50	205,944	4,119
150,001 - 200,000	337	2,440,828	7,243
Over \$200,000	<u>335</u>	<u>7,376,588</u>	22,020
Totals	7,308	\$49,519,988	\$6,776

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

Exhibit 35
Distribution of Home Heating Credits by Household Resources
Individual Income Tax, 2017

Household Resources	Senior Citizens		General		Disabled ⁽¹⁾		Veterans	
	Count	Amount	Count	Amount	Count	Amount	Count	Amount
Up to \$ 1,000	469	\$197,846	7,057	\$2,433,928	429	\$196,521	n.a.	n.a.
1,001 - 2,000	158	58,697	3,261	1,007,050	129	54,253	n.a.	n.a.
2,001 - 3,000	177	62,654	3,790	1,109,085	150	61,704	n.a.	n.a.
3,001 - 4,000	303	99,165	4,880	1,382,155	205	76,585	n.a.	n.a.
4,001 - 5,000	433	123,170	5,792	1,554,917	284	104,584	n.a.	n.a.
5,001 - 6,000	668	183,513	6,753	1,697,592	445	146,532	n.a.	n.a.
6,001 - 7,000	1,110	264,670	7,668	1,835,387	603	187,699	5	2,128
7,001 - 8,000	1,772	365,279	8,830	1,966,490	926	268,426	5	1,115
8,001 - 9,000	4,957	850,674	14,942	3,004,087	7,275	1,609,768	8	2,403
9,001 - 10,000	5,011	784,444	17,613	3,594,815	5,353	1,186,648	8	2,163
10,001 - 11,000	3,925	542,137	16,729	3,299,445	3,228	699,048	11	2,707
11,001 - 12,000	4,469	488,035	14,603	2,537,467	3,066	612,289	7	1,349
12,001 - 13,000	4,442	396,355	14,886	2,469,132	2,891	542,244	14	2,683
13,001 - 14,000	2,974	436,926	12,977	2,830,081	2,855	551,471	13	2,577
14,001 - 15,000	1,208	185,837	15,233	3,698,182	2,391	419,081	17	4,060
15,001 - 16,000	1,211	144,725	11,987	2,521,349	2,209	324,746	15	3,433
16,001 - 17,000	1,120	117,175	11,522	2,120,058	1,715	261,462	11	1,596
17,001 - 18,000	996	89,380	10,060	1,657,334	1,542	220,962	14	1,636
18,001 - 19,000	336	60,081	7,106	1,482,173	849	198,229	6	1,197
19,001 - 20,000	283	41,965	6,301	1,126,684	737	147,956	7	1,369
Over 20,000	<u>1,281</u>	<u>145,304</u>	<u>37,980</u>	<u>5,209,664</u>	<u>4,717</u>	<u>769,471</u>	<u>146</u>	<u>24,101</u>
Totals	37,303	\$5,638,032	239,970	\$48,537,075	41,999	\$8,639,679	304	\$60,388
Average Credit		\$151.14		\$202.26		\$205.71		\$198.64

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

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

Exhibit 36
2017 Income Tax Collections by County

County	Property Tax Credits	Home Heating Credits	MI EITC Credits	Tax After Credits	Percent of Total Tax
ALCONA	\$267,035	\$82,386	\$90,596	\$4,432,644	0.1%
ALGER	242,749	55,155	62,113	4,679,560	0.1%
ALLEGAN	5,200,886	447,263	924,307	82,582,130	0.9%
ALPENA	1,004,757	236,385	298,407	17,259,275	0.2%
ANTRIM	880,706	154,201	252,517	15,357,482	0.2%
ARENAC	725,340	125,362	155,040	7,067,111	0.1%
BARAGA	159,040	53,363	76,033	3,498,327	0.0%
BARRY	2,757,494	203,193	413,045	40,723,793	0.5%
BAY	6,337,222	715,282	1,078,620	68,326,423	0.8%
BENZIE	632,517	91,686	166,587	10,472,458	0.1%
BERRIEN	7,928,506	1,156,934	2,050,616	117,694,951	1.3%
BRANCH	2,610,598	236,494	496,959	21,907,804	0.3%
CALHOUN	7,667,045	921,008	1,668,308	80,018,828	0.9%
CASS	2,208,496	234,006	445,001	24,696,792	0.3%
CHARLEVOIX	1,205,705	143,118	268,452	23,010,923	0.3%
CHEBOYGAN	781,946	206,609	291,048	12,087,352	0.1%
CHIPPEWA	1,084,818	239,816	394,276	14,952,812	0.2%
CLARE	1,052,772	384,668	410,776	14,597,743	0.2%
CLINTON	3,220,355	187,616	380,449	56,271,024	0.6%
CRAWFORD	347,186	103,961	138,219	5,335,782	0.1%
DELTA	1,444,379	233,438	343,271	22,913,857	0.3%
DICKINSON	1,066,134	127,580	243,685	18,016,015	0.2%
EATON	6,608,502	414,511	938,418	90,831,406	1.0%
EMMET	1,494,423	166,330	316,681	35,374,539	0.4%
GENESEE	19,455,211	3,641,808	6,019,538	275,683,618	3.2%
GLADWIN	937,299	217,810	259,899	12,756,310	0.1%
GOGEBIC	460,005	148,968	142,208	8,025,215	0.1%
GRAND TRAVERSE	5,271,355	329,719	763,466	103,976,725	1.2%
GRATIOT	3,879,436	298,685	468,157	21,360,860	0.2%
HILLSDALE	2,389,730	380,331	508,876	24,170,427	0.3%
HOUGHTON	871,483	224,918	271,056	19,524,246	0.2%
HURON	9,085,720	222,507	298,794	14,251,255	0.2%
INGHAM	18,075,313	1,726,838	3,105,587	222,688,034	2.5%
IONIA	2,988,526	275,226	586,916	40,017,252	0.5%
IOSCO	787,398	219,083	300,456	11,948,348	0.1%
IRON	327,704	87,897	113,573	5,572,752	0.1%
ISABELLA	2,838,598	339,967	507,858	33,543,634	0.4%
JACKSON	7,259,762	993,847	1,732,579	106,407,687	1.2%
KALAMAZOO	13,947,142	1,352,239	2,495,972	221,396,718	2.5%
KALKASKA	\$548,145	132,656	\$224,280	\$9,859,972	0.1%
KENT	35,069,976	2,776,087	6,463,100	630,044,600	7.2%
KEWEENAW	34,909	12,479	15,369	1,102,508	0.0%
LAKE	340,044	160,804	125,686	3,004,187	0.0%

Exhibit 36 (cont.)

County	Property Tax Credits	Home Heating Credits	MI EITC Credits	Tax After Credits	Percent of Total Tax
LAPEER	3,051,071	360,015	746,487	66,364,167	0.8%
LEELANAU	610,503	54,032	99,801	18,607,375	0.2%
LENAWEE	7,145,302	486,605	966,475	58,425,181	0.7%
LIVINGSTON	6,040,191	300,740	716,612	198,781,721	2.3%
LUCE	89,282	52,003	59,158	2,724,764	0.0%
MACKINAC	355,375	71,846	100,755	5,507,747	0.1%
MACOMB	67,163,517	4,861,979	9,338,285	723,173,530	8.3%
MANISTEE	1,029,410	163,977	250,355	13,116,123	0.2%
MARQUETTE	2,150,507	307,793	459,692	44,541,552	0.5%
MASON	1,753,733	208,070	321,825	16,491,922	0.2%
MECOSTA	1,401,788	272,432	369,776	21,285,514	0.2%
MENOMINEE	793,342	139,537	197,151	13,435,709	0.2%
MIDLAND	3,433,305	406,482	649,186	107,567,719	1.2%
MISSAUKEE	1,305,820	103,321	153,179	5,587,456	0.1%
MONROE	5,731,344	538,115	1,191,769	112,386,106	1.3%
MONTCALM	3,601,163	492,595	759,066	34,196,828	0.4%
MONTMORENCY	299,919	83,945	107,279	3,860,503	0.0%
MUSKEGON	9,457,126	1,201,252	2,404,582	100,349,282	1.1%
NEWAYGO	2,128,864	323,750	485,092	24,101,300	0.3%
OAKLAND	62,224,814	3,855,883	7,648,344	1,949,903,820	22.3%
OCEANA	1,444,615	243,798	353,222	14,574,756	0.2%
OGEMAW	861,351	236,891	267,531	9,221,697	0.1%
ONTONAGON	157,790	50,085	45,254	2,692,107	0.0%
OSCEOLA	1,079,178	222,709	313,944	12,565,341	0.1%
OSCODA	148,862	63,090	79,239	2,778,900	0.0%
OTSEGO	877,052	150,955	278,985	14,542,072	0.2%
OTTAWA	13,937,836	669,107	1,886,076	288,793,892	3.3%
PRESQUE ISLE	477,542	143,070	139,736	7,119,321	0.1%
ROSCOMMON	922,783	219,513	287,722	11,579,151	0.1%
SAGINAW	10,454,055	1,719,383	2,664,270	118,809,281	1.4%
ST. CLAIR	7,894,481	945,153	1,618,822	120,292,686	1.4%
ST. JOSEPH	2,948,034	283,376	645,705	34,180,446	0.4%
SANILAC	3,986,998	325,488	462,661	21,687,700	0.2%
SCHOOLCRAFT	175,206	77,793	82,616	4,201,572	0.0%
SHIAWASSEE	4,139,244	409,027	738,728	47,734,141	0.5%
TUSCOLA	5,995,026	375,313	610,295	28,028,267	0.3%
VAN BUREN	4,149,220	557,514	944,709	53,994,781	0.6%
WASHTENAW	19,114,716	1,329,117	2,131,003	439,022,990	5.0%
WAYNE (excludes Detroit)	72,626,410	6,694,791	11,460,127	803,659,605	9.2%
WEXFORD	1,458,533	269,150	462,916	19,221,952	0.2%
OUTSIDE OF MICHIGAN	3,954,700	742,769	2,312,382	305,942,265	3.5%
DETROIT	<u>61,275,925</u>	<u>12,400,476</u>	<u>21,125,061</u>	<u>300,321,379</u>	<u>3.4%</u>
TOTAL	\$579,342,300	\$62,875,174	\$112,242,667	\$8,738,816,000	100.0%

