

# **MICHIGAN'S INDIVIDUAL INCOME TAX 1994**



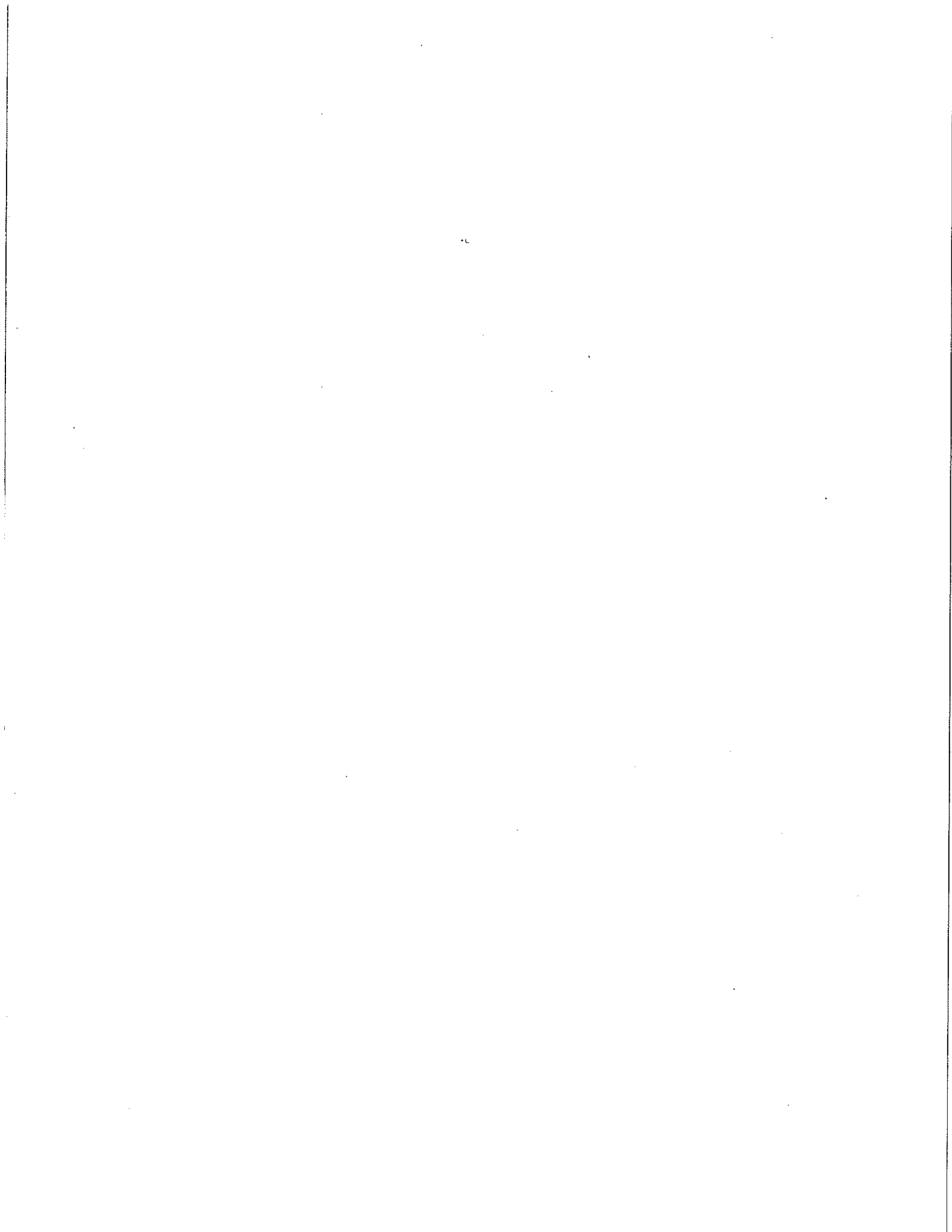
**Office of Revenue and Tax Analysis  
Michigan Department of Treasury  
September 1996**

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## I. EXECUTIVE SUMMARY

### Proposal A

Proposal A dramatically changed the tax structure in Michigan. Local school property taxes were eliminated and voters were given the choice of funding schools with a higher sales or higher income tax. Taxpayers voted for a higher sales tax along with a mix of changes in other taxes. The income tax was affected in two ways. The rate was lowered to 4.4 percent on May 1, 1994, and the homestead property tax credit decreased due to lower school property taxes. The overall effect of these changes along with a stronger economy in 1994 meant increased income tax revenues.

### Returns and Revenue

In 1994, Michigan's personal income tax generated \$4.7 billion in state revenues, after all credits and refunds were paid.

Net revenue increased \$779.7 million (20.1 percent) from 1993 levels. Adjusted gross income increased by \$12.3 billion (8.7 percent) from 1993 to 1994.

Over 4.4 million returns were filed for the 1994 tax year, approximately 65,600 more than the previous year.

Although the personal income tax was levied at the average nominal flat rate of 4.47 percent, the effective tax rate varied from negative 7.6 percent for people having income under \$2,000 to positive 3.5 percent for taxpayers with an adjusted gross income above \$50,000. The overall effective rate was 3.03 percent. The negative effective rates for lower incomes arise because some taxpayers receive net payments from the state, due principally to the refundable credits for property taxes and home heating expenses.

### Property Tax Credit

Proposal A reduced property taxes about \$3.3 billion in calendar year 1994. This tax cut reduced the property tax burden and thereby reduced the need for property tax relief through the homestead property tax credit. Nearly 1.12 million Michigan homeowners, renters and farmers received \$435.4 million in property tax credits, including farmland preservation credits for 1994. The average property tax rebate was \$389.05. The total amount of property tax credits decreased by \$605.6 million (58.2 percent) with 616,500 fewer taxpayers benefitting compared to tax year 1993.

Senior citizens received over \$213.2 million in homestead property tax credits, a decrease of \$229.4 million from tax year 1993. For the 400,900 senior citizens receiving homestead property tax credits, the average credit was \$531.83.

### **Home Heating Credit**

Home heating credits totaled \$77.6 million for tax year 1994 with 409,500 households qualifying for an average credit of \$189.43. Home heating credits increased \$0.7 million from 1993 with 500 fewer taxpayers benefitting.

### **City Income Tax Credit**

In 1994, city income tax credits were claimed by 932,400 taxpayers and amounted to \$32.7 million. This was a \$2.5 million increase from the prior year with 29,500 more taxpayers claiming the credit.

### **College Contribution Credit**

Over \$19.1 million of 1994 credits were paid for contributions to Michigan colleges, libraries, museums and public broadcasting stations, approximately the same compared to tax year 1993. There were 244,900 taxpayers claiming this credit, a decrease of 8,600 from 1993.

### **Prescription Drug Credit**

For tax year 1994, 39,500 taxpayers claimed \$17.8 million in prescription drug credits. This is an increase of 1,300 taxpayers and \$1.0 million more than tax year 1993.

### **Homeless Shelter/Food Bank Credit**

There were 95,400 taxpayers who claimed a homeless shelter/food bank credit for \$6.2 million in tax year 1994. Compared to tax year 1993, this represented an increase of \$1.2 million with 13,100 more taxpayers claiming a credit.

### **Medical Care Savings Account Credit**

In tax year 1994, the initial year of the credit, 5,600 taxpayers claimed \$0.09 million in medical care savings account credits.



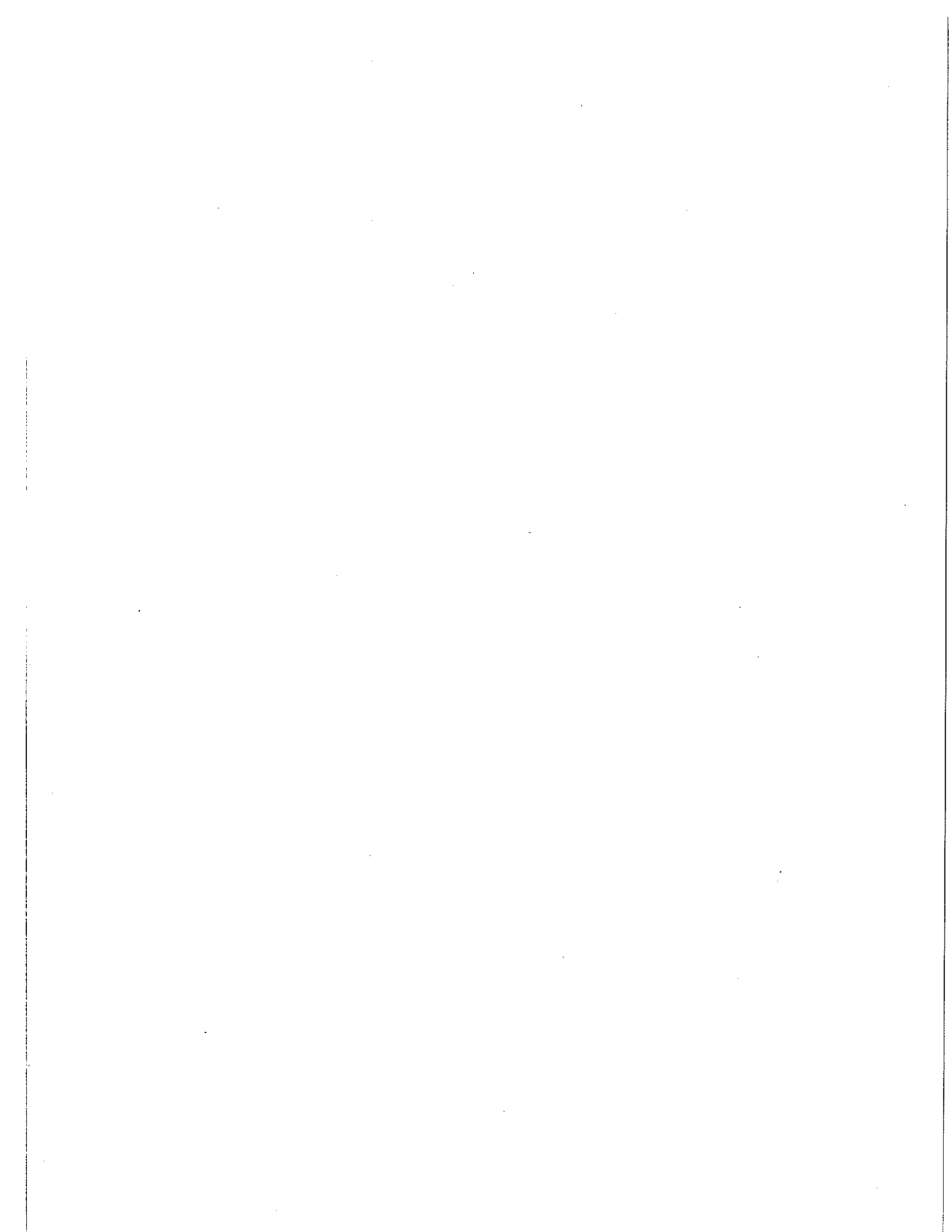
## II. INTRODUCTION

This report summarizes information regarding the Michigan individual income tax and income tax exemptions and credits for tax year 1994. It is based on returns filed and processed in calendar year 1995.