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

Exhibit 37 2017 Income Tax Data by County

County	2017	2017	Income Tax		Average		Average		Credits as a		Ratio of Property		Average		
	AGI	Average	Rank	Before	Rank	Income Tax	Rank	Income Tax	Rank	Before Credit	Rank	to 1040s Filed	Rank	Property Tax	Rank
	(Millions)	AGI	Rank	Credits	Rank	Before Credits	Rank	After Credits	Rank	Before Credit	Rank	to 1040s Filed	Rank	Credit ⁽¹⁾	Rank
ALCONA	\$197.1	\$43,440	73	\$4,896,431	75	\$1,079	80	\$977	76	9.5%	47	15.3%	73	\$386	73
ALGER	196.0	51,036	33	5,066,847	74	1,319	58	1,219	51	7.6%	67	15.4%	72	409	62
ALLEGAN	2,759.9	57,849	17	89,277,374	21	1,871	16	1,731	13	7.5%	69	18.5%	45	590	20
ALPENA	653.7	47,354	52	18,870,092	50	1,367	53	1,250	45	8.5%	56	18.6%	43	392	70
ANTRIM	599.1	53,460	25	16,789,448	53	1,498	36	1,370	32	8.5%	57	16.8%	65	468	48
ARENAC	276.5	43,997	69	8,034,539	68	1,278	61	1,124	62	12.0%	19	19.2%	38	600	18
BARAGA	147.9	46,385	56	3,804,929	78	1,193	69	1,097	65	8.1%	61	12.9%	81	386	72
BARRY	1,379.9	58,997	14	44,117,790	29	1,886	15	1,741	12	7.7%	66	17.9%	49	658	11
BAY	2,503.0	50,100	38	76,328,548	22	1,528	34	1,368	33	10.5%	31	23.0%	9	552	29
BENZIE	417.1	52,718	29	11,520,793	64	1,456	41	1,324	36	9.1%	50	18.2%	47	439	55
BERRIEN	4,313.7	57,994	16	133,602,421	11	1,796	20	1,582	20	11.9%	21	21.1%	21	504	40
BRANCH	864.0	48,100	46	25,721,906	40	1,432	44	1,220	50	14.8%	10	20.2%	30	720	6
CALHOUN	2,961.0	51,252	31	90,167,639	20	1,561	29	1,385	29	11.3%	25	24.0%	7	553	28
CASS	1,061.0	57,834	18	31,083,931	36	1,694	23	1,346	35	20.5%	4	17.1%	59	704	8
CHARLEVOIX	817.8	59,925	13	24,832,700	43	1,820	18	1,686	16	7.3%	70	18.7%	41	474	47
CHEBOYGAN	506.5	47,273	54	13,458,747	61	1,256	64	1,128	60	10.2%	38	19.7%	33	371	80
CHIPPEWA	675.3	43,724	70	16,792,413	52	1,087	79	968	79	11.0%	26	16.9%	64	415	61
CLARE	591.3	42,876	76	16,617,665	55	1,205	67	1,058	69	12.2%	18	18.2%	48	420	60
CLINTON	1,834.1	65,886	8	60,001,777	26	2,155	10	2,021	9	6.2%	75	17.0%	62	681	9
CRAWFORD	217.4	42,886	75	5,955,385	73	1,175	72	1,052	70	10.4%	32	17.8%	52	385	74
DELTA	856.3	49,141	40	25,141,076	42	1,443	42	1,315	38	8.9%	52	19.2%	39	432	57
DICKINSON	676.4	53,337	26	19,552,636	49	1,542	31	1,421	28	7.9%	63	19.7%	34	428	58
EATON	3,171.8	56,899	20	98,732,212	19	1,771	21	1,629	19	8.0%	62	20.9%	24	568	24
EMMET	1,195.4	64,464	10	37,665,664	33	2,031	12	1,908	11	6.1%	76	17.7%	54	457	52
GENESEE	9,932.3	52,185	30	305,445,025	7	1,605	28	1,448	26	9.7%	43	22.3%	13	459	51
GLADWIN	517.6	45,684	61	14,252,250	59	1,258	63	1,126	61	10.5%	30	18.9%	40	438	56
GOGEBIC	314.4	48,206	44	8,876,297	67	1,361	54	1,230	47	9.6%	45	18.5%	46	382	76
GRAND TRAVERSE	3,435.0	67,958	7	112,107,669	18	2,218	7	2,057	7	7.3%	71	19.9%	32	524	37
GRATIOT	837.0	47,802	50	25,505,264	41	1,457	40	1,220	49	16.2%	8	21.5%	15	1,031	4
HILLSDALE	925.5	46,241	57	27,864,273	37	1,392	49	1,208	54	13.3%	13	18.6%	44	644	13
HOUGHTON	722.2	47,735	51	21,131,966	47	1,397	48	1,291	43	7.6%	68	14.8%	76	389	71
HURON	781.6	48,054	47	22,566,053	45	1,387	50	876	81	36.8%	1	26.1%	2	2,140	1
INGHAM	7,618.6	58,902	15	246,052,754	8	1,902	14	1,722	14	9.5%	46	25.1%	3	558	27
IONIA	1,374.1	50,661	37	43,766,110	30	1,614	27	1,475	25	8.6%	55	17.1%	60	646	12
IOSCO	513.9	42,489	78	13,291,005	62	1,099	78	988	75	10.1%	40	17.1%	61	382	77
IRON	231.1	43,150	74	6,208,202	71	1,159	73	1,041	71	10.2%	36	16.1%	69	380	79
ISABELLA	1,264.2	51,019	34	37,367,429	34	1,508	35	1,354	34	10.2%	37	20.3%	29	563	26
JACKSON	3,724.6	53,957	23	116,609,765	15	1,689	24	1,542	22	8.7%	53	21.1%	20	497	42
KALAMAZOO	7,365.2	63,588	11	240,009,715	9	2,072	11	1,911	10	7.8%	64	22.6%	11	534	35
KALKASKA	369.7	45,374	62	10,848,068	65	1,331	57	1,210	53	9.1%	49	17.0%	63	397	67
KENT	20,107.9	65,002	9	676,134,372	4	2,186	9	2,037	8	6.8%	73	21.7%	14	521	38
KEWEENAW	47.2	51,156	32	1,172,987	83	1,272	62	1,196	56	6.0%	78	9.3%	83	406	66
LAKE	141.3	39,381	81	3,647,582	79	1,017	82	838	82	17.6%	6	24.8%	5	382	78
LAPEER	2,217.7	56,802	21	70,615,931	23	1,809	19	1,700	15	6.0%	77	15.9%	70	492	44

Exhibit 37 (cont.)

<u>County</u>	<u>2017</u>	<u>2017</u>	<u>Income Tax</u>		<u>Average</u>		<u>Average</u>		<u>Credits as a</u>		<u>Ratio of Property</u>		<u>Average</u>		
	<u>AGI</u>	<u>Average</u>	<u>Before</u>	<u>Rank</u>	<u>Income Tax</u>	<u>Rank</u>	<u>Income Tax</u>	<u>Rank</u>	<u>% of Tax</u>	<u>Rank</u>	<u>Tax Credits</u>	<u>Rank</u>	<u>Property Tax</u>	<u>Rank</u>	
	<u>(Millions)</u>	<u>AGI</u>	<u>Rank</u>	<u>Credits</u>	<u>Rank</u>	<u>Before Credits</u>	<u>Rank</u>	<u>After Credits</u>	<u>Rank</u>	<u>Before Credits</u>	<u>Rank</u>	<u>to 1040s Filed</u>	<u>Rank</u>	<u>Credit⁽¹⁾</u>	<u>Rank</u>
LEELANAU	\$659.2	\$78,426	5	\$20,049,266	48	\$2,385	5	\$2,214	5	7.2%	72	14.0%	78	\$518	39
LENAWEE	2,259.8	50,858	36	68,350,996	24	1,538	32	1,315	39	14.5%	11	22.6%	10	712	7
LIVINGSTON	6,096.7	78,768	4	206,487,839	10	2,668	4	2,568	4	3.7%	83	13.4%	79	582	21
LUCE	109.5	44,380	66	2,953,060	82	1,197	68	1,104	64	7.7%	65	11.7%	82	310	83
MACKINAC	240.6	44,005	68	6,075,906	72	1,111	77	1,007	73	9.4%	48	15.2%	74	428	59
MACOMB	24,775.8	57,431	19	805,774,019	3	1,868	17	1,676	17	10.3%	35	24.8%	6	629	15
MANISTEE	526.8	46,658	55	14,621,719	58	1,295	60	1,162	58	10.3%	34	20.6%	26	443	54
MARQUETTE	1,599.5	54,335	22	47,691,479	28	1,620	26	1,513	23	6.6%	74	17.9%	50	409	63
MASON	650.0	48,357	43	18,827,138	51	1,401	47	1,227	48	12.4%	16	23.9%	8	546	30
MECOSTA	799.5	49,126	41	23,364,691	44	1,436	43	1,308	41	8.9%	51	17.3%	58	498	41
MENOMINEE	493.2	47,278	53	14,663,843	57	1,406	46	1,288	44	8.4%	59	16.5%	67	462	50
MIDLAND	3,278.5	87,364	2	112,394,242	17	2,995	2	2,866	2	4.3%	81	18.6%	42	491	45
MISSAUKEE	238.1	41,505	79	7,115,892	70	1,240	66	974	77	21.5%	3	19.3%	37	1179	2
MONROE	4,168.6	60,813	12	130,914,769	14	1,910	13	1,640	18	14.2%	12	15.8%	71	530	36
MONTCALM	1,277.7	44,982	64	38,979,200	32	1,372	52	1,204	55	12.3%	17	21.1%	22	601	17
MONTMORENCY	184.8	39,225	82	4,382,947	77	930	83	819	83	11.9%	20	16.2%	68	393	69
MUSKEGON	3,674.6	47,986	48	113,505,974	16	1,482	37	1,310	40	11.6%	23	24.9%	4	495	43
NEWAYGO	880.4	48,187	45	27,053,233	38	1,481	38	1,319	37	10.9%	28	21.4%	17	544	31
OAKLAND	58,196.1	97,131	1	2,033,158,588	1	3,393	1	3,254	1	4.1%	82	16.5%	66	629	14
OCEANA	563.9	45,949	59	16,641,559	54	1,356	55	1,188	57	12.4%	15	20.5%	27	574	23
OGEMAW	378.3	39,882	80	10,610,103	66	1,119	75	972	78	13.1%	14	19.6%	35	463	49
ONTONAGON	115.7	43,474	72	2,981,006	81	1,120	74	1,011	72	9.7%	44	15.0%	75	396	68
OSCEOLA	482.5	42,549	77	14,237,397	60	1,256	65	1,108	63	11.7%	22	17.7%	53	537	34
OSCODA	112.0	38,749	83	3,086,021	80	1,068	81	962	80	10.0%	41	14.8%	77	349	81
OTSEGO	533.8	47,939	49	15,934,906	56	1,431	45	1,306	42	8.7%	54	19.4%	36	406	65
OTTAWA	9,228.2	68,537	6	305,698,224	6	2,270	6	2,145	6	5.5%	80	17.4%	57	596	19
PRESQUE ISLE	297.5	44,584	65	7,943,886	69	1,190	70	1,067	68	10.4%	33	17.6%	56	406	64
ROSCOMMON	509.6	43,570	71	13,061,074	63	1,117	76	990	74	11.3%	24	20.6%	25	383	75
SAGINAW	4,384.0	50,869	35	133,406,254	12	1,548	30	1,379	31	10.9%	27	22.3%	12	544	32
ST. CLAIR	4,129.6	53,599	24	131,117,243	13	1,702	22	1,561	21	8.3%	60	21.0%	23	488	46
ST. JOSEPH	1,345.6	49,015	42	40,369,357	31	1,470	39	1,245	46	15.3%	9	17.6%	55	609	16
SANILAC	861.7	46,069	58	25,933,658	39	1,386	51	1,159	59	16.4%	7	21.2%	19	1005	5
SCHOOLCRAFT	177.6	45,850	60	4,591,622	76	1,185	71	1,085	66	8.5%	58	13.1%	80	344	82
SHIAWASSEE	1,723.3	49,909	39	52,932,415	27	1,533	33	1,382	30	9.8%	42	21.2%	18	564	25
TUSCOLA	1,175.9	45,363	63	34,105,730	35	1,316	59	1,081	67	17.8%	5	20.0%	31	1156	3
VAN BUREN	1,900.4	53,008	27	60,088,288	25	1,676	25	1,506	24	10.1%	39	21.4%	16	540	33
WASHTENAW	13,514.2	84,094	3	466,984,705	5	2,906	3	2,732	3	6.0%	79	17.8%	51	668	10
WAYNE (including Detroit)	40,776.7	52,732	28	1,690,994,106	2	2,187	8	1,428	27	34.7%	2	29.9%	1	579	22
WEXFORD	704.0	44,342	67	21,488,889	46	1,354	56	1,211	52	10.5%	29	20.5%	28	448	53
OUTSIDE MICHIGAN	85,047.3	385,457		317,355,394		1,438		1,387		3.6%		3.2%		553	
DETROIT	13,166.3	42,310		396,628,241		1,275		965		24.3%		37.2%		530	
TOTALS	\$369,384.4	\$77,347		\$9,550,804,079		\$2,000		\$1,830		8.5%		21.0%		\$579	

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

Exhibit 38
Average Adjusted Gross Income by County
2017

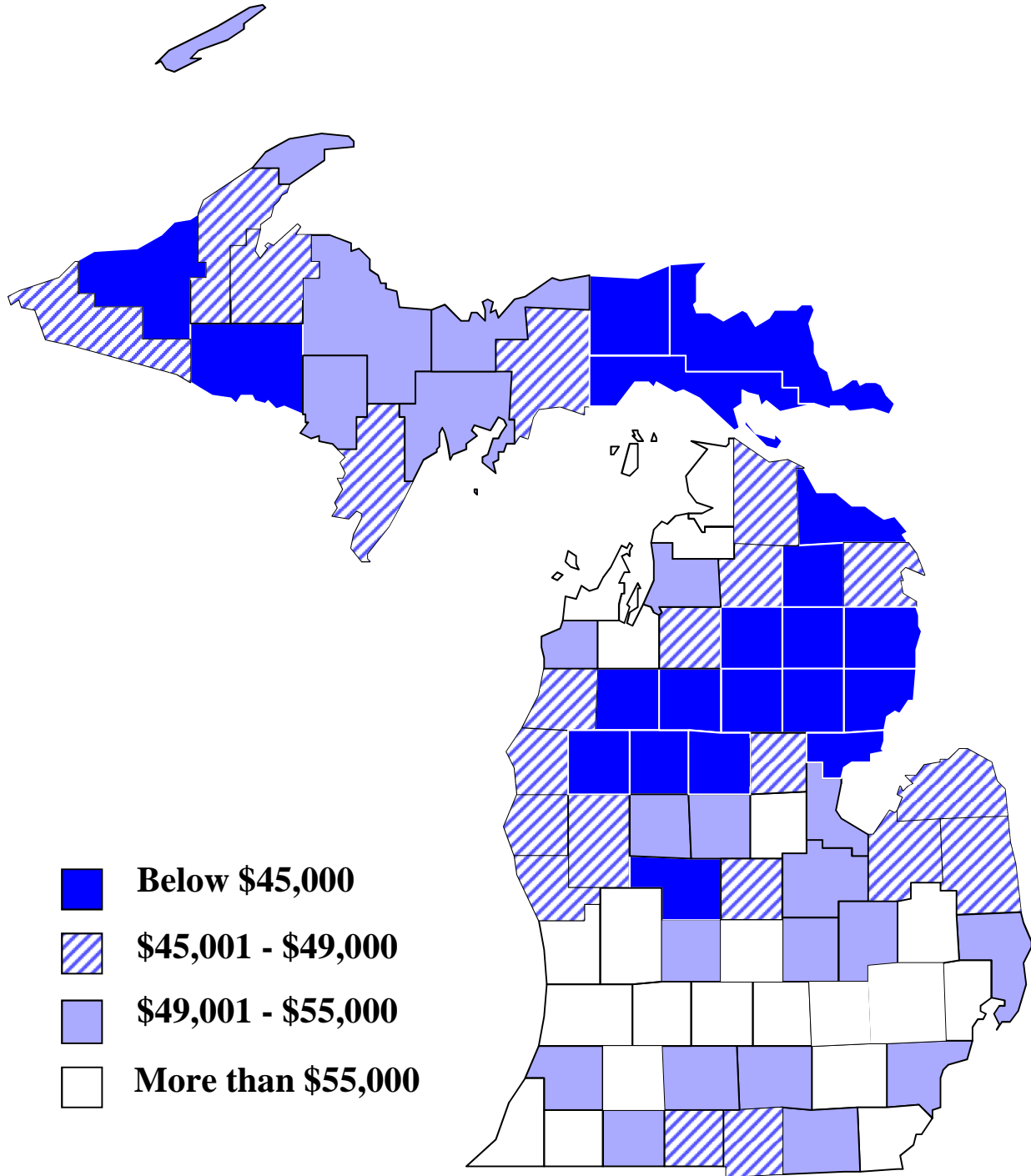


Exhibit 39
Average Property Tax Credits by County
2017

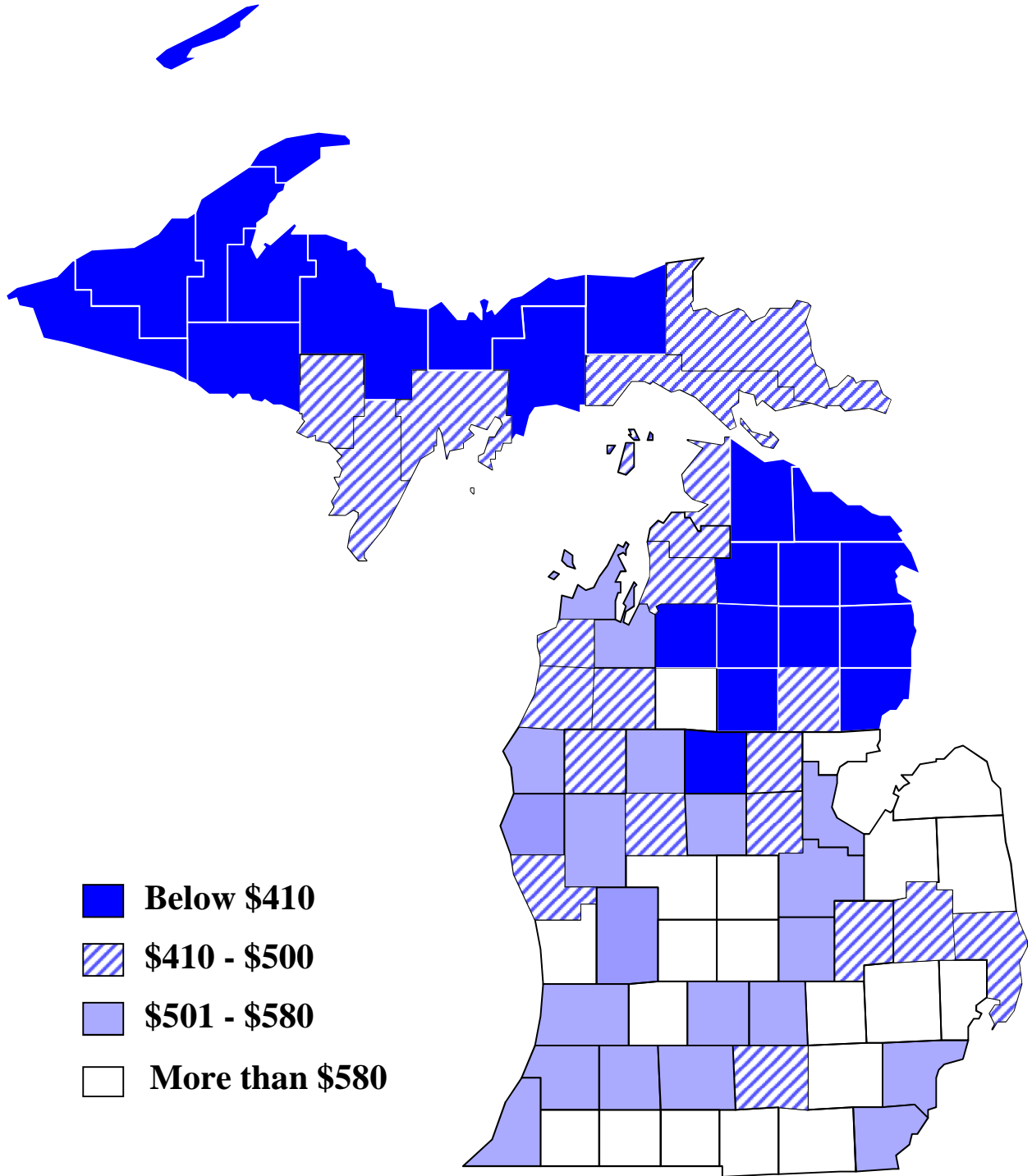


Exhibit 40
Average Annual Individual Income Tax Rates

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
1968	2.60%	1994	4.47%
1969	2.60%	1995	4.40%
1970	2.60%	1996	4.40%
1971	3.14%	1997	4.40%
1972	3.90%	1998	4.40%
1973	3.90%	1999	4.40%
1974	3.90%	2000	4.20%
1975	4.37%	2001	4.20%
1976	4.60%	2002	4.10%
1977	4.60%	2003	4.00%
1978	4.60%	2004	3.95%
1979	4.60%	2005	3.90%
1980	4.60%	2006	3.90%
1981	4.60%	2007	4.01%
1982	5.10%	2008	4.35%
1983	6.35%	2009	4.35%
1984	5.85%	2010	4.35%
1985	5.33%	2011	4.35%
1986	4.60%	2012	4.33%
1987	4.60%	2013	4.25%
1988	4.60%	2014	4.25%
1989	4.60%	2015	4.25%
1990	4.60%	2016	4.25%
1991	4.60%	2017	4.25%
1992	4.60%	2018	4.25%

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

XII. APPENDIX A

FEDERAL TAX LAW CHANGES¹⁰ (from 2010 through 2016)

2010

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

The limit of qualified adoption expenses paid or reimbursed by an employer under an adoption assistance program eligible for exclusion from the gross income of an employee was increased from \$12,170 per eligible child to \$13,170 (indexed by inflation), and the period the eligible excludable expenses must occur was extended from 2011 through 2012.

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

2011

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

2012

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

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

¹⁰ For federal legislative changes from 1987 through 2010, see reports listed below and found at http://www.michigan.gov/treasury/0,4679,7-121-44402_44404_44406_44410_65751---,00.html.

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

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

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

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

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

2013

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

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

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

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

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

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

2014

Beginning in 2014, eligible businesses are allowed to elect to recognize cancellation of indebtedness income over five years for specified types of business debt repurchased by the business in 2009 or 2011.

2015

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

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

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

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

2016

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

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

MICHIGAN PERSONAL INCOME TAX LEGISLATIVE HISTORY (1967 – 2016)¹¹

1967

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

- For personal income tax:
 - Federal adjusted gross income (AGI), with several adjustments, as the base for the personal income tax
 - Tax rate of 2.6 percent
 - Personal exemption of \$1,200
 - A sliding scale credit for city income taxes with a maximum credit of \$10,000
 - A credit for property taxes paid and a renter's credit that allowed renters to impute their property tax liability
 - Credit for income taxes paid to other states
- For corporate income tax:
 - Tax rate of 5.6 percent
 - Tax rate of 7.0 on profits of financial institutions

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

1968

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

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

1969

PA 332 made technical, clarifying, and administrative changes.

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

1970

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

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

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

1971

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

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

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

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

1972

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

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

1973

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

1974

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

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

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

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

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

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

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

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

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

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

1975

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

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

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

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

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

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

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

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

1976

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

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

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

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

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

1977

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

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

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

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

1978

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

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

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

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

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

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

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

1979

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

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

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

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

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

1980

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

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

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

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

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

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

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

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

1981

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

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

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

1982

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

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

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

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

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

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

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

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

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

1983

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

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

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

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

1984

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

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

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

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

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

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

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

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

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

1985

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

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

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

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

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

1986

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

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

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

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

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

1987

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

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

1988

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

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

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

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

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

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

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

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

1989

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

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

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

1990

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

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

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

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

1991

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

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

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

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

1992

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

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

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

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

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

1993

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

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

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

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

PA 315 extended for 1992 to 1994 the credit for a donation to a homeless shelter or similar organization. Eliminated a provision which rendered the credit void after the aggregate total

claimed for this credit by taxpayers for all prior years under the Income Tax Act and the Single Business Tax Act exceeded \$1.5 million.

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

1994

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

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

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

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

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

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

1995

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

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

PA 7 provided that for 1995 and after a resident of Michigan with a household income of \$200,000 or less may claim a credit for 4 percent of tuition and fees paid to a qualified institution of higher learning. The credit cannot exceed \$250 for each student for each tax year. The qualified institutions must agree by July 1 not to increase tuition in the ensuing academic year by more than the increase in the U.S. Consumer Price Index in the preceding calendar year.

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

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

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

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

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

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

1996

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

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

PA 342 repealed the section pertained to the remittances by state disbursing authority to cities, villages, townships, and counties (revenue sharing payment provisions).

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

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

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

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

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

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

1997

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

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

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

1998

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

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

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

1999

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

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

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

PA 214 made technical changes in the historic preservation credit.

2000

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

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

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

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

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

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

PA 301 increased the special exemption amount to \$1,800 in tax year 2000. The Act combined all disability exemptions so taxpayers can claim one special exemption if they or their spouse are blind, deaf, paraplegic, quadriplegic, hemiplegic, or totally and permanently disabled. The exemption amount will be increased in \$100 increments to reflect increases in the Consumer Price

Index. The Act also created new special exemptions for dependents who are either senior citizens or have one of the disabilities described above. The exemption for taxpayers who are eligible to be claimed as a dependent on another taxpayer's return was also increased from \$1,000 to \$1,500 for tax years beginning after 1999.

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

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

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

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

2001

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

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

2002

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

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

PA 615 allowed resident tribal members from a Michigan federally recognized Indian tribe who signed agreements¹² with the Michigan Department of Treasury to deduct all non-business income earned or received in the tax year (to the extent included in AGI) . The deduction only applies to income received during the period in which an agreement is effective.

2003

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

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

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

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

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

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

2004

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

¹² Public Act 616 of 2002 allowed the Michigan Department of Treasury to enter into agreements with federally recognized Indian tribes. The agreements specify whether, and to what extent, Michigan's tax laws apply to each tribe, the tribe members, and other individuals and businesses conducting business with a tribe or its members. In return, tribes would promote the enforcement of Michigan tax laws on businesses conducted by them involving non-resident tribal members and non-tribal members. Taxes addressed by the tax agreements include the sales and use tax, the individual income tax, the motor fuels tax, the tobacco tax, and the single business tax.