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 other states. Section VIII lists the geographic pattern of revenue and credits by county.

The Federal Tax Reform Act of 1986 resulted in the most significant changes in Michigan's income tax base since the state income tax was enacted in 1967. Section IX summarizes the Tax Reform Act changes to Michigan's income tax base. Section X summarizes the Michigan Public Acts of 1994 that affected the Michigan income tax.

Section XI contains tables and charts presenting detailed data on returns, exemptions, credits, revenue and effective rates. The analysis is based on a random sample of the 4.42 million returns on file with the Michigan Department of Treasury. Details of the methods used in obtaining the sample and estimates are available from Treasury's Budget and Accounting Division.



### III. HISTORY OF THE MICHIGAN INDIVIDUAL INCOME TAX

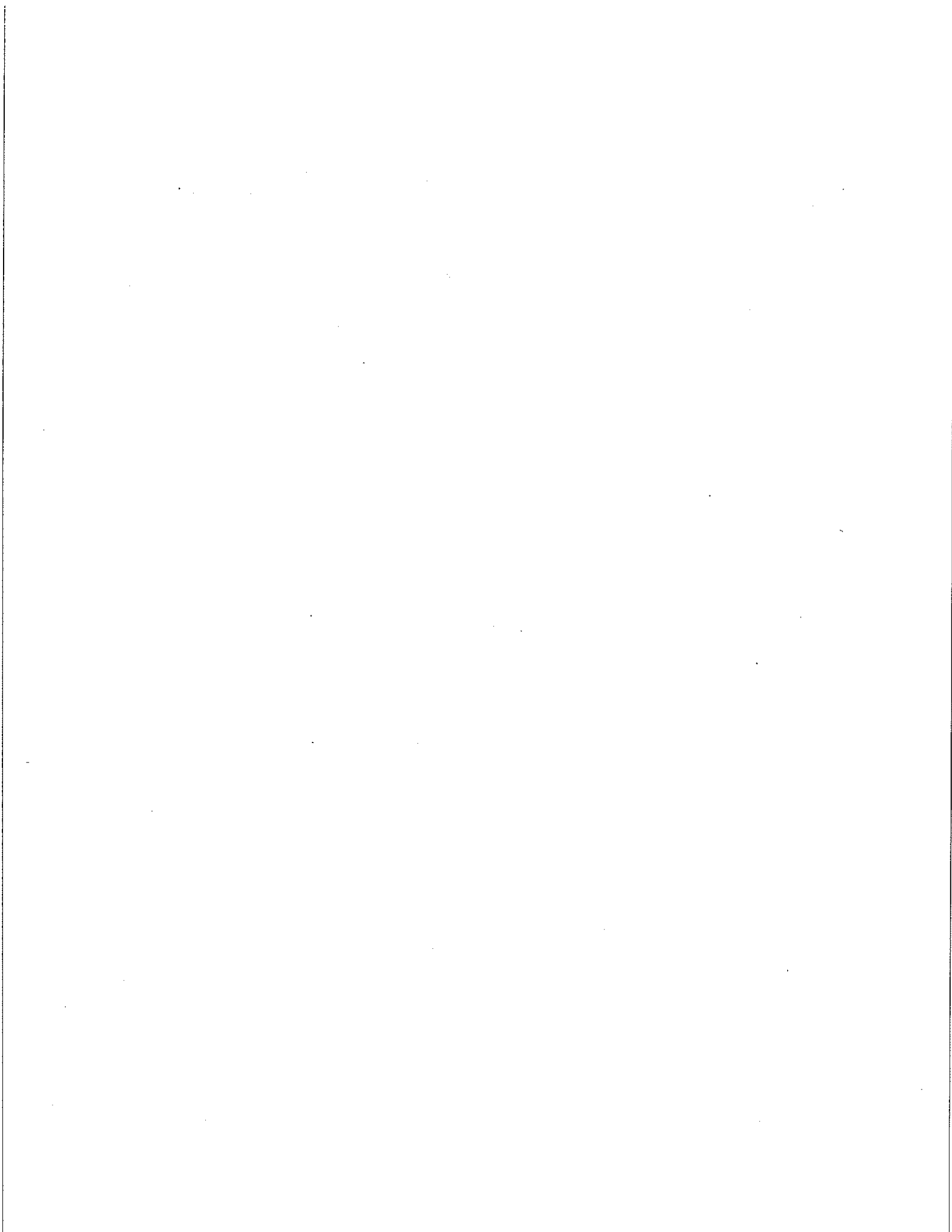
The Michigan individual income tax became effective on October 1, 1967 under Public Act 281. When originally enacted, the state income tax was levied at 2.6 percent and allowed a \$1,200 personal exemption per dependent. The purpose for enacting a personal income tax was to help eliminate a state budget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

Michigan suffered from budget deficits in the early eighties with a slowing economy. In response, the income tax rate was raised in 1982 and 1983. The state income tax was temporarily raised to 5.6 percent between April 1 and September 30, 1982. In 1983, the income tax rate was increased to 6.35 percent. In 1984, the income tax rate was lowered to 5.85 percent and to 5.33 percent in 1985 as the budget deficit decreased. In 1986, the rate was lowered back to 4.6 percent. After voters passed Proposal A in March 1994, the rate decreased to 4.4 percent on May 1, 1994.

Since Michigan income tax is based on federal adjusted gross income (AGI), changes in federal tax law affect Michigan income tax collections. The Federal Tax Reform Act of 1986 resulted in many changes of how federal AGI is calculated and will be discussed in Section IX. Because the changes increased the Michigan income tax base, the personal exemption was increased 40 percent from 1986 to 1990. The exemption increased to \$1,600 in 1987, \$1,800 in 1988, \$2,000 in 1989 and \$2,100 in 1990. Public Act 2 of 1995 increased the personal exemption to \$2,400 in tax year 1995. The exemption will remain at \$2,400 in 1996 and increase to \$2,500 in 1997. Public Act 3 of 1995 indexes the personal exemption to inflation and rounds it to the nearest \$100 after tax year 1997.

The Michigan individual income tax is a flat rate tax. Graduated income tax rates are prohibited by the Michigan constitution. Proposals to switch to graduated rates were defeated by voters in 1968, 1972 and 1976. A level of progressivity is achieved with credits and exemptions. Credits, such as the homestead property tax credit, home heating credit, and special exemptions, help to make the tax less burdensome on lower income taxpayers.

Income tax revenue is distributed to the General Fund/General Purpose (GF/GP) account, School Aid Fund (SAF) and revenue sharing to local units. As of September 1996 the distribution formula of income tax gross collections is as follows: 69.7 percent to GF/GP, 23.0 percent to the SAF and 7.3 percent to revenue sharing. Refunds and credits are paid from GF/GP. Beginning in fiscal year 1996-97, all revenue sharing will be paid from sales tax revenue.



#### IV. INCIDENCE OF THE INDIVIDUAL INCOME TAX

The Michigan individual income tax is based on federal adjusted gross income (AGI), with additions (principally interest on obligations issued by other states) and subtractions (including income from U.S. government obligations, military pay, most pension income, and income attributable to another state). In 1994, a \$2,100 per person personal exemption was allowed, while a \$900 extra exemption was provided for senior citizens, the handicapped and certain unemployed persons. Credits were provided for property taxes, city income taxes, taxes paid to another state, home heating expenses, contributions to Michigan colleges and food banks.

Over 4.1 million MI-1040 returns were filed for the 1994 tax year, which represented an increase of 89,200 from 1993. The increase reflected greater economic activity in Michigan. An additional 297,600 "CR-only" returns (which only claim a property tax credit or home heating credit) were filed for 1994, compared to 321,200 CR-only returns filed for 1993.

The personal income tax for 1994 generated \$4.7 billion in net revenue which is total revenue after all credits and refunds are paid. Income tax revenues increased \$779.7 million (20.1 percent) from 1993. Part of the increase was due to the strong growth in the Michigan economy and part was due to lower property tax credits as Proposal A reduced property taxes.

From 1980 to 1982, the number of returns declined due to the recession and decline in Michigan's population (Exhibit 1). Returns increased from 1983 to 1990 as the economy performed better. In 1990, 1991, 1993 and 1994 taxpayers filed more than 4.0 million state income tax returns. Changes in adjusted gross income reflect both real changes in income and definitional changes at the federal level. For example, ending the federal dividend exclusion increased AGI beginning in 1987.

Even though the nominal personal income tax was levied at a flat 4.47 percent in 1994, exemptions and credits helped to lessen the relative tax burden of taxpayers with lower adjusted gross income. As shown in Exhibit 9, the effective tax rate varied from negative 7.6 percent for taxpayers in the \$0 - \$2,000 AGI group to positive 3.5 percent for taxpayers with an adjusted gross income above \$50,000. Overall, the effective tax rate was 3.05 percent rather than the nominal 4.47 percent. Taxpayers with adjusted gross income of less than \$8,000 received net payments from the state, mostly due to refundable credits for property taxes and the home heating credit. The effective rates in Exhibit 9 were calculated before the deduction of the farmland credit (Public Act 116) because distribution of this credit by AGI is not available. When farmland credits were subtracted, the average effective rate dropped an additional .02 percentage points to 3.03 percent. The effective tax rate is higher in 1994 than in 1993 due to a reduction of property tax credits from Proposal A tax changes. Exhibit 2 and Exhibit 3 report net revenue collections and average effective rates, respectively.

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

<u>Year</u>	<u>Number of 1040s Filed</u>	<u>Adjusted Gross Income</u>	<u>Average AGI</u>	<u>Nominal Rate</u>	<u>Average Effective Rate</u>	<u>Revenue</u>
1980	3,462,600	\$64,173,171,300	\$18,533	4.6%	2.65%	\$1,703,335,600
1981	3,417,400	68,584,772,300	20,069	4.6	2.55	1,750,258,800
1982	3,310,400	68,143,666,500	20,585	5.1	2.81	1,916,702,400
1983	3,335,800	70,594,973,300	21,163	6.35	3.88	2,740,014,500
1984	3,450,900	79,819,877,500	23,130	5.85	3.76	3,001,955,165
1985	3,517,000	86,201,065,200	24,510	5.33	3.50	3,015,007,700
1986	3,729,300	96,915,547,900	25,988	4.6	3.04	2,942,762,400
1987	3,763,900	103,933,417,600	27,613	4.6	3.01	3,127,237,800
1988	3,880,300	116,315,971,600	29,976	4.6	2.95	3,436,724,700
1989	3,977,900	124,400,414,100	31,273	4.6	2.88	3,579,951,000
1990	4,022,300	127,897,387,600	31,797	4.6	2.85	3,647,260,200
1991	4,011,600	131,533,587,500	32,788	4.6	2.74	3,607,799,000
1992	3,984,600	134,802,283,400	33,831	4.6	2.77	3,730,007,100
1993	4,034,000	141,599,188,400	35,101	4.6	2.75	3,888,847,900
1994	4,123,200	153,895,394,200	37,324	4.47	3.03	4,668,579,100

Exhibit 10 details the effects of the personal exemption, various adjustments and credits on the distribution of the Michigan income tax burden. The personal exemption and property tax credit were the major provisions that reduced the effective tax rate. In addition, the personal exemption, property tax credit and home heating credit make Michigan's income tax more progressive, since these provisions decline as a percentage of AGI as income increases. In contrast, three nonrefundable credits (city income tax, college contribution and taxes paid to another state) taken together have a nearly proportional effect over the entire income range.

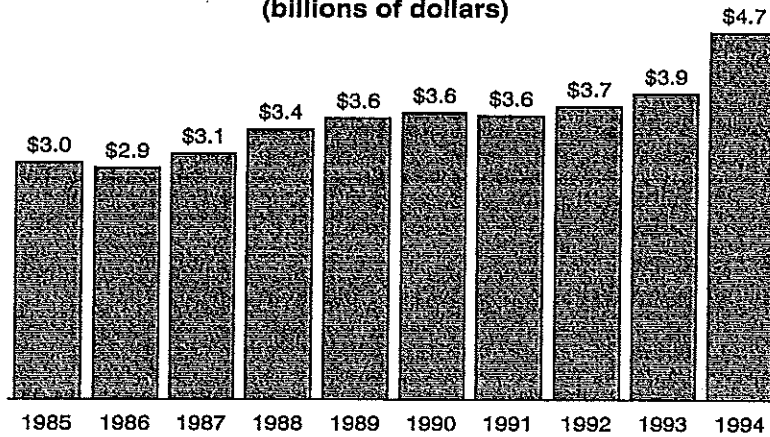
Exhibit 4 reveals the influence of the various exemptions and credits on the effective tax rate and illustrates the data in Exhibit 10. The \$2,100 personal exemption and property tax credit benefit lower income taxpayers the most while reducing the effective tax rate for all taxpayers.

Michigan taxpayers claimed over 8.9 million personal exemptions for the income tax. Since the amount of exemptions for some taxpayers is greater than their income, not all exemptions were used at lower income levels. As noted in Exhibit 9, there were 7.5 million effective exemptions (exemptions that actually offset income). At the very lowest income class (AGI less than \$2,000), the personal exemption offsets all income.

The tax data overstate the aggregate effective rate since taxpayers who itemize on their federal returns may deduct their state income tax. For tax year 1994, 30.5 percent of Michigan taxpayers itemized deductions on their federal income tax returns. Nationally, 28.9 percent of all taxpayers itemized deductions on their federal income tax returns. With federal deductibility, 30.5 percent of Michigan taxpayers offset part of their state income tax with lower federal tax liability. For example, taxpayers in the 28 percent federal income tax bracket who itemized would have 28 percent of their state income tax offset by lower federal income tax liability. Federal deductibility benefits higher income people, because more high income people itemize their taxes and face higher marginal tax rates. While providing relief for some taxpayers, federal deductibility reduces the progressivity of the Michigan income tax.

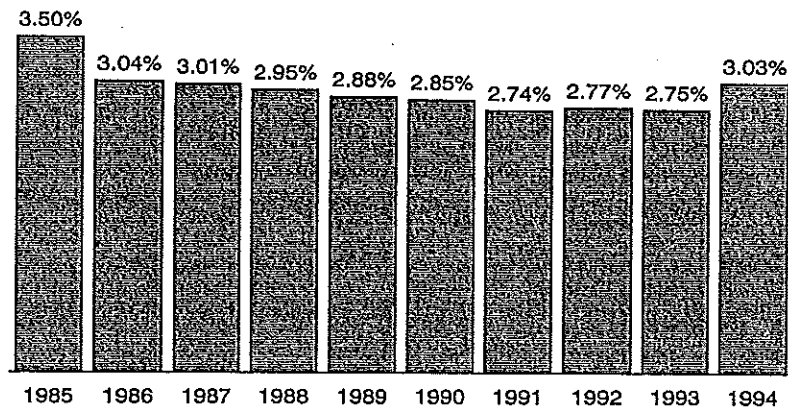
Michigan income tax revenues are slightly income elastic. The elasticity of income tax revenue before credits was 1.07 for the period 1969 to 1994. This means that for every 10 percent increase (decrease) in personal income, revenues increased (decreased) 10.7 percent. Since credits rose at a much higher rate than personal income, net income tax revenue responded nearly proportionally to personal income. The income elasticity of net income tax revenue was 1.03. Michigan's flat rate and tax credits result in revenues being less elastic compared to states with graduated income tax rates.

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



Source: Michigan Department of Treasury.

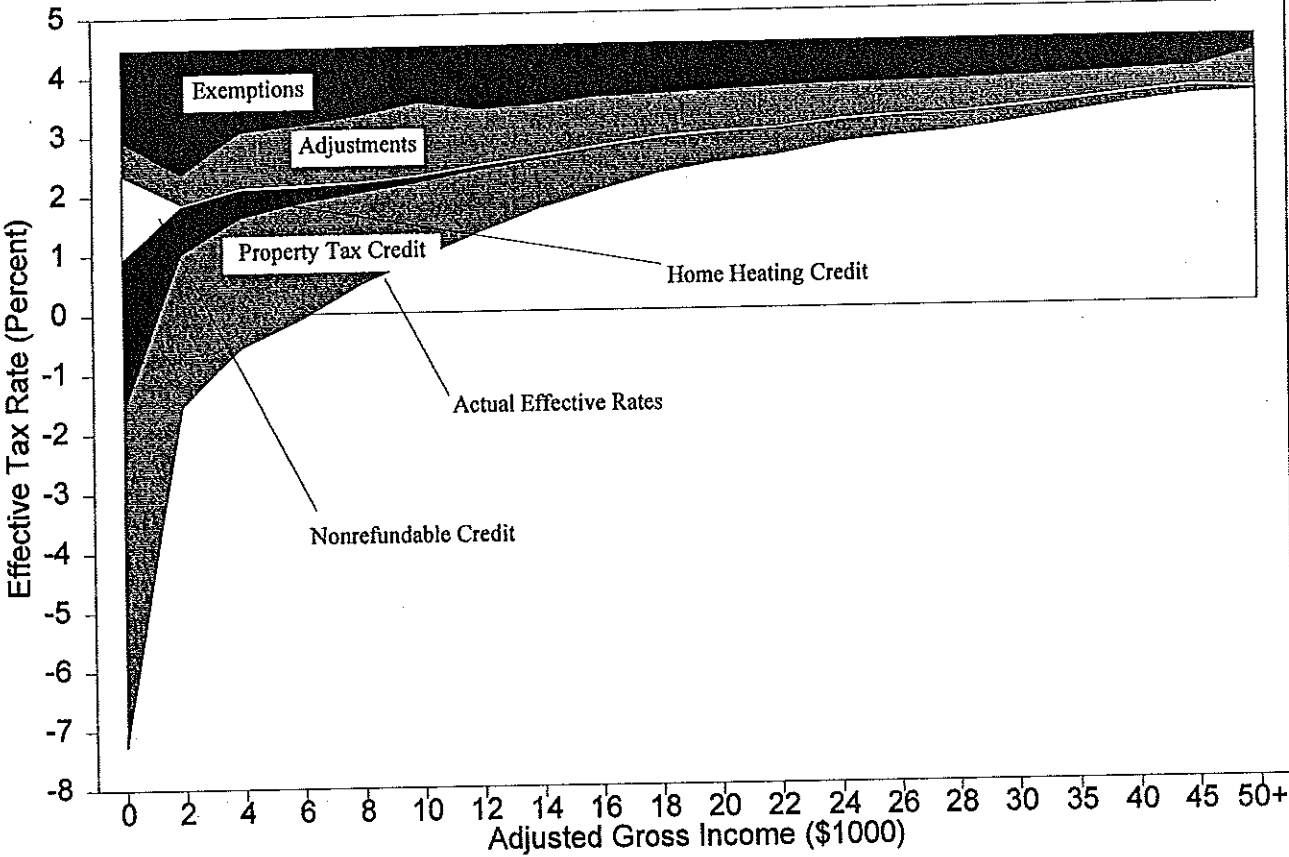
**Exhibit 3**  
**Individual Income Tax**  
**Effective Tax Rate**  
Percent