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

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

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

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

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

2005

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

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

PA 234 allowed taxpayers who had been issued tax voucher certificates due to investment in the Michigan Early Stage Venture Investment Fund (2007 PA 102) to use them to pay an income tax liability for a tax year beginning on or after January 2009. Under the new law, the amount of the tax voucher that could be used to pay a liability in any tax year cannot exceed the lesser of: 1) the

amount of the tax voucher stated in the voucher certificate; 2) the amount authorized to be used in the tax year under the terms of the certificate; or 3) the taxpayer's liability for the tax year in which the voucher was to be used. If an amount of a voucher certificate exceeded the amount the taxpayer could use in a tax year, the excess can be used to pay any future liability.

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

2006

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

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

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

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

2007

PA 94 increased the tax rate to 4.35 percent effective October 1, 2007. It also established that beginning October 1, 2012, and each October 1 thereafter, the income tax rate shall be reduced by 0.1 percentage point annually until the rate is 3.95 percent. On October 1, 2015, the rate declines to 3.9 percent. Effective tax year 2009, a qualified disabled veteran, or the veteran's dependent who files an annual income tax return, but not both, may claim an additional exemption of \$250, adjusted annually according to US consumer price index changes.

PA 133 established four new checkoffs on the income tax return effective tax year 2009. Taxpayers will be allowed to contribute \$5, \$10, or more to the Prostate Cancer Research Fund; Amanda's Fund (for breast cancer prevention and treatment); the Animal Welfare Fund; and the Michigan Housing and Community Development fund. Taxpayers' contributions to those funds

decrease their refunds or increase their tax liability, and Treasury may cease to include a contribution designation on the income tax form if that contribution designation fails to raise \$100,000 in any tax year for 2 consecutive tax years. Moreover, starting on tax year 2011, both the Children of Veteran Tuition Grant Program and the Children's Trust Fund contribution designation will follow the same guidelines regarding contribution amount and availability in the form as prescribed to the newly enacted checkoffs.

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

2008

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

PA 143 imposed to the Military Family Relief Fund the same guidelines that govern the checkoffs created by PA 133 of 2007. As a result, new contribution amounts (\$5, \$10 or more) will appear on the tax form. Contribution designation will be moved from the tax form to the Schedule for Voluntary Contributions, beginning with tax year 2011.

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

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

PA 287 established two new credits: 1) a new refundable credit, effective for tax years 2009 through 2012, equal to 10 percent of the amount spent on the purchase and installation of qualified home improvements located on the eligible taxpayer's principal residence that meet Energy Star energy efficiency guidelines, subject to a maximum of \$75 (single, MFS) or \$150 (MFJ) (eligible taxpayers refers to those with AGI up to \$37,500 (single, MFS) or \$75,000 (MFJ)); and 2) a new nonrefundable credit, effective for tax years 2009 through 2012, equal to a percentage of the additional utility charges paid that were imposed so that electric utilities would meet newly enacted renewable energy standards (the credit is restricted to eligible taxpayers with AGI up to \$65,000 (single, MFS), or \$130,000 (MFJ)).

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

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

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

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

2009

PA 134 allowed taxpayers to deduct the amount of a charitable contribution made to the Advance Tuition Payment Fund created under the Michigan Education Trust Act. The income tax deductions are effective for the 2011 tax year and each subsequent tax year.

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

2010

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

PA 214 allowed taxpayers who are customers of municipally owned electric utility to claim a credit for charges imposed to cover the cost of the utility's compliance with the renewable energy

standard in the Clean, Renewable, and Efficient Energy Act. Prior to this law, credit could be taken by all customers of entities whose distribution of electricity is regulated by the Public Service Commission, but it did not include a municipal utility. This change is effective for the life of the credit, which is effective for tax years 2011 and 2012.

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

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

2011

PA 38 adjusted the income tax rate for future years, eliminated and reduced several exemptions, deductions, and tax credits, and imposed a new 6 percent tax on taxable corporate income effective January 1, 2012.

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

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

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

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

eligibility for the credit. Business losses no longer offset other income for purpose of calculating total household resources, unlike the calculation of household income¹³.

PA 38 reduces the deduction for pension and retirement benefits by limiting the deduction for taxpayers born between 1946 and 1952 to \$20,000 on a single return and \$40,000 on a joint return, and eliminating the deduction for taxpayers born after 1952¹⁴.

The new 6 percent corporate income tax was enacted to replace the Michigan business tax (MBT) that was eliminated for most taxpayers by Public Act 39 of 2012. New and updated requirements for flow-through income withholding were also implemented by the new law.

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

PA 56 and 57 amended the City Income Tax and City Utility Users Tax Acts, respectively, to lower the population thresholds in these Acts that apply to the City of Detroit to 600,000. The previous threshold in each Act was 750,000. The threshold in the City Income Tax Act allows Detroit to have a different tax rate than other cities and, based on population, Detroit is the only city to levy the utility users tax

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

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

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

¹³ A chart with detailed information on differences between AGI, taxable income, total household resources, and household income can be found at https://www.michigan.gov/documents/taxes/CC-41011_608354_7.pdf

¹⁴ A chart with detailed information on Retirement Benefits Changes can be found at http://www.michigan.gov/documents/taxes/Tax_Change_Summaries_-_Retirement_Exemptions_359799_7.pdf

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

2012

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

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

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

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

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

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

PA 597 exempted retirement or pension benefits received for services in the Michigan National Guard, effective January 1, 2012. The Public Act also increased the allowable deduction for retirement or pension benefits received by taxpayers through employment with a governmental agency that was not covered by the Social Security Act. The allowable deduction for taxpayers born in 1946 through 1952 was increased by up to \$15,000 for each taxpayer receiving such benefits, effective January 1, 2013. Beginning in 2015, taxpayers who were born after 1952, have reached 62 years of age, and are receiving benefits from employment with governmental agency

that was not covered under the Social Security Act would be eligible to deduct up to \$15,000 of those benefits.

2013

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

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

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

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

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

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

2014

PA 240 amended the Revenue Act to create an "offer-in-compromise" program within the Department of Treasury. Under the program, the State Treasurer or authorized representative can "compromise" all or any part of any payment of a tax subject to administration under the Revenue Act, including any related penalties and interest, if certain conditions exist, as prescribed by law.

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

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

2015

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

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

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

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

The Act provided several changes to the homestead property tax credit by making more filers eligible for a larger credit. It increased the maximum credit from \$1,200 per year to \$1,500

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

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

2016

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

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

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

PA 212 revised the definition of veteran used for purposes of the homestead property credit.

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

**MICHIGAN INCOME TAX REQUIREMENTS
(1967 – 2018)**

<u>General MI-IIT Information:</u>	<u>MCL Section</u>	<u>TY 1967</u>	<u>TY 1968</u>	<u>TY 1969</u>	<u>TY 1970</u>	<u>TY 1971</u>	<u>TY 1972</u>	<u>TY 1973</u>	<u>TY 1974</u>	<u>TY 1975</u>	<u>TY 1976</u>	<u>TY 1977</u>
. IRC compliance (*)	206.12(3)	1954 IRC	1954 IRC	1954 IRC	1969 IRC	1970 IRC	1970 IRC	1970 IRC	1970 IRC	1970 IRC	1976 IRC	1976 IRC
. Exemption from MI - IIT:	206.201	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT
. Revenue Distribution:	(1)											
. To Local Units:	206.481	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	12.1%	12.1%	12.1%	12.1%
. Filing Requirement:	(2)											
(Gross income (GI) or AGI above threshold)	206.315	GI	GI	GI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI
	Single Return	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,500	\$1,500	\$1,500
	Joint Return	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$3,000	\$3,000	\$3,000
. Reciprocity States		IN, WI	IN, WI, KY	IN, WI, KY	IN, WI, KY	IN, WI, KY, IL	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH
. Liability Threshold for Estimated Pmt	(3)	206.301	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
. Tax Rate	206.51(1), 51(b)-51(h)	2.60%	2.60%	2.60%	2.60%	3.14%	3.90%	3.90%	3.90%	4.37%	4.60%	4.60%
<u>Exemptions Amounts:</u>												
. Personal Exemption:	206.30(2), 30a	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,500	\$1,500	\$1,500
. Special Exemptions:	(4)	206.30(3)	No	No	No	No	No	No	No	Yes	Yes	Yes
. Para/Hemi/Quadriplegic (**)(***)	206.30(3)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$1,500	\$1,500	\$1,500

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MICHIGAN INCOME TAX REQUIREMENTS (cont.)

<u>General MI-IIT Information:</u>	<u>MCL Section</u>	<u>TY 1978</u>	<u>TY 1979</u>	<u>TY 1980</u>	<u>TY 1981</u>	<u>TY 1982</u>	<u>TY 1983</u>	<u>TY 1984</u>	<u>TY 1985</u>	<u>TY 1986</u>	<u>TY 1987</u>	<u>TY 1988</u>
. IRC compliance (*)	206.12(3)	1976 IRC	1976 IRC	1979 IRC	1979 IRC	1982 IRC	1982 IRC	1984 IRC	1984 IRC	1984 IRC	1987 IRC	1987 IRC
. Exemption from MI - IIT:	206.201	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT
. Revenue Distribution:	(1)											
. To Local Units:	206.481	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	6.9%	6.9%
. Filing Requirement:	(2)											
(Gross income (GI) or AGI above threshold)	206.315	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI
	Single Return	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,600	\$1,800
	Joint Return	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,200	\$3,600
. Reciprocity States		IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN
. Liability Threshold for Estimated Pmt	(3)											
	206.301	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$500	\$500
. Use Tax Return in MI-1040 Booklet		n.a.	n.a.	n.a.	n.a.	n.a.	Yes	Yes	No	No	Yes	Yes
. Tax Rate	206.51(1), 51(b)-51(h)	4.60%	4.60%	4.60%	4.60%	5.10%	6.35%	5.85%	5.33%	4.60%	4.60%	4.60%

Exemptions Amounts:

. Personal Exemption:	206.30(2), 30a	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,600	\$1,800
. Special Exemptions:	(4)											
. Para/Hemi/Quadriplegic (**)(***)	206.30(3)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Disabled	206.30(3)	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,400	\$1,200
. Blind (***)	206.30(3)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$1,400	\$1,200
. Deaf (****)	206.30(3)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$1,500	\$1,500	\$1,400	\$1,200
. Senior	(#)	206.30(3)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$1,400	\$1,200
. Unemployed	(#)	206.30(3)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$1,400	\$1,200
. Claimed as Dependent	206.30(4)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$500

For notes, see page 121.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

<u>General MI-IIT Information:</u>		<u>MCL Section</u>	<u>TY 1989</u>	<u>TY 1990</u>	<u>TY 1991</u>	<u>TY 1992</u>	<u>TY 1993</u>	<u>TY 1994</u>	<u>TY 1995</u>	<u>TY 1996</u>	<u>TY 1997</u>	<u>TY 1998</u>	<u>TY 1999</u>
. IRC compliance (*)		206.12(3)	1987 IRC	1987 IRC	1987 IRC	1987 IRC	1987 IRC	1987 IRC	1987 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC
. Exemption from MI - IIT:		206.201	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT
. Revenue Distribution:	(1)												
. To Local Units:		206.481	6.9%	6.9%	6.9%	6.9%	6.9%	7.21%/7.3%	7.21%/7.3%	No	No	No	No
. To School Aid Fund:		206.51(2)	No	No	No	No	No	14.4%	14.4%	23.0%	23.0%	23.0%	23.0%
. Filing Requirement:	(2)	206.315	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI
(Gross income (GI) or AGI above threshold)		Single Return	\$2,000	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,400	\$2,400	\$2,500	\$2,800	\$2,800
		Joint Return	\$4,000	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,800	\$4,800	\$5,000	\$5,600	\$5,600
. Reciprocity States			IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN
. Liability Threshold for Estimated Pmt	(3)	206.301	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
. Use Tax Return in MI-1040 Booklet			Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes, line in MI-1040
. Tax Rate		206.51(1), 51(b)-51(h)	4.60%	4.60%	4.60%	4.60%	4.60%	4.47%	4.40%	4.40%	4.40%	4.40%	4.40%

Exemptions Amounts:

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

For notes, see page 121.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

General MI-IIT Information:	MCL Section	TY 2000	TY 2001	TY 2002	TY 2003	TY 2004	TY 2005	TY 2006	TY 2007	TY 2008	TY 2009	TY 2010
. IRC compliance (*)	206.12(3)	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC
. Exemption from MI - IIT:	206.201	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT
. Revenue Distribution: (1)												
. To School Aid Fund:	206.51(2)	Formula	Formula	Formula	Formula	Formula	Formula	Formula	Formula	Formula	Formula	Formula
. Filing Requirement: (2)	206.315	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI
(Gross income (GI) or AGI above threshold)	Single Return	\$2,900	\$2,900	\$3,000	\$3,100	\$3,100	\$3,200	\$3,300	\$3,400	\$3,500	\$3,600	\$3,600
	Joint Return	\$5,800	\$5,800	\$6,000	\$6,200	\$6,200	\$6,400	\$6,600	\$6,800	\$7,000	\$7,200	\$7,200
. Reciprocity States		IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN
. Liability Threshold for Estimated Pmt (3)	206.301	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
. Use Tax Return in MI-1040 Booklet		Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040
. Tax Rate	206.51(1), 51(b)-51(h)	4.20%	4.20%	4.10%	4.00%	3.95%	3.90%	3.90%	4.01%	4.35%	4.35%	4.35%

Exemptions Amounts:

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

For notes, see page 121.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

<u>General MI-IIT Information:</u>	<u>MCL Section</u>	<u>Form</u>	<u>TY 2011</u>	<u>TY 2012</u>	<u>TY 2013</u>	<u>TY 2014</u>	<u>TY 2015</u>	<u>TY 2016</u>	<u>TY 2017</u>	<u>TY 2018</u>
. IRC compliance (*)	206.12(3)		1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	2018 IRC
. Exemption from MI - IIT:	206.201		Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT
. Revenue Distribution:	(1)									
. To School Aid Fund:	(1)	206.51(2)	Formula	Formula	Formula	Formula	Formula	Formula	Formula	Formula
. To Agricultural Preservation Fund:	(1a)	206.51(3)	No	No	No	No	No	Yes	Yes	Yes
. To Brownfield Redevelopment Fund:		206.51e	No	No	No	No	No	No	No	Yes
. To Good Jobs for Michigan Fund:		206.51f	No	No	No	No	No	No	No	Yes
. Filing Requirement:	(2)	206.315	MI-1040	AGI	AGI	AGI	AGI	AGI	AGI	AGI
(Gross income (GI) or AGI above threshold)			Single Return	\$3,700	\$3,763	\$3,950	\$4,000	\$4,000	\$4,000	\$4,050
			Joint Return	\$7,400	\$7,526	\$7,900	\$8,000	\$8,000	\$8,000	\$8,100
. Reciprocity States			IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN
. Liability Threshold for Estimated Pmt	(3)	206.301	MI-1040	\$500	\$500	\$500	\$500	\$500	\$500	\$500
. Use Tax Return in MI-1040 Booklet			MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040
. Tax Rate		206.51(1), 51(b)-51(h)	MI-1040	4.35%	4.33%	4.25%	4.25%	4.25%	4.25%	4.25%

Exemptions Amounts:

. Personal Exemption:		206.30(2), 30a	MI-1040	\$3,700	\$3,763	\$3,950	\$4,000	\$4,000	\$4,000	\$4,050
. Special Exemptions:	(4)	206.30(3)	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Para/Hemi/Quadriplegic (**)(***)		206.30(3)		\$2,400	\$2,400	\$2,500	\$2,500	\$2,600	\$2,600	\$2,700
. Disabled		206.30(3)		\$2,400	\$2,400	\$2,500	\$2,500	\$2,600	\$2,600	\$2,700
. Blind (***)		206.30(3)		\$2,400	\$2,400	\$2,500	\$2,500	\$2,600	\$2,600	\$2,700
. Deaf (***)		206.30(3)		\$2,400	\$2,400	\$2,500	\$2,500	\$2,600	\$2,600	\$2,700
. Senior	(#)	206.30(3)		\$2,400	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Unemployed	(#)	206.30(3)		\$2,400	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Claimed as Dependent		206.30(4)		\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
. Child	(#)	206.30d(2)		\$600	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Age 6 and Under				\$600	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Age 7 to 12				\$600	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Disabled Veteran		206.30(3)		\$300	\$300	\$300	\$400	\$400	\$400	\$400

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		<u>MCL</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>
		<u>Section</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>Check-Offs:</u>													
. State Campaign Fund	(5)	169.261(2)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
		Single Return	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3
		Joint Return	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6
Other Voluntary Contributions:	(6)												
. Children of Veterans													
Tuition Grant		206.437	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes
. Military Family Relief Fund		206.438	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Children's Trust Fund		206.440	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
. Prostrate Cancer Research Fund		206.435	No	No	No	No	No	No	No	No	Yes	Yes	No
. Amanda's Fund		206.435	No	No	No	No	No	No	No	No	Yes	Yes	No
. Animal Welfare Fund		206.435	No	No	No	No	No	No	No	No	Yes	Yes	Yes
. Michigan Housing and Community													
Development Fund		206.435	No	No	No	No	No	No	No	No	Yes	Yes	No
. Michigan Law Enforcement													
Memorial Monument Fund		206.435	No	No	No	No	No	No	No	No	Yes	Yes	No

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		<u>MCL</u>	<u>Form</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>
		<u>Section</u>		<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Check-Offs:</u>											
. State Campaign Fund	(5)	169.261(2)	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
			Single Return	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3
			Joint Return	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6
Other Voluntary Contributions:	(6)										
. Children of Veterans											
Tuition Grant		206.437	Form 4642	Yes	Yes	Yes	Yes	Yes	Yes	No	No
. Military Family Relief Fund		206.438	Form 4642	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Children's Trust Fund		206.440	Form 4642	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Animal Welfare Fund		206.435	Form 4642	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. United Way Fund		206.435	Form 4642	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Girl Scout of Michigan Fund		206.435	Form 4642	Yes	Yes	Yes	No	No	No	No	No
. Special Olympics Michigan Fund		206.435	Form 4642	No	Yes	Yes	Yes	Yes	Yes	No	No
. AMBER Alert Fund of Michigan		206.435	Form 4642	No	No	Yes	Yes	No	No	No	No
. ALS of Michigan ("Lou Gehrig's											
Disease") Fund		206.435	Form 4642	No	No	Yes	Yes	Yes	Yes	No	No
. Alzheimer's Association of Michigan		206.435	Form 4642	No	No	Yes	Yes	Yes	Yes	No	No
. Michigan Junior Achievement		206.435	Form 4642	No	No	No	No	No	Yes	Yes	No
. American Red Cross Michigan		206.435	Form 4642	No	No	No	No	No	Yes	Yes	Yes
. Fostering Futures Scholarship Trust Fund		206.435	Form 4642	No	No	No	No	No	No	No	Yes
. Kiwanis Fund		206.435	Form 4642	No	No	No	No	No	No	No	Yes
. Lions of Michigan Foundation Fund		206.435	Form 4642	No	No	No	No	No	No	No	Yes
. Michigan World War II											
Legacy Memorial Fund		206.435	Form 4642	No	No	No	No	No	No	No	Yes

For notes, see page 121.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

	MCL Section	TY 2000	TY 2001	TY 2002	TY 2003	TY 2004	TY 2005	TY 2006	TY 2007	TY 2008	TY 2009	TY 2010
<u>Tax Base Adjustments Limits</u>												
. Maximum Private Pension Deduction (*****) (7)	206.30(1)(f)(iv) Single Return Joint Return	Yes \$34,920 \$69,840	Yes \$36,090 \$72,180	Yes \$37,110 \$74,220	Yes \$37,710 \$75,420	Yes \$38,550 \$77,100	Yes \$39,570 \$79,140	Yes \$40,920 \$81,840	Yes \$42,240 \$84,480	Yes \$43,440 \$86,880	Yes \$45,120 \$90,240	Yes \$45,120 \$90,240
. Political Contribution	206.30(1)(j) Single Return Joint Return	Yes \$50 \$100	Yes \$50 \$100	Yes \$50 \$100	Yes \$50 \$100	Yes \$50 \$100	Yes \$50 \$100	Yes \$50 \$100	Yes \$50 \$100	Yes \$50 \$100	Yes \$50 \$100	Yes \$50 \$100
. Maximum Senior Interest, Dividends, and Capital Gains Deduction (*****) (8)	206.30(1)(p) Single Return Joint Return	Yes \$7,785 \$15,570	Yes \$8,048 \$16,095	Yes \$8,273 \$16,545	Yes \$8,408 \$16,815	Yes \$8,595 \$17,190	Yes \$8,828 \$17,655	Yes \$9,128 \$18,255	Yes \$9,420 \$18,840	Yes \$9,690 \$19,380	Yes \$10,058 \$20,115	Yes \$10,058 \$20,115
. Maximum MESP Contribution	206.30(1)(t)(i) Single Return Joint Return	Yes \$5,000 \$10,000	Yes \$5,000 \$10,000	Yes \$5,000 \$10,000	Yes \$5,000 \$10,000	Yes \$5,000 \$10,000	Yes 5000 10000	Yes \$5,000 \$10,000	Yes \$5,000 \$10,000	Yes \$5,000 \$10,000	Yes \$5,000 \$10,000	Yes \$5,000 \$10,000
. Federal Taxable Wage Base for FICA		\$76,200	\$80,400	\$84,900	\$87,000	\$87,900	\$90,000	\$94,200	\$97,500	\$102,000	\$106,800	\$106,800
. Federal Salary Elective Deferrals												
. 401(k)		\$10,500	\$10,500	\$11,000	\$12,000	\$13,000	\$14,000	\$15,000	\$15,500	\$15,500	\$16,500	\$16,500
. 403(b), or 457		\$8,000	\$8,500	\$11,000	\$12,000	\$13,000	\$14,000	\$15,000	\$15,500	\$15,500	\$16,500	\$16,500
. 50 and over		n.a.	n.a.	\$12,000	\$14,000	\$16,000	\$18,000	\$20,000	\$20,500	\$20,500	\$22,000	\$22,000
. Federal IRA Contribution Limit		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. General		\$2,000	\$2,000	\$3,000	\$3,000	\$3,000	\$4,000	\$4,000	\$4,000	\$5,000	\$5,000	\$5,000
. 50 and over		n.a.	n.a.	\$3,500	\$3,500	\$3,500	\$4,500	\$5,000	\$5,000	\$6,000	\$6,000	\$6,000

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For notes, see page 121.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		<u>MCL</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	
		<u>Section</u>	<u>Form</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Tax Base Adjustments Limits</u>			MI-1040								
. Maximum Private Pension Deduction (*****)	(7)	206.30(1)(f)(iv)	Form 4884	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
For those born before 1946			Single Return	\$45,842	\$47,309	\$48,302	\$49,027	\$49,811	\$49,861	\$50,509	\$51,570
			Joint Return	\$91,684	\$94,618	\$96,605	\$98,054	\$99,623	\$99,723	\$101,019	\$103,140
		203.30(9)	Form 4884	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
For those born after 1945 and before 1953	(7)		Single Return	\$45,842	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
			Joint Return	\$91,684	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
		203.30(9)	Form 4884	Yes	No	No	No	No	No	No	No
For those born after 1952	(7")		Single Return	\$45,842	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
			Joint Return	\$91,684	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Political Contribution	(#)	206.30(1)(j)		Yes	No	No	No	No	No	No	No
			Single Return	\$50	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
			Joint Return	\$100	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Maximum Senior Interest, Dividends, and Capital Gains Deduction (*****)	(8)	206.30(1)(p)	Schedule 1	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
			Single Return	\$10,218	\$10,545	\$10,767	\$10,929	\$11,104	\$11,115	\$11,259	\$11,495
			Joint Return	\$20,437	\$21,091	\$21,534	\$21,857	\$22,207	\$22,229	\$22,518	\$22,991
		206.30(1)(p)	Schedule 1	Yes	No	No	No	No	No	No	No
For those born after 1945	(8)		Single Return	\$10,218	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
			Joint Return	\$20,437	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Maximum MESP Contribution		206.30(1)(t)(i)	Schedule 1	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
			Single Return	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
			Joint Return	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
. Federal Taxable Wage Base for FICA				\$106,800	\$110,100	\$113,700	\$117,000	\$118,500	\$118,500	\$127,200	\$128,400
. Federal Salary Elective Deferrals											
. 401(k)				\$16,500	\$17,000	\$17,500	\$17,500	\$18,000	\$18,000	\$18,000	\$18,500
. 403(b), or 457				\$16,500	\$17,000	\$17,500	\$17,500	\$18,000	\$18,000	\$18,000	\$18,500
. 50 and over				\$22,000	\$22,500	\$23,000	\$23,000	\$24,000	\$24,000	\$24,000	\$24,500
. Federal IRA Contribution Limit				Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. General				\$5,000	\$5,000	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500
. 50 and over				\$6,000	\$6,000	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		<u>MCL</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>
		<u>Section</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
<u>NonRefundable Credits</u>													
. Taxes Paid to													
Another State Cr.	(10)	206.255(1)	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Nonresident Cr. for Reciprocal State													
Income Tax Exemption	(11)	206.256	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. City Income Taxes Cr.	(12) (#	206.257	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Public Contribution Cr.	(13) (#	206.26	No	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)
<u>Refundable Credits</u>													
. Inventory Tax Cr.	(22)	206.258(1)	No	No	No	No	No	No	Yes	Yes	Yes	No	No
or Franchise Fee Cr.		206.258(1)	No	No	No	No	No	No	Yes	Yes	Yes	No	No

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		<u>MCL</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>
		<u>Section</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<u>NonRefundable Credits</u>													
. Taxes Paid to													
Another State Cr.	(10)	206.255(1)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Nonresident Cr. for Reciprocal State													
Income Tax Exemption	(11)	206.256	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. City Income Taxes Cr.	(12) (#)	206.257	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Public Contribution Cr.	(13) (#)	206.260	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')
. Community Foundation Cr.	(13) (#)	206.261	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')
. Homeless Shelter/Foodbank C	(13) (#)	206.261	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')
. MI Historic Preservation Cr.	(16)	206.266	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Vehicle Donation Cr.	(17) (#)	206.269	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
. College Tuition Cr.	(18) (#)	206.274	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Individual or Family													
Development Account Cr.		206.276	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes
. Film Production Cr.	(19) (#)	206.367	No	No	No	No	No	No	No	No	Yes	Yes	Yes
<u>Refundable Credits</u>													
. Sec. 1341 of IRC Cr.		206.265	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Adoption Cr.	(23) (#)	206.267, 268	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Prescription Drug Cr.	(24)	206.273	Yes	Yes	No	No	No	No	No	No	No	No	No
. Stillbirth Credit	(26) (#)	206.275	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes
. Earned Income Tax Credit	(27)	206.272	No	No	No	No	No	No	No	No	Yes	Yes	Yes

For notes, see page 121.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

<u>NonRefundable Credits</u>		<u>MCL</u>	<u>Form</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>
		<u>Section</u>		<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
. Taxes Paid to											
Another State Cr.	(10)	206.255(1)	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Nonresident Cr. for Reciprocal State											
Income Tax Exemption	(11)	206.256	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. City Income Taxes Cr.	(12) (#)	206.257	MI-1040, Sch. 2	Yes	No	No	No	No	No	No	No
. Public Contribution Cr.	(13) (#)	206.260	MI-1040, Sch. 2	Yes (a')	No	No	No	No	No	No	No
. Community Foundation Cr.	(13) (#)	206.261	MI-1040, Sch. 2	Yes (a')	No	No	No	No	No	No	No
. Homeless Shelter/Foodbank Cr.	(13) (#)	206.261	MI-1040, Sch. 2	Yes (a')	No	No	No	No	No	No	No
. MI Historic Preservation Cr.	(16)	206.266	Form 3581	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Vehicle Donation Cr.	(17) (#)	206.269	MI-1040, Sch. 2	Yes	No	No	No	No	No	No	No
. College Tuition Cr.	(18) (#)	206.274	MI-1040, Sch. 2	Yes	No	No	No	No	No	No	No
. Individual or Family											
Development Account Cr.		206.276	MI-1040, Sch. 2	Yes	No	No	No	No	No	No	No
. Film Production Cr.	(19) (#)	206.367	MI-1040, Sch. 2	Yes	No	No	No	No	No	No	No
. Energy Cost Recovery											
Surcharge Cr.	(20) (#)	206.253(2)	MI-1040, Sch. 2	Yes	No	No	No	No	No	No	No
. Small Business											
Investment Tax Cr.	(21)	206.278	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<hr/>											
<u>Refundable Credits</u>											
. Sec. 1341 of IRC Cr.		206.265	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Adoption Cr.	(23) (#)	206.267, 268		Yes	No	No	No	No	No	No	No
. Stillbirth Credit	(26) (#)	206.275		Yes	No	No	No	No	No	No	No
. Earned Income Tax Credit	(27)	206.272	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Energy Efficient Qualified	(28) (#)	206.253(1)		Yes	No	No	No	No	No	No	No
. MI Historic Preservation Cr.	(29)	206.266(8)	Form 3581	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	MCL Section	TY 1967	TY 1968	TY 1969	TY 1970	TY 1971	TY 1972	TY 1973	TY 1974	TY 1975	TY 1976	TY 1977
. <u>Homestead Property Tax Cr.</u> (30)	206.520, 522	No	Yes (b)	Yes (b)	Yes (b')	Yes (b'')	Yes (b'')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')
. Eligible Property Tax Paid Percent												
. Homeowners	206.520(1)	n.a.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
. Renters	206.520(2)											
. Ad Valorem Taxes		n.a.	20.0%	17.0%	17.0%	17%	17%	17%	17%	17%	17%	17%
. Service Charges		n.a.	n.a.	n.a.	10%	10%	10%	10%	n.a.	n.a.	share	share
. Nursing Home Patient		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	30%	30%	30%
. Homeowner Veterans Cr. Requirements:												
. Taxable Value Allowance	206.506	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500
. Income Limit	206.506	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
. Homeowner Blind Cr. Requirements:												
. Taxable Value Allowance												
. Taxpayer only blind	206.522(1)(e)(i), (ii)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
. Taxpayer and Spouse blind	206.522(3)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$3,500	\$7,000	\$7,000	\$7,000	\$7,000
. Total HPTC Limit	206.520(15)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$500	\$500	\$500	\$1,200	\$1,200
. Cr. Availability/Calculation												
. General:	206.522(1)(a)	n.a.	Yes (b)	Yes (b)	Yes (b')	Yes (b'')	Yes (b''')	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)
. Special Credits:												
. Seniors												
. General	206.522(1)(b), (c)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. 1973 Homestead Exempt	206.522(5)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (f)	Yes (f)	Yes (f)	Yes (f)
. Para/hemi/quadruplegic	206.522(1)(c)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Disabled	206.522(1)(e)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (g)	Yes (g)	Yes (g)	Yes (g)
. Veterans	206.522(1)(d)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)
. Blind	206.522(1)(e)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)
. Farmland Preservation Credit (31)	554.710(1)	No	No	No	No	No	No	No	No	No	Yes (j)	Yes (j)