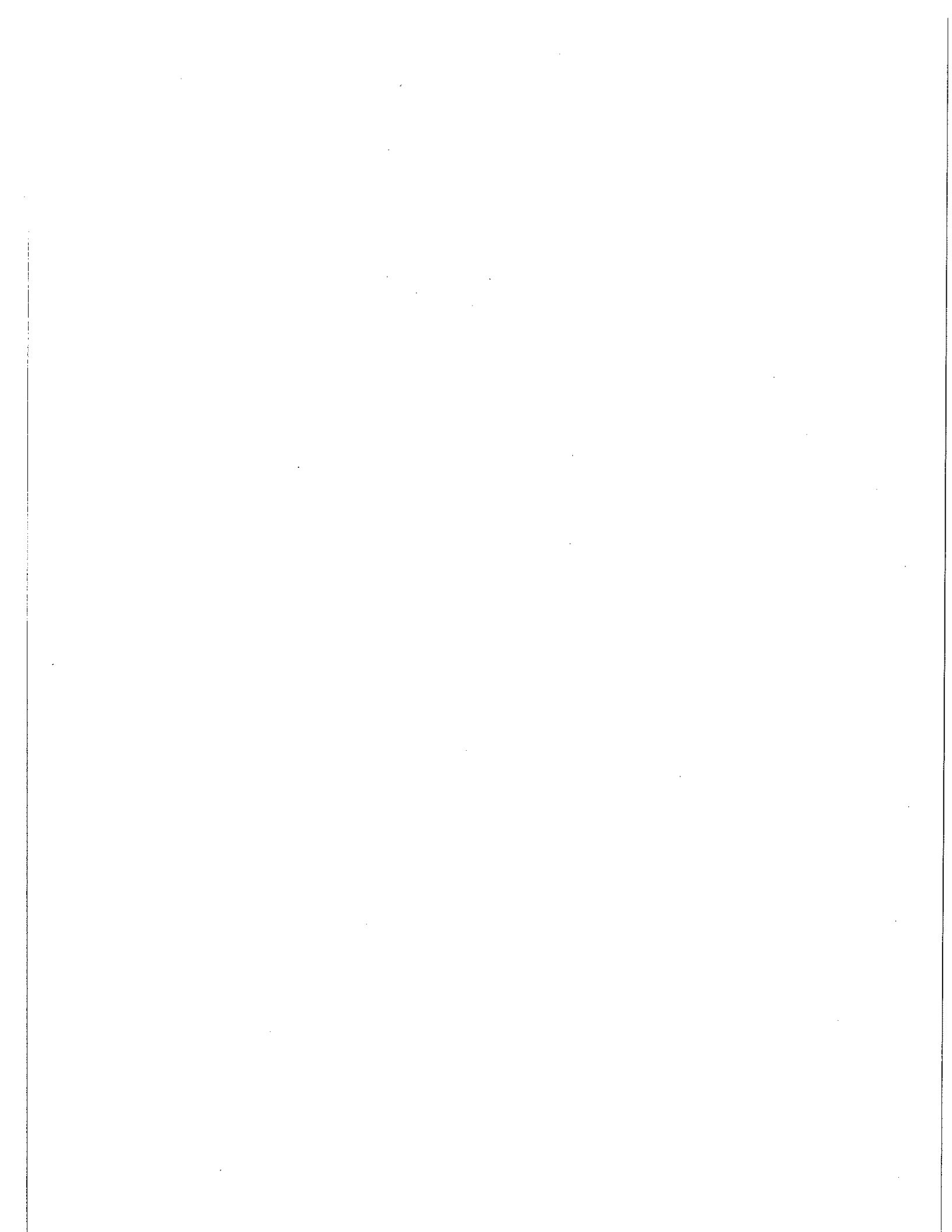


Source: Michigan Department of Treasury.



Exhibit 4  
Effective Income Tax Rate, 1994





## V. INCOME TAX CREDITS

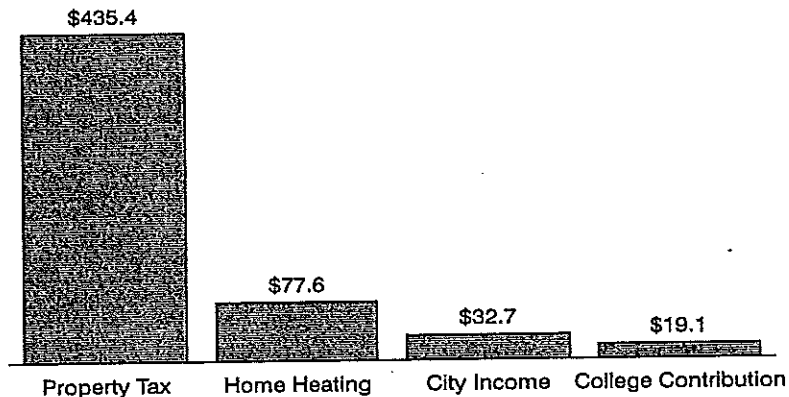
### Property Tax Credit

Michigan's property tax credit system is a "circuit breaker" system relating property taxes to total income. When property taxes exceed specific income thresholds, the system "trips" to provide relief to taxpayers. Senior citizens received the largest credits with other homeowners and renters also eligible to receive the credits. Homeowners and renters receive credits equal to 60 percent of the amount by which homestead property taxes (or 20 percent of rent for renters) are greater than 3.5 percent of income. Seniors receive a credit for 100 percent of their property taxes above specified income percentages, as follows:

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

Over 1.1 million Michigan taxpayers received \$416.5 million of homestead property tax credits in 1995 (1994 returns) in the largest property tax relief program in the country. This amount represented a decrease of \$559.8 million from a year ago while 615,100 fewer taxpayers received assistance. The reduction in credits resulted from property tax cuts that were enacted by Proposal A. Senior citizens received \$213.2 million of the credits, a \$229.4 million decrease from 1993. Exhibit 5 illustrates the amount of money paid to taxpayers for property tax credits compared to other credits.

**Exhibit 5**  
**Individual Income Tax Credits**  
**1994**  
(millions of dollars)



Source: Michigan Department of Treasury.

The average 1994 homestead property tax credit was \$376.79 which was a \$190.69 decrease from a year ago. Senior citizens' credits averaged \$531.83, a \$274.03 decrease from 1993. Following is a summary of the number of credits received by taxpayers, according to adjusted gross income levels, total dollar amount of property tax credit and average credit.

	<u>Adjusted Gross Income</u>	<u>Number of Credits Allowed</u>	<u>Dollar Amount of Credits</u>	<u>Average Credit</u>
Under	\$10,000	477,100	\$193,359,600	\$405.28
	\$10,001 - \$20,000	273,500	99,769,200	364.79
	\$20,001 - \$50,000	287,500	96,945,900	337.20
Over	\$50,000	<u>67,300</u>	<u>26,430,900</u>	<u>392.73</u>
Totals		1,105,400	\$416,505,600	\$376.79

The table above and Exhibit 10 confirm that the homestead property tax credit is a progressive element in the state income tax structure. Credits as a fraction of AGI decline continuously as incomes rise. While accounting for only 3.3 percent of total AGI, taxpayers with AGI under \$10,000 received about 46.4 percent of the total homestead credits. On the other hand, taxpayers with AGI over \$50,000 accounted for 61.5 percent of total 1994 Michigan AGI, but received only 6.3 percent of total credits.

The farmland preservation program, Public Act 116 of 1974, provides 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 seven years. This program benefitted approximately 13,700 farms in 1994, providing credits of \$18.9 million for an average credit of \$1,378.

Public Act 269 of 1982 provides a special tax credit for senior citizens with high rent burdens. For 1994, this alternate credit is the amount by which rent paid exceeds 40 percent of household income. In 1994, 15,100 senior citizens claimed an additional \$6.1 million using this alternate calculation. These amounts represented a decrease of 4,200 people claiming the credit for \$2.1 million less than a year ago. The amount of this credit is included in the senior citizens' homestead property tax credit statistics, but shown separately in Exhibit 13.

### Home Heating Credit

The home heating credit program, designed to help low income taxpayers afford the high cost of heating their homes, is financed with state and federal funds. The maximum credit allowable to a household is based on the number of exemptions claimed by the household. (Senior citizen, disabled and blind individuals are entitled to extra exemptions.)

Home heating credits totaled \$77.6 million for tax year 1994 with 409,500 households qualifying. This represented a \$0.7 million increase over the previous year while 500 fewer households received 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. Of the \$78.2 million of home heating credits claimed on the original filing of a 1994 return, senior citizens received over \$19.9 million.