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	MCL Section	TY 1978	TY 1979	TY 1980	TY 1981	TY 1982	TY 1983	TY 1984	TY 1985	TY 1986	TY 1987	TY 1988
. <u>Homestead Property Tax Cr.</u> (30)	206.520, 522	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')
. Eligible Property Tax Paid Percent												
. Homeowners	206.520(1)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
. Renters	206.520(2)											
. Ad Valorem Taxes		17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%
. Service Charges		share	share	10%	10%	10%	10%	10%	10%	10%	10%	10%
. Nursing Home Patient		share	share	share	share	share	share	share	share	share	share	share
. Homeowner Veterans Cr. Requirements:												
. Taxable Value Allowance	206.506	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500
. Income Limit	206.506	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
. Homeowner Blind Cr. Requirements:												
. Taxable Value Allowance												
. Taxpayer only blind	206.522(1)(e)(i), (ii)	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
. Taxpayer and Spouse blind	206.522(3)	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
. Household Income Limit	206.520(8)	n.a.	n.a.	n.a.	n.a.	\$74,000	\$77,500	\$79,950	\$82,650	\$82,650	\$82,650	\$82,650
Credit phase out before limit		n.a.	n.a.	n.a.	n.a.	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000
. Total HPTC Limit	206.520(15)	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
. Cr. Availability/Calculation												
. General:	206.522(1)(a)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)
. Special Credits:												
. Seniors												
. General	206.522(1)(b), (c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Low Income Renters	206.520(9), (10)	n.a.	n.a.	n.a.	n.a.	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)
. 1973 Homestead Exempt	206.522(5)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)
. Para/hemi/quadruplegic	206.522(1)(c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Disabled	206.522(1)(c)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)
. Deaf	206.522(1)(c)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Veterans	206.522(1)(d)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)
. Blind	206.522(1)(e)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)
. Farmland Preservation Credit (31)	554.710(1)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	MCL Section	TY 1989	TY 1990	TY 1991	TY 1992	TY 1993	TY 1994	TY 1995	TY 1996	TY 1997	TY 1998	TY 1999
. <u>Homestead Property Tax Cr.</u> (30)	206.520, 522	Yes (b"")	Yes (b"")	Yes (b"")	Yes (b"")	Yes (b"")	Yes (b"")	Yes (b"")	Yes (b"")	Yes (b"")	Yes (b"")	Yes (b"")
. Eligible Property Tax Paid Percent												
. Homeowners	206.520(1)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
. Renters	206.520(2)											
. Ad Valorem Taxes		17%	17%	17%	17%	17%	20%	20%	20%	20%	20%	20%
. Service Charges		10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
. Nursing Home Patient		share	share	share	share	share	share	share	share	share	share	share
. Homeowner Veterans Cr. Requirements:												
. Taxable Value Allowance	206.506	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500
. Income Limit	206.506	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
. Homeowner Blind Cr. Requirements:												
. Taxable Value Allowance												
. Taxpayer only blind	206.522(1)(e)(i), (j)	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
. Taxpayer and Spouse blind	206.522(3)	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
. Household Income Limit	206.520(8)	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650
Credit phase out before limit		10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000
. Total HPTC Limit	206.520(15)	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
. Cr. Availability/Calculation												
. General:	206.522(1)(a)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)
. Special Credits:												
. Seniors												
. General	206.522(1)(b), (c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Low Income Renters	206.520(9), (10)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)
. 1973 Homestead Exempt	206.522(5)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)
. Para/hemi/quadruplegic	206.522(1)(c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Disabled	206.522(1)(c)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)
. Deaf	206.522(1)(c)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Veterans	206.522(1)(d)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)
. Blind	206.522(1)(e)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)
. Farmland Preservation Credit (31)	554.710(1)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	MCL Section	TY 2000	TY 2001	TY 2002	TY 2003	TY 2004	TY 2005	TY 2006	TY 2007	TY 2008	TY 2009	TY 2010
. <u>Homestead Property Tax Cr.</u> (30)	206.520, 522	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')
. Eligible Property Tax Paid Percent												
. Homeowners	206.520(1)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
. Renters	206.520(2)											
. Ad Valorem Taxes		20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
. Service Charges		10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
. Nursing Home Patient		share	share	share	share	share	share	share	share	share	share	share
. Homeowner Veterans Cr. Requirements:												
. Taxable Value Allowance	206.506	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500
. Income Limit	206.506	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
. Homeowner Blind Cr. Requirements:												
. Taxable Value Allowance												
. Taxpayer only blind	206.522(1)(e)(i), (ii)	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
. Taxpayer and Spouse blind	206.522(3)	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
. Household Income Limit	206.520(8)	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	n.a.	n.a.
Credit phase out before limit		10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000
. Total HPTC Limit	206.520(15)	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
. Cr. Availability/Calculation												
. General:	206.522(1)(a)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)
. Special Credits:												
. Seniors												
. General	206.522(1)(b), (c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Low Income Renters	206.520(9), (10)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)
. 1973 Homestead Exempt	206.522(5)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)
. Para/hemi/quadruplegic	206.522(1)(c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Disabled	206.522(1)(c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Deaf	206.522(1)(c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Veterans	206.522(1)(d)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)
. Blind	206.522(1)(e)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)
. Farmland Preservation Credit (31)	554.710(1)	Yes (j)	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	MCL Section	Form	TY 2011	TY 2012	TY 2013	TY 2014	TY 2015	TY 2016	TY 2017	TY 2018
. <u>Homestead Property Tax Cr.</u>	(30) 206.520, 522	MI-1040CR	Yes (b'')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')	Yes (b''')
. Eligible Property Tax Paid Percent										
. Homeowners	206.520(1)		100%	100%	100%	100%	100%	100%	100%	100%
. Renters	206.520(2)									
. Ad Valorem Taxes			20%	20%	20%	20%	20%	20%	20%	23%
. Service Charges			10%	10%	10%	10%	10%	10%	10%	10%
. Nursing Home Patient			share	share	share	share	share	share	share	share
. Homeowner Veterans Cr. Requirements:		MI-1040CR-2								
. Taxable Value Allowance	206.506		\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500
. Income Limit	206.506		\$7,500	\$7,500 (b''')	\$7,500 (b''')	\$7,500 (b''')	\$7,500 (b''')	\$7,500 (b''')	\$7,500 (b''')	\$7,500 (b''')
. Homeowner Blind Cr. Requirements:		MI-1040CR-2								
. Taxable Value Allowance										
. Taxpayer only blind	206.522(1)(e)(i), (ii)		\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
. Taxpayer and Spouse blind	206.522(3)		\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
. Homestead Taxable Value Limit	206.520(1)		n.a.	≤ \$135,000	≤ \$135,000	≤ \$135,000	≤ \$135,000	≤ \$135,000	≤ \$135,000	≤ \$135,000
. Household Income Limit	206.520(8)		\$82,650	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Household Resources Limit	206.520(8)		n.a.	\$50,000 (b''')	\$50,000 (b''')	\$50,000 (b''')	\$50,000 (b''')	\$50,000 (b''')	\$50,000 (b''')	\$60,000 (b''')
. Credit phase out before limit			10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000
. Total HPTC Limit	206.520(15)		\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,500
. Cr. Availability/Calculation										
. General:	206.522(1)(a)		Yes (c)	Yes (c')	Yes (c')	Yes (c')	Yes (c')	Yes (c')	Yes (c')	Yes (c')
. Special Credits:										
. Seniors										
. General	206.522(1)(b), (c)		Yes (d)	Yes (d) (d')	Yes (d) (d')	Yes (d) (d')	Yes (d) (d')	Yes (d) (d')	Yes (d) (d')	Yes (d) (d'')
. Low Income Renters	206.520(9), (10)		Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)
. 1973 Homestead Exempt	206.522(5)		Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)
. Para/hemi/quadruplegic	206.522(1)(c)		Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d'')
. Disabled	206.522(1)(c)		Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d'')
. Deaf	206.522(1)(c)		Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d'')
. Veterans	206.522(1)(d)		Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)
. Blind	206.522(1)(e)		Yes (i) or (d)	Yes (i) or (d')	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d'')
. Farmland Preservation Credit	(31) 554.710(1)	MI-1040CR-5	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	MCL Section	TY 2000	TY 2001	TY 2002	TY 2003	TY 2004	TY 2005	TY 2006	TY 2007	TY 2008	TY 2009	TY 2010
. <u>Home Heating Credit</u>	(32) 206.527a(1)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Federal Poverty Income Limit	206.527a(1)(b)	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%
. General Credit	206.527a(1)(c)(i)	Yes (k")	Yes (k")	Yes (k")	Yes (k")	Yes (k")	Yes (k")	Yes (k")	Yes (k")	Yes (k")	Yes (k")	Yes (k")
. Maximum Credit:	206.527a(1)(a)											
. 0 or 1 Exemption		\$323	\$332	\$342	\$347	\$359	\$369	\$378	\$394	\$401	\$418	\$418
. 2 Exemptions		\$435	\$448	\$461	\$468	\$482	\$495	\$509	\$528	\$540	\$562	\$562
. 3 Exemptions		\$547	\$565	\$579	\$589	\$604	\$620	\$640	\$662	\$679	\$706	\$706
. 4 Exemptions		\$658	\$681	\$698	\$709	\$727	\$746	\$771	\$496	\$817	\$850	\$850
. 5 Exemptions		\$770	\$797	\$816	\$830	\$849	\$871	\$902	\$930	\$956	\$994	\$994
. 6 Exemptions		\$882	\$914	\$935	\$951	\$972	\$997	\$1,033	\$1,064	\$1,094	\$1,138	\$1,138
. more than 6 exemp.		+\$112/exemp.	+\$116/exemp.	+\$119/exemp.	+\$121/exemp.	+\$122/exemp.	+\$126/exemp.	+\$131/exemp.	+\$134/exemp.	+\$139/exemp.	+\$144/exemp.	+\$144/exemp.
. Maximum Income Limit Requirement:												
. 0 or 1 Exemption		\$9,229	\$9,486	\$9,771	\$9,914	\$10,257	\$10,529	\$10,786	\$11,243	\$11,443	\$11,929	\$11,929
. 2 Exemptions		\$12,429	\$12,800	\$13,171	\$13,371	\$13,771	\$14,129	\$14,529	\$15,072	\$15,415	\$16,043	\$16,043
. 3 Exemptions		\$15,629	\$16,143	\$16,543	\$16,829	\$17,257	\$17,700	\$18,271	\$18,900	\$19,386	\$20,158	\$20,158
. 4 Exemptions		\$18,800	\$19,457	\$19,943	\$20,257	\$20,771	\$21,300	\$22,014	\$22,729	\$23,329	\$24,272	\$24,272
. 5 Exemptions		\$22,000	\$22,771	\$23,314	\$23,714	\$24,257	\$24,871	\$25,757	\$26,558	\$27,301	\$28,387	\$28,387
. 6 Exemptions		\$25,200	\$26,114	\$26,714	\$27,171	\$27,771	\$28,471	\$29,500	\$30,386	\$31,243	\$32,500	\$32,500
. more than 6 exemp.		+\$3,200/exemp.	+\$3,322/exemp.	+\$3,388/exemp.	+\$3,498/exemp.	+\$3,498/exemp.	+\$3,586/exemp.	+\$3,740/exemp.	+\$3,829/exemp.	+\$3,971/exemp.	+\$4,114/exemp.	+\$4,114/exemp.
. Alternative Credit	206.527a(1)(c)(ii)	Yes (l")	Yes (l")	Yes (l")	Yes (l")	Yes (l")	Yes (l")	Yes (l")	Yes (l")	Yes (l")	Yes (l")	Yes (l")
. Heating Fuel Cost Limit	206.527a(1)(d)	\$1,453	\$1,493	\$1,578	\$1,687	\$1,843	\$2,028	\$2,231	\$2,231	\$2,351	\$2,430	\$2,506
. Maximum Income:												
. 0 or 1 Exemptions		\$10,350	\$10,703	\$10,922	\$11,211	\$11,360	\$11,635	\$12,066	\$12,263	\$12,590	\$12,590	\$12,691
. 2 Exemptions		\$13,209	\$13,573	\$14,345	\$15,088	\$15,287	\$15,658	\$16,230	\$16,502	\$16,942	\$16,942	\$17,078
. 3 or more		\$13,209	\$13,573	\$14,345	\$15,340	\$16,757	\$18,433	\$20,282	\$20,282	\$21,298	\$21,298	\$21,469
. Credit Proration (%)	206.527a(18)	100%	100%	100%	80%	76%	76%	76%	53%	65%	65%	52%

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	MCL	Form	TY	TY	TY	TY	TY	TY	TY	TY
	Section		2011	2012	2013	2014	2015	2016	2017	2018
. <u>Home Heating Credit</u>	(32) 206.527a(1)	MI-1040CR-7	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Federal Poverty Income Limit	206.527a(1)(b)		110%	110%	110%	110%	110%	110%	110%	110%
. General Credit	206.527a(1)(c)(i)		Yes (k")	Yes (k")	Yes (k")	Yes (k")	Yes (k")	Yes (k")	Yes (k")	Yes (k")
. Maximum Credit:	206.527a(1)(a)									
. 0 or 1 Exemption			\$420	\$431	\$443	\$450	\$454	\$458	\$465	\$468
. 2 Exemptions			\$567	\$584	\$598	\$607	\$614	\$618	\$626	\$635
. 3 Exemptions			\$714	\$736	\$753	\$763	\$774	\$777	\$787	\$801
. 4 Exemptions			\$861	\$888	\$908	\$919	\$935	\$937	\$948	\$967
. 5 Exemptions			\$1,009	\$1,041	\$1,062	\$1,076	\$1,095	\$1,096	\$1,109	\$1,134
. 6 Exemptions			\$1,156	\$1,193	\$1,217	\$1,232	\$1,255	\$1,255	\$1,270	\$1,300
. more than 6 exemp.			+\$147/exemp.	+\$152/exemp.	+\$155/exemp.	+\$156/exemp.	+\$160/exemp.	+\$160/exemp.	+\$161/exemp.	+\$166/exemp.
. Maximum Income Limit Requirement:										
. 0 or 1 Exemption			\$11,986	\$12,299	\$12,642	\$12,842	\$12,956	\$13,070	\$13,271	\$13,357
. 2 Exemptions			\$16,186	\$16,671	\$17,071	\$17,329	\$17,528	\$17,642	\$17,871	\$18,129
. 3 Exemptions			\$20,387	\$21,014	\$21,500	\$21,786	\$22,099	\$22,185	\$22,471	\$22,871
. 4 Exemptions			\$24,587	\$25,357	\$25,929	\$26,243	\$26,699	\$26,753	\$27,071	\$27,614
. 5 Exemptions			\$28,815	\$29,728	\$30,328	\$30,728	\$31,270	\$31,299	\$31,671	\$32,386
. 6 Exemptions			\$33,014	\$34,071	\$34,757	\$35,186	\$35,842	\$35,842	\$36,271	\$37,129
. more than 6 exemp.			+\$4,200/exemp.	+\$4,343/exemp.	+\$4,429/exemp.	+\$4,457/exemp.	+\$4,571/exemp.	+\$4,571/exemp.	+\$4,600/exemp.	+\$4,743/exemp.
. Alternative Credit	206.527a(1)(c)(ii)		Yes (l")	Yes (l")	Yes (l")	Yes (l")	Yes (l")	Yes (l")	Yes (l")	Yes (l")
. Heating Fuel Cost Limit	206.527a(1)(d)		\$2,506	\$2,598	\$2,642	\$2,642	\$2,642	\$2,642	\$2,737	\$2,741
. Maximum Income:										
. 0 or 1 Exemptions			\$12,973	\$13,317	\$13,576	\$13,727	\$13,727	\$13,826	\$14,111	\$14,472
. 2 Exemptions			\$17,458	\$17,920	\$18,269	\$18,472	\$18,472	\$18,605	\$18,989	\$19,475
. 3 or more			\$21,946	\$22,527	\$22,967	\$23,222	\$23,222	\$23,389	\$23,872	\$24,483
. Credit Proration (%)	206.527a(18)		52%	48%	49%	50%	50%	67%	75%	75%

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Notes:**General Information:**

- .(*) Starting tax year 1970, per taxpayer preference, the IRC effective in tax year may be used instead.
 - .(**) Unlike exemption for paraplegic and quadriplegic, special exemption for hemiplegics starts in TY 1977.
 - .(***) Starting TY 1987, taxpayers who are blind, or quadriplegic, hemiplegic, or paraplegic are considered to be disabled.
 - .(****) Starting TY 2000, taxpayers who are deaf are considered disabled.
 - .(*****) Limits adjusted by percentage increase of the US CPI for the immediately preceding calendar year.
 - .(#) Repealed by PA 38 of 2011.
- (1) Revenue distribution for local units was based on percent from net collections through TY 1986, and from gross collections thereafter. Revenue distribution for Revenue Sharing is based on percent from gross collections. From TY 2001 through November 2019, School Aid Fund share calculated by formula: 1.012% divided by IIT tax rate. Starting December 2019, formula percentage changes from 1.012% to 0.954%.
 - (1a) Starting on FY 2016, an amount equal to 3.5% of the average amount of farmland tax credits for the immediately preceding 3 state fiscal years is deposited into the Agricultural Preservation Fund each fiscal year.
 - (2) Filing requirement applies to any person whose gross income or federal AGI is in excess of the personal exemptions and additional (special) exemptions allowed. Filing threshold listed does not take into account special exemptions allowed.
 - (3) Taxpayers with liability after credits and tax withheld above threshold must make estimated payments. Threshold equaled to \$100 until TY 1986, and \$500 thereafter. Exceptions to rule: no estimated payments are needed if withholding and credits for tax year equals 100% of previous tax year liability, or 90% of present tax year liability.
 - (4) Except for claimed as a dependent exemption (which applies only to the taxpayer), special exemptions applied to taxpayer or spouse only through TY 1999; and to taxpayers, spouse, or dependents of taxpayer, thereafter.
 - (5) Contributions to the fund do not increase liability.
 - (6) Contributions to those funds increase/reduce taxpayers' liability/refund.