	<u>Number of Credits Allowed</u>	<u>Dollar Amount of Credits</u>	<u>Average Credit</u>
Senior Citizen	135,200	\$19,931,100	\$147.42
General	259,600	55,655,400	214.39
Handicapped	14,600	2,476,800	169.64
Veteran	<u>1,500</u>	<u>187,700</u>	<u>125.13</u>
Totals	410,800	\$78,251,000	\$190.44

Approximately 50,200 taxpayers used the alternative calculation based on energy consumption claiming credits worth \$17.4 million. The average credit under the standard calculation was \$156.34 compared to \$346.86 under the alternative calculation. About 84.7 percent of the benefits provided from this program went to people with household income under \$10,000. Even among low income households the credit was progressive. The credit represented 56.9 percent of income at the lowest income group, but only 3.3 percent of income at the \$10,000 level.

### City Income Tax Credit

Partial credit is allowed for taxpayers who paid city income taxes to select Michigan cities. The credit is based on amount paid less any refunds. The credit converts the flat rate income tax (1.0 percent for most cities) into a slightly progressive tax structure. For low income taxpayers the effective rate for one percent cities is about 0.7 percent. The effective rate rises to one percent as income rises. The credit is calculated as follows:

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

In 1994, 22 cities in Michigan levied an income tax: Albion, Battle Creek, Big Rapids, Detroit, Flint, Grand Rapids, Grayling, Hamtramck, Highland Park, Hudson, Ionia, Jackson, Lansing, Lapeer, Muskegon, Muskegon Heights, Pontiac, Port Huron, Portland, Saginaw, Springfield and Walker. City income tax credits amounted to \$32.7 million for tax year 1994, a \$2.5 million increase from 1993, while the number of claimants increased by 28,500. The following table lists the number of city income tax credits, total city income tax credits received and the average city income tax credit for taxpayers at different levels of adjusted gross income.

	<u>Adjusted Gross Income</u>	<u>Number of Credits Allowed</u>	<u>Dollar Amount of Credits</u>	<u>Average Credit</u>
Under	\$10,000	136,700	\$ 1,660,700	\$12.15
	\$10,001 - \$20,000	158,800	3,717,100	23.41
	\$20,001 - \$50,000	339,000	12,074,200	35.62
Over	\$50,000	<u>297,900</u>	<u>15,248,800</u>	<u>51.19</u>
Total		932,400	\$ 32,700,800	\$35.07

### College Contribution Credit

Taxpayers may claim partial credits for contributions to Michigan colleges and universities, public libraries and museums and public broadcasting stations. The credit is equal to 50 percent of the amount contributed up to a maximum credit of \$200 for a joint return (\$100 single return). For 1994, 244,900 taxpayers received \$19.1 million in credits. Credits remained the same from the prior year when 253,500 taxpayers also received \$19.1 million in credits.

### Community Foundation Credit

The community foundation credit, implemented in tax year 1989, is a partial credit for donations to specified community foundations. The credit is equal to 50 percent of the donation up to a maximum of \$200 for a joint return (\$100 single return). In tax year 1994, 11,500 taxpayers claimed \$1.0 million in community foundation credits. This was an increase of 1,600 taxpayers and \$0.2 million in credits from 1993.

### Prescription Drug Credit

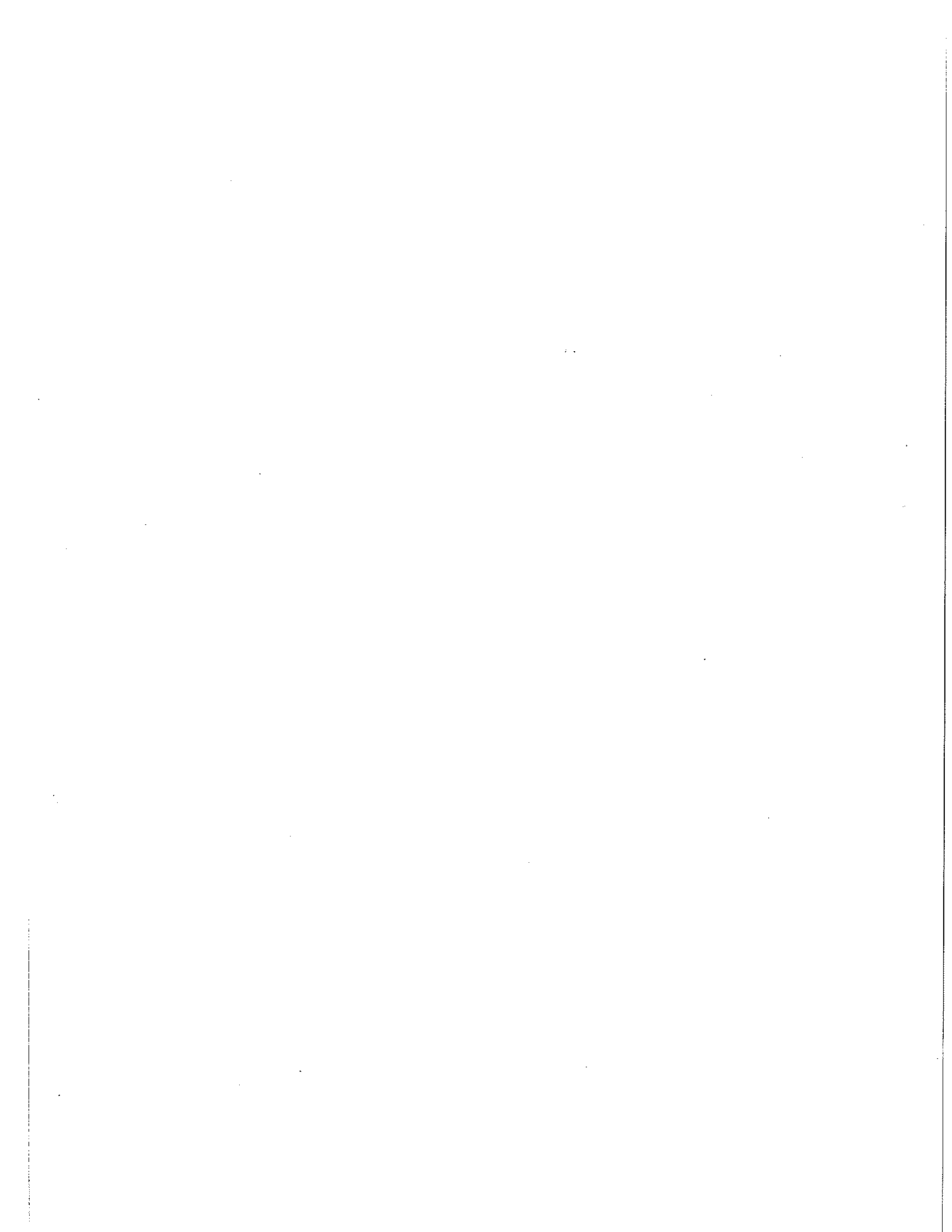
The prescription drug credit was established to help low income senior citizens pay for medication prescribed by their doctor. The credit is calculated by subtracting 5 percent of household income from unreimbursed prescriptions. The maximum credit is \$1,200 for a joint return (\$600 single return). State law limits the total amount for all prescription drug credits and grants under a pharmaceutical assistance program to \$20 million. In tax year 1994, there were 39,500 taxpayers who claimed \$17.8 million in prescription drug credits. This was an increase of 1,300 taxpayers and \$1.0 million from tax year 1993.

### **Homeless Shelter/Food Bank Credit**

The homeless shelter/food bank credit provided a partial credit for cash donations to a qualifying homeless shelter, food bank or food kitchen whose primary purpose is to give accommodations or food to indigent persons. The credit is equal to 50 percent of the donation up to a maximum of \$200 for a joint return (\$100 single return). For tax year 1994, 95,400 taxpayers claimed \$6.2 million in food bank credits which represented an increase of 13,100 taxpayers and \$1.2 million in credits claimed over the previous tax year.

### **Medical Care Savings Account Credit**

Created by Public Acts 289 and 290 of 1994, the medical care savings account credit allowed taxpayers a partial income tax credit for contributions made by a taxpayer or on the taxpayer's behalf to a medical care savings account. Contributions are limited to \$6,000 for a joint return (\$3,000 single return) if both spouses qualify. The credit is computed by multiplying a taxpayer's net contribution by 3.3 percent. In the initial year of the credit, 5,600 taxpayers claimed \$0.09 million in credits.



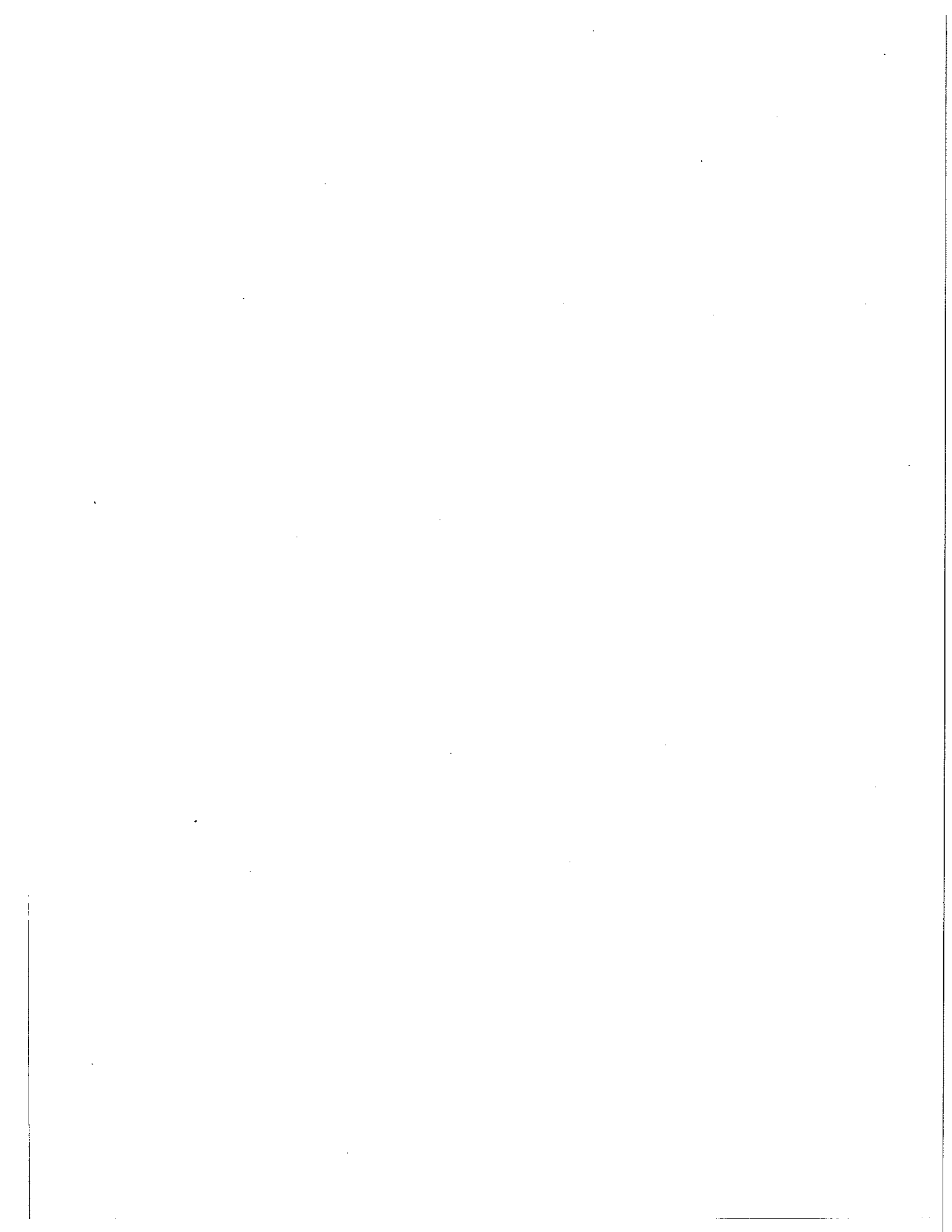


## VI. DESIGNATED CONTRIBUTIONS

In 1994 taxpayers were able to designate \$3.00 of their tax liability for the State Campaign Fund which supports the state gubernatorial campaigns. In 1994, taxpayers contributed \$1,420,000 to the State Campaign Fund.

The Children's Trust Fund (CTF), created by Public Act 211 of 1982, allows taxpayers to donate a portion of their income tax refund or increase their liability to finance this cause. Contributions are returned to local communities and dedicated to the prevention of child abuse. In 1994, 63,375 filers contributed \$697,414 toward the CTF.

The Michigan Non-Game Wildlife Fund, created by Public Act 189 of 1983, allows taxpayers to designate a portion of their refund or increase their liability to support the Fund. Contributions are used for research and management of non-game fish and wildlife. There were 58,056 returns designating \$576,111 in Non-Game Wildlife Fund contributions in 1994.



## VII. INTERSTATE COMPARISONS

In 1994, Michigan along with six other states (Colorado, Connecticut, Illinois, Indiana, Massachusetts and Pennsylvania) had a flat rate income tax. Seven states (Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming) had no state personal income tax. Two states (New Hampshire and Tennessee) taxed only dividend and interest income. All of the other states had a graduated income tax system. A comparison of state income tax burden per person and by tax revenue as a percent of personal income is shown in Exhibit 6.

In fiscal year 1994, Michigan ranked 11th in income taxes per person with Massachusetts ranking first overall. Michigan ranked 12th in state income taxes as a percent of personal income with Oregon ranking first. Michigan's income tax, as a percent of personal income at 2.64 percent, was 0.55 percentage points above the U.S. average, but only 0.11 percentage points above the average for the 41 states with a general income tax.

## Exhibit 6

### State Individual Income Taxes for FY 1994 Per Person and Percent of Personal Income

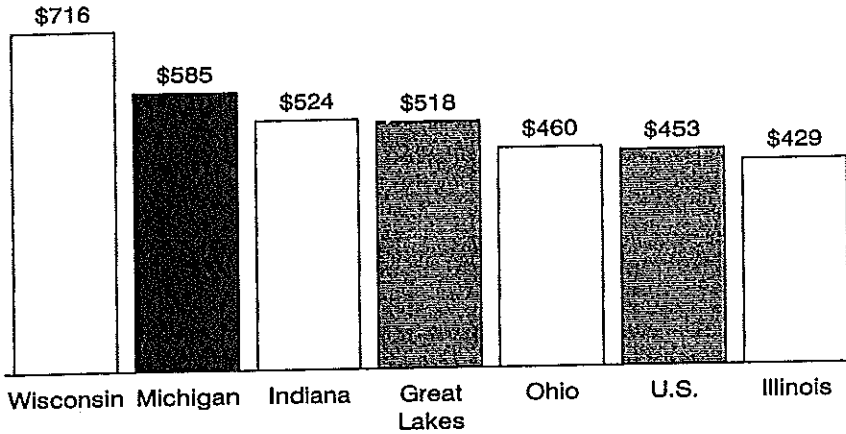
<u>State</u>	<u>Per Person Individual Income Taxes</u>	<u>Rank</u>	<u>Income Taxes as a Percent of Personal Income</u>	<u>Rank</u>
Alabama	\$324	38	1.81%	36
Alaska	No Tax	44	No Tax	44
Arizona	\$345	37	1.80%	37
Arkansas	\$391	34	2.32%	25
California	\$559	14	2.50%	19
Colorado	\$526	17	2.36%	22
Connecticut	\$683	8	2.35%	24
Delaware	\$772	5	3.36%	7
Florida	No Tax	44	No Tax	44
Georgia	\$507	19	2.51%	18
Hawaii	\$817	4	3.40%	5
Idaho	\$497	20	2.70%	10
Illinois	\$429	28	1.82%	35
Indiana	\$524	18	2.59%	14
Iowa	\$533	15	2.64%	11
Kansas	\$468	24	2.25%	28
Kentucky	\$452	26	2.55%	16
Louisiana	\$226	40	1.29%	40
Maine	\$496	21	2.54%	17
Maryland	\$645	9	2.59%	13
Massachusetts	\$946	1	3.68%	2
<b>Michigan</b>	<b>\$585</b>	<b>11</b>	<b>2.64%</b>	<b>12</b>
Minnesota	\$755	6	3.39%	6
Mississippi	\$239	39	1.51%	39
Missouri	\$406	30	1.97%	34
Montana	\$404	32	2.27%	27
Nebraska	\$441	27	2.12%	31
Nevada	No Tax	44	No Tax	44
New Hampshire	\$32	42	0.13%	42
New Jersey	\$566	13	2.04%	33
New Mexico	\$349	36	2.05%	32
New York	\$883	2	3.43%	3
North Carolina	\$607	10	3.10%	8
North Dakota	\$214	41	1.15%	41
Ohio	\$460	25	2.20%	29
Oklahoma	\$404	31	2.29%	26
Oregon	\$837	3	4.09%	1
Pennsylvania	\$393	33	1.77%	38
Rhode Island	\$531	16	2.41%	21
South Carolina	\$420	29	2.36%	23
South Dakota	No Tax	44	No Tax	44
Tennessee	\$19	43	0.10%	43
Texas	No Tax	44	No Tax	44
Utah	\$485	23	2.82%	9
Vermont	\$493	22	2.45%	20
Virginia	\$582	12	2.59%	15
Washington	No Tax	44	No Tax	44
West Virginia	\$367	35	2.15%	30
Wisconsin	\$716	7	3.43%	4
Wyoming	No Tax	44	No Tax	44
U.S. Average	\$453		2.09%	
U.S. Average for States with a general income tax	\$553		2.53%	

Note: Tennessee and New Hampshire only tax dividend and interest income.

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

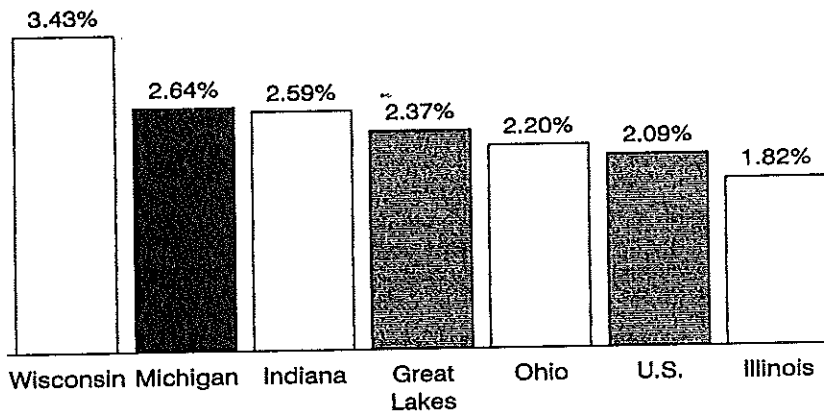
Compiled by: Office of Revenue and Tax Analysis, Michigan Department of Treasury.