Taxbase Adjustments Limits:

- (7) Until TY 1988, the maximum private pension deduction amount applied to the total of private, federal, and other states public retirement system pension and retirement benefits. Starting TY 1989, retirement and pension benefits from federal public system no longer were subjected to the limit. Starting TY 1994, the maximum also applies to benefits paid to seniors from a retirement annuity policy which are paid for life. In TY 1994, the maximum private pension deduction amount must be reduced by 25% of the total public (federal and MI) and federal military retirement benefits deduction claimed. Starting TY 2012, pension deduction is reduced only for those born after 1945. See footnotes (7') and (7'').
- (7') Starting TY 2012, those born after 1945 and before 1953 are entitled to the lower maximum pension deduction limit. For taxpayers with pensions from government agencies not covered by the Social Security Act (SSA), the maximum pension deduction limits are \$35,000 (single) / \$55,000 (joint) / \$70,000 (joint) when both spouses worked for an "uncovered" agency. Once taxpayers reach the age of 67, this deduction - for covered or uncovered agencies - may offset all types of income, and is not restricted to retirement and pension income. Taxpayers who choose to take the lower maximum pension deduction are not eligible to take a military subtraction or MI National Guard or Railroad pension subtraction on the same tax year.

- (7") Starting TY 2012, those born after 1952, only taxpayers at the age of 62 through 66 who receive pensions from government agencies not covered by the SSA are entitled to a lower maximum pension deduction limit equal to \$15,000 (single or joint filer) or \$30,000 for joint filers when both spouses worked for an "uncovered" agency. For all filers born after 1952, once age 67 is reached, taxpayer may take a \$20,000 (single) / \$40,000 (joint) deduction against all income. Taxpayers who choose to take the lower maximum deduction against all income are not eligible to take exemptions for Social Security, Military, MI National Guard or railroad retirement, nor any personal exemptions in the same tax year.
- (8) From TY 1994 through TY 1996, seniors were allowed deduction only from interest and dividends income, and this exemption could only be taken if taxpayer did not take a deduction for retirement and pension benefits. Starting TY 1997, senior deduction also includes capital gains income, where the senior maximum interest, dividend, and capital gain deduction amount shall be reduced by the total amount of retirement/pension benefit deduction claimed. Starting TY 2012, this deduction is no longer available for those born after 1945.

Non Refundable Credits:

- (9) Headlee Credit: equaled to 2% of 1995 tax liability computed before taking into account any credit. Credit was effective only for TY 1995.
- (10) Taxes Paid to Another State Credit: for TY 1967, credit equaled the amount of income tax paid in other states, limited to taxpayer liability. Starting TY 1968, credit was limited further to the proportion of the MI IIT due that the amount of the taxpayer's out-of-state income bears to the taxpayer's AGI.
- (11) Nonresident Credit for Reciprocal State Income Tax exemption applies to the MI IIT paid by nonresident taxpayers from the following states: Reciprocal States (IN, WI, KY, IL, OH, MN), Idaho (TY 1970-82), Maryland (TY 1970-91), New Mexico (TY 1970-75), Virginia (TY 1968 on), West Virginia (TY 1970-91), and Canadian Provinces (TY 1978 on).
- (12) City Income Tax Credit Calculation:
- For TY 1968 and 1969:
- | If City Income Tax is: | Credit |
|------------------------|---|
| . <=\$100 | 20% of city income taxes |
| . >\$100, <=\$150 | \$20 + 15% of excess over \$100 |
| . >\$150, <=\$200 | \$27.50+ 10% of excess over \$150 |
| . > \$200 | min { \$32.50 + 5% of excess over \$200, \$10,000 } |
- . For TY 1970, credit equals to min { 12% of eligible city income tax paid, \$15 }.
- . For TY 1971 - 1985:
- | If City Income Tax is: | Credit |
|------------------------|---|
| . <=\$100 | 20% of city income taxes |
| . >\$100, <=\$150 | \$20 + 10% of excess over \$100 |
| . >\$150, <=\$200 | \$25 + 5% of excess over \$150 |
| . > \$200 | min { \$27.50 + 5% of excess over \$200, \$10,000 } |
- . Starting TY 1986:
- | If City Income Tax is: | Credit |
|------------------------|--|
| . <=\$100 | 20% of city income taxes |
| . >\$100, <=\$150 | \$20 + 10% of excess over \$100 |
| . >\$150 | min (\$25 + 5% of excess over \$150, \$10,000) |

- (13) Contribution Credit Calculation:
- (a). From TY 1968 through 1987, credit was limited to min. {50% of contribution, 10% of liability, \$5,000} for estates, trusts, or min. {\$100, 20% of liability, 50% of contribution} for other returns.
 - (a'). Starting TY 1988, credit limited to min. {50% contribution, \$100 for single returns, \$200 for joint returns} or min. {50% contribution, \$5,000, 10% of tax liability} for estate and trust returns.
- (14) Renewable/Solar Energy Credit equaled to a percentage of the first \$2,000 of eligible cost and a percentage of the next \$8,000 (or \$3,000 in TY 1983 - 1991, for single family dwelling) / \$13,000 (or \$7,000 in TY 1983-1991, for multiple dwelling) eligible cost. Percentages ranged from: 25% and 15% for TY 1979-1980; 20% and 10% for TY 1981; 15% and 5% for TY 1982; and 30% and 15% in TY 1983 - 1991.
- (15) Medical Care Savings Account Credit calculation: credit equals min {3.3% of eligible net contribution, \$3,000 (single), \$6,000 (joint)}, where \$3,000 and \$6,000 were indexed by inflation.
- (16) MI Historical Preservation Credit equals to 25% of qualified expenses, reduced by the amount of federal historic credit received. Starting TY 2009, instead of carrying forward the cr amount that exceeds liability (10 yrs), taxpayer may elect to have 90% of the excess credit amount refunded.
- (17) Vehicle Donation Credit equals to 50% fair market value of donated auto, limited to \$50 (single), \$100 (joint).
- (18) College Tuition and Fees Credit available for MI resident taxpayers with household income up to \$200,000, who paid undergraduate tuition and fees on behalf of a student who attends an eligible school. Eligible school refers to school that has certified that tuition will not increase by more than the rate of inflation. Credit may be taken for up to 4 years, per student.
From TY 1995-97, the credit was limited to min {4% of tuition and fees paid per student, \$250 per student per year}.
Starting TY 1998, the credit was limited to min {8% of tuition and fees paid per student, \$375 per student per year},
- (19) Film Production Credit is available for MBT taxpayers who are eligible for the MBT credit but instead, elect to claim the credit against IIT liability.
- (20) Energy Cost Recovery Surcharge Credit is restricted to eligible taxpayers with AGI up to \$65,000 (single), or \$130,000 (joint), and the equals a percentage of the additional utility charges paid that were imposed, so that electric utilities would meet newly enacted energy standards.
Credit percentage is as follows: 25% for TY 2009, 20% for TY 2010 and TY 2011.
- (21) Small Business Investment Tax Credit (Venture credit) equals to 25 percent of a qualified investment made in a qualified business during tax years 2011 and 2012. Taxpayers may not claim a credit of more than \$250,000 in any one year, and shall be taken by the taxpayer in equal installments over 2 years beginning with the tax year i which the certification was approved.

Refundable Credits:

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

(25) Credit for Sales Tax Paid on Food and Prescription Drugs was inversely proportioned to household income, as follows:

Household Income	Credit per Person
<=\$5,000	\$10
>\$5,000, <=\$7,000	\$9
>\$7,000, <=\$9,000	\$8
>\$9,000, <=\$11,000	\$7
>\$11,000, <=\$15,000	\$6
>\$15,000	\$0

(26) Stillbirth Credit: credit equals to 4.5% of the personal exemption amount for the tax year allowed for a single exemption, rounded up to the nearest \$10 increment.

(27) Earned Income Tax Credit: equals to 10% of federal EITC claimed for TY 2008, 20% of federal EITC claimed for TY 2009 through TY 2011 and 6% for TY 2012 and after.

(28) Energy Star Equipment Credit: credit available for taxpayers with AGI up to \$37,500 (single), or \$75,000 (joint) and equals min {10% cost of purchase & installation, \$75 (single), or \$150 (joint)}.

(29) MI Historical Preservation Credit equals to 25% of qualified expenses, reduced by the amount of federal historic credit received. Starting TY 2009, instead of carrying forward the cr amount that exceeds liability (10 yrs), taxpayer may elect to have 90% of the excess credit amount refunded, where maximum equals 90% of \$250,000 per completed project, subject to a total of \$250,000 credit amount.

Starting in TY 2012, only taxpayers with a rehabilitation certificate issued between 1999 and 2011 are eligible to claim this credit.

(30) Property Tax Credit eligibility requirements and calculations:

(b). In TY 1968 and 1969, credit was non-refundable, applicable also to non-homestead property tax paid by the taxpayer, and its percent was inversely proportioned to the total eligible ad valorem taxes paid by the taxpayers as follows:

Eligible Property Taxes (PPT) Amount: Credit

. <=\$100	20% of property taxes
. >\$100, <=\$150	\$20 + 15% of excess over \$100
. >\$150, <=\$200	\$27.50 + 10% of excess over \$150
. >\$200, <=\$10,000	\$32.50 + 5% of excess over \$200
. >\$10,000	4% of property taxes

(b'). In TY 1970, credit was non-refundable and applicable only to homestead property taxes paid. Credit equaled to min {12% of eligible property taxes paid, \$15}.

(b''). In TY 1971 and 1972, credit was non-refundable, and applicable also to non-homestead property taxes paid. Credit calculated as follows:

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

- (b'''). Starting TY 1973, credit became refundable, based only on homestead property taxes paid and was calculated based on taxpayer's household income. For mobile home owners, property taxes include the \$3.00 / month specific tax plus statutorily allowed percentage of rent.
- (b'''). Starting in TY 2012, the credit became subject no longer to household income, but to household resources. Household resources refer to total household income plus any net business loss after netting all business income and loss, plus any net rental or royalty loss, plus any deduction from federal adjusted gross income for a carryback or carryforward of a net operating loss as defined in IRC sec. 172 (b) (2).
- (c). Through TY 2011, General Credit (for homeowners or renters) equals to 60% of property tax amount paid in excess of 3.5% of household income.
- (c'). Starting TY 2012, General Credit (for homeowners or renters) equals to 60% of property tax amount paid in excess of 3.5% of household resources.
- (d). Credit for homeowners or renters who are: Seniors (General Credit, only through TY 2011); Para/Quadriplegic (starting TY 1974); Hemiplegic (starting TY 1984); Blind (starting TY 2000 through TY 2011, and TY 2013 and on), or Deaf (starting TY 2000).

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

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

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

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

- (d''). Starting TY 2018, credit for homeowners or renters who are: Seniors; Para/Quadriplegic; Hemiplegic; blind, or Deaf.

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

Household Income	% Not Refundable
<=\$3,000	0.0%
>\$3,000, <=\$4,000	1.0%
>\$4,000, <=\$5,000	2.0%
>\$5,000, <=\$6,000	3.0%
>\$6,000	3.2%

(d'''). Starting TY 2018, homeowners or renters who are Seniors or Blind with household income above \$21,000 have credit amount equaled to percentage of eligible property tax paid in excess of 3.2% taxpayer's household resources as follows:

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

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

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

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

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

Veteran renters may claim a credit equal to eligible homestead property taxes paid multiplied by min. percentage as follows:

- . Starting TY 1978 through TY 1993: lesser of 17% of the eligible rent divided by the property tax rate on the property, or 100%;
- . TY 1994 through TY 2017: lesser of 20% of the eligible rent divided by the property tax rate on the property, or 100%;
- . TY 2018 and after: lesser of 23% of the eligible rent divided by the property tax rate on the property, or 100%;

(i). Homeowner Blind taxpayers may claim a credit equal to eligible property tax paid multiplied by min. {percentage that the taxable value allowance (former State equalized value allowance) bears to the homestead taxable value (former State equalized value), 100% }, starting TY 1973 through TY 999 (solely), and after TY 1999, homeowners or renters who are Blind may claim a credit as Disabled (TY2000 through TY2011, and after

.(31) Farmland Preservation Credit:

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

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

.(32) Home Heating Credit:

General Credit:

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

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

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

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

Alternate Credit:

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

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

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

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