**Exhibit 7**  
**State Income Taxes Per Person**  
**Great Lakes Region**  
**FY 1994**

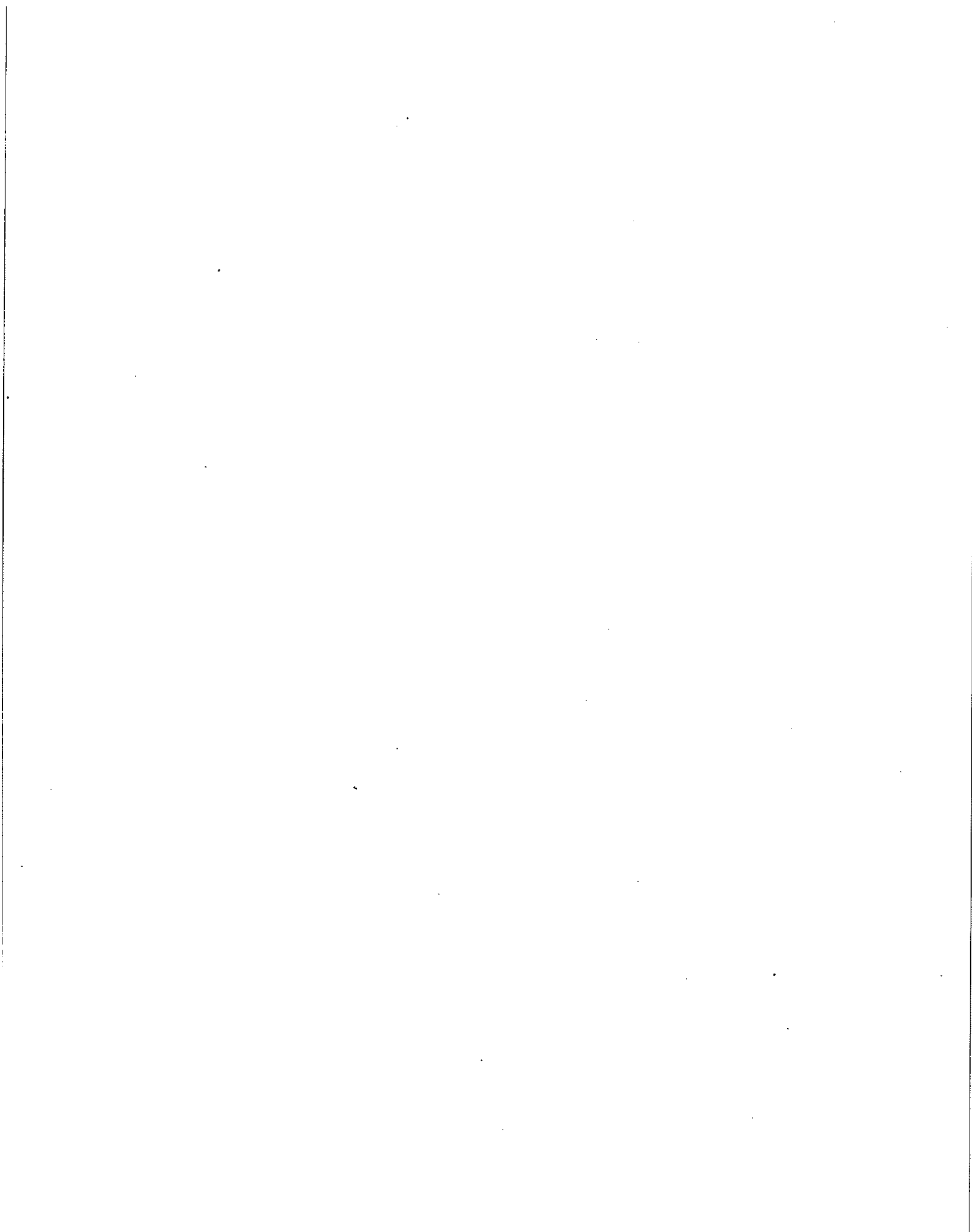


Source: Advisory Commission on Intergovernmental Relations, "Significant Features of Fiscal Federalism."

**Exhibit 8**  
**State Income Taxes**  
**Percent of Personal Income**  
**Great Lakes Region**  
**FY 1994**



Source: Advisory Commission on Intergovernmental Relations, "Significant Features of Fiscal Federalism."



## VIII. GEOGRAPHIC PATTERN OF TAX AND CREDITS

Exhibit 18 reports the distribution of income tax collections and property tax and home heating credits. Since farms receive special treatment for the homestead property tax credit and the separate farmland credit, rural counties benefit substantially from these programs.

Exhibit 19 provides a ranking by county of average AGI, percentage change in 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.

Following is a summary of Exhibit 19.

	<u>County Average</u>	<u>High County</u>	<u>Low County</u>
Average AGI	\$35,354	\$46,769 Oakland	\$18,560 Alcona
Percent Change in Average AGI 1993-1994	5.35%	97.01% Roscommon	(29.30)% Missaukee
Average Income Tax Before Credits	\$ 1,266	\$ 1,786 Oakland	\$ 373 Alcona
Average Income Tax After Credits	\$ 1,118	\$ 1,611 Oakland	\$ 251 Alcona
Income Tax Credits as a Percent of Tax Before Credits	11.68%	44.01% Huron	5.56% Keweenaw
Ratio of Property Tax Credits to 1040s Filed	27.36%	47.44% Huron	6.28% Keweenaw
Average Property Tax Credits	\$ 392	\$697 Huron	\$ 136 Baraga

Average AGI and income tax are calculated using the number of 1040s reporting positive AGI. Property tax credits include farmland preservation (Public Act 116) credits.





## IX. FEDERAL TAX REFORM ACT OF 1986

Since the starting point for calculating Michigan income tax is federal AGI, revenue can be influenced by changes in Federal tax law. The Michigan income tax base increased due to significant changes in 1986. In response, the personal exemption was raised over a period of years from \$1,500 in 1986 to \$1,600 in 1987, \$1,800 in 1988, \$2,000 in 1989, and rose to \$2,100 in 1990, which is the value in 1994.

Following are the six federal tax reform changes to which Michigan conformed.

### 1. Restrict IRAs

The allowable IRA deduction is reduced or eliminated for active participants in an employer-maintained retirement plan with income over a limit. The phase-out of the deduction begins for a single person at \$25,000 income, \$40,000 for a joint return. The IRA deduction is zero when AGI is \$10,000 more than the phase-out amount.

### 2. Limit Tax Shelters

Deductions from tax shelters (losses from "passive activities") now may only be used to offset income from passive activities.

### 3. Eliminate Capital Gains Exclusion

Beginning in 1987, the 60 percent long-term capital gains deduction is repealed. All capital gains will be taxed as ordinary income.

### 4. End Dividend Exclusion

Beginning in 1987, the exclusion of the first \$100 of dividend income (\$200 on a joint return) is eliminated.

### 5. Change Depreciation

Depreciation allowances on real property generally are slowed while depreciation allowances on personal property are generally accelerated.

### 6. Limit Deductible Expenses

Moving expenses and employee business expenses not reimbursed by an employer are no longer deductible as an adjustment to gross income. These expenses now may be taken as an itemized deduction for federal income taxes. They are not deductible for Michigan income taxes as Michigan does not allow itemized deductions. Note: Moving expenses were restored as an adjustment to income beginning with the 1994 tax year.

The three changes modified are:

1. Eliminate Personal Exemption for Dependents

A person eligible to be claimed as a dependent on another person's return may no longer claim a personal exemption on his/her federal return. For 1994, if these persons have an AGI of \$1,500 or less, they are exempt from Michigan income tax. Other dependents may claim on their Michigan income tax return an exemption of \$1,000 in 1994.

2. Eliminate Double Personal Exemption for Senior Citizens and the Blind

Michigan law offsets the federal elimination of the double exemption for the blind by providing a special personal exemption for these persons. The special exemption is for the amount necessary to provide a \$3,000 total exemption for the elderly and blind, the amount of exemption received prior to 1987. Therefore, in 1994 the special exemption was \$900.

3. Tax All Unemployment Compensation

Prior to 1987 unemployment compensation was exempt from federal income tax if AGI plus unemployment compensation was less than \$12,000 for a single person or \$18,000 for a joint return. All or a portion of unemployment was taxable at incomes over the threshold. Now all unemployment compensation is subject to federal income tax. Michigan law modifies the change by providing a special personal exemption if 50 percent or more of adjusted gross income is from unemployment compensation. The special exemption was \$900 in 1994.

## **X. 1994 PUBLIC ACTS INCOME TAX**

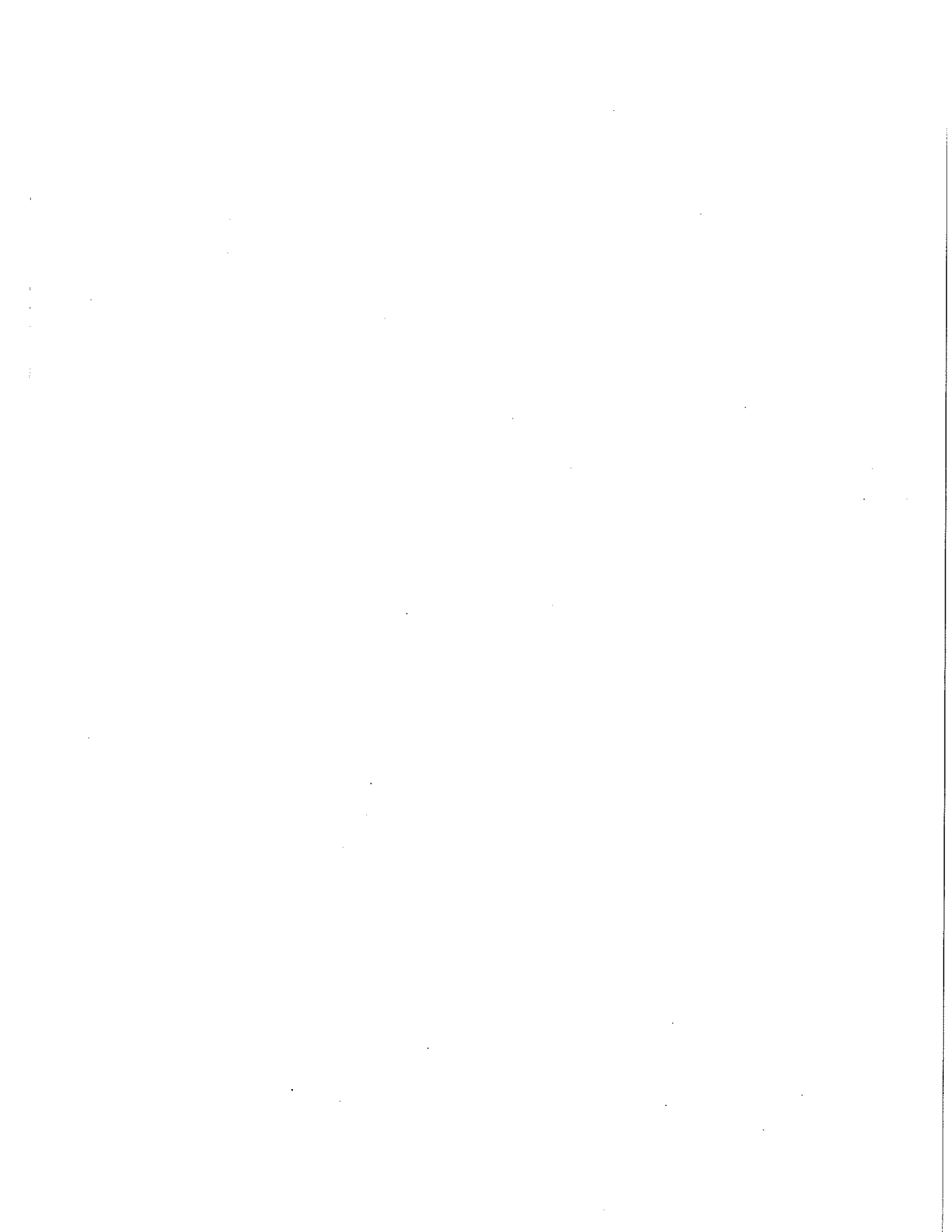
**Public Act 119** provided information in the income tax instruction booklet about purchase of an annual state park motor vehicle permit. This act allowed for administration procedures such as allowing a taxpayer to indicate the school district where the taxpayer resides and printing a summary of state expenditures and revenues by major category.

**Public Act 256** extended the community foundation credit and homeless food bank credit through tax year 1997. In addition, this act removed the cap on the total credit amount reimbursed by the state.

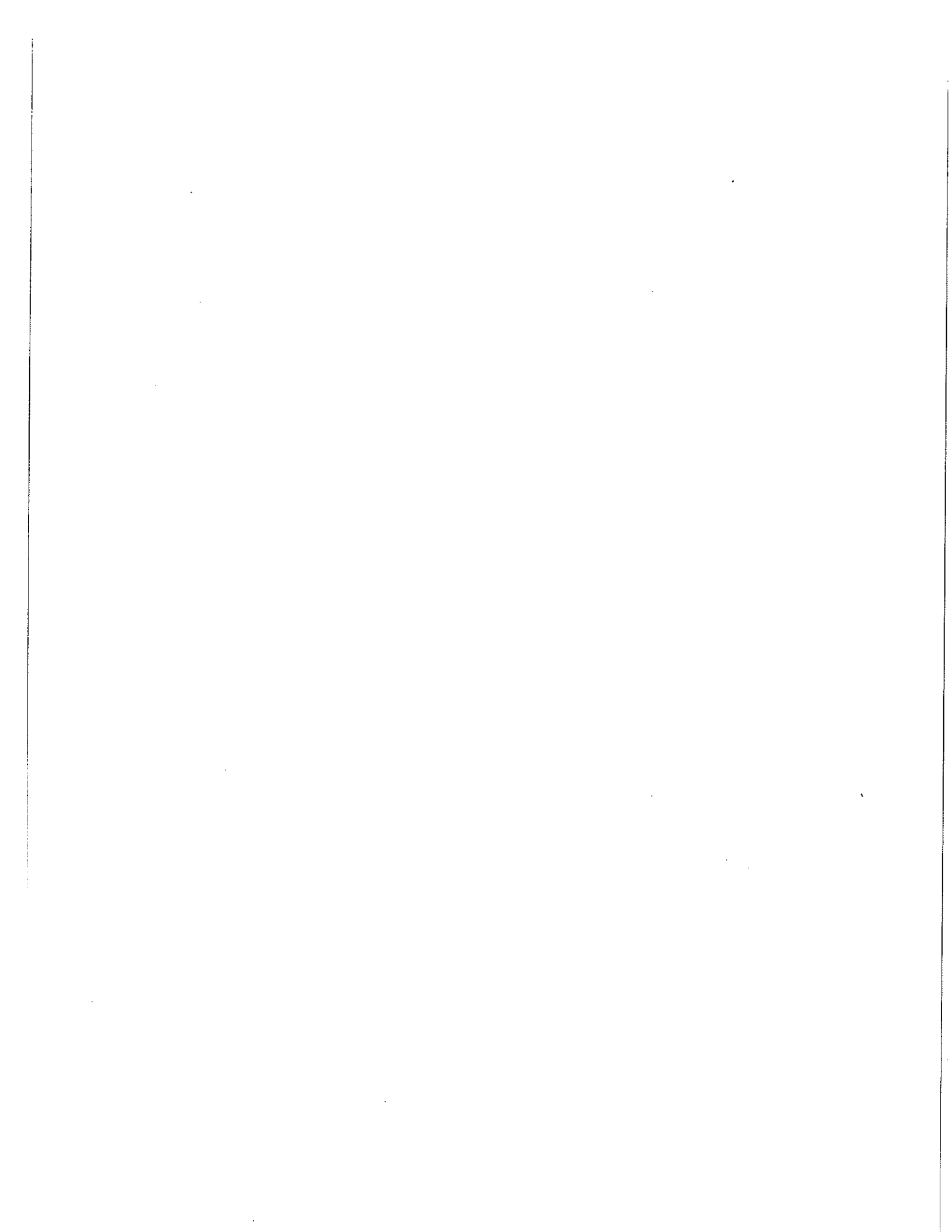
**Public Acts 268 and 269** increased the private pension exemption to \$30,000 for a single filer and \$60,000 for a joint filer and indexed the exemption to inflation. Also, seniors without pension income were allowed an interest and dividend exemption of \$1,000 for a single filer and \$2,000 for a joint filer. The amount of income tax revenue dedicated to revenue sharing was increased from 6.91 percent for periods before May 1, 1994, to 7.21 percent for collections for periods after April 30, 1994 and before October 1, 1994, to 7.30 percent for collections for periods after September 30, 1994.

**Public Acts 289 and 290** established medical care savings accounts and provided a credit for contributions made to medical care savings accounts.

**Public Act 298** reduced revenue sharing to counties by \$7.827 million in fiscal year 1993-94 and by \$10.0 million in fiscal year 1994-95. For cities, villages and townships, revenue sharing was reduced by \$30.3 million in fiscal year 1993-94 and by \$40.6 million in fiscal year 1994-95.



## **XI. DATA TABLES AND CHARTS**



**Exhibit 9**

**Effective Rate of the Michigan Individual Income Tax, 1994**

Adjusted Gross Income Class	Number of Returns Filed	Adjusted Gross Income	Effective Exemptions(1)	Claimed Exemptions	Subtractions Minus Additions	Total Credits(2)	Effective Tax	Effective Tax as a % of Income
Zero Income(3)	355,900			51,200	(\$980,578,500)	\$133,196,000	(\$118,456,500)	
\$ .01 - 2,000.00	210,400	\$232,528,900	38,078	158,400	30,124,900	23,031,800	(17,558,700)	-7.6%
2,000.01 - 4,000.00	242,900	726,705,300	163,150	220,100	81,528,000	25,412,500	(11,888,000)	-1.6
4,000.01 - 6,000.00	215,200	1,072,224,900	159,997	265,400	225,223,900	29,693,000	(6,851,000)	-0.6
6,000.01 - 8,000.00	197,900	1,383,117,400	190,689	305,100	311,710,200	32,108,700	(2,116,700)	-0.2
8,000.01 - 10,000.00	188,400	1,693,839,900	206,069	332,700	420,680,100	30,103,700	7,462,800	0.4
10,000.01 - 12,000.00	177,300	1,946,905,600	195,112	338,200	527,149,300	27,996,000	17,152,000	0.9
12,000.01 - 14,000.00	162,400	2,110,952,400	241,357	323,200	435,731,600	24,769,500	27,456,600	1.3
14,000.01 - 16,000.00	151,200	2,267,624,600	242,765	309,700	428,576,000	21,183,400	38,233,700	1.7
16,000.01 - 18,000.00	144,300	2,451,563,100	230,411	293,600	452,732,200	19,080,800	48,638,300	2.0
18,000.01 - 20,000.00	134,300	2,551,190,600	231,851	279,400	404,523,900	16,487,400	57,704,800	2.3
20,000.01 - 22,000.00	125,900	2,640,561,900	224,462	267,500	404,815,200	14,678,500	64,189,100	2.4
22,000.01 - 24,000.00	118,000	2,712,001,000	218,523	255,700	413,480,700	13,205,500	69,025,600	2.5
24,000.01 - 26,000.00	106,600	2,662,202,700	203,213	231,700	359,402,800	11,105,200	72,754,400	2.7
26,000.01 - 28,000.00	94,900	2,562,570,600	190,032	211,100	318,594,700	9,735,700	72,731,700	2.8
28,000.01 - 30,000.00	93,000	2,698,161,100	194,955	213,400	328,050,200	8,896,600	78,746,900	2.9
30,000.01 - 35,000.00	213,900	6,938,344,800	479,775	519,300	758,080,800	19,386,700	211,834,600	3.1
35,000.01 - 40,000.00	193,200	7,240,273,200	467,482	497,000	686,143,200	16,304,500	232,782,600	3.2
40,000.01 - 45,000.00	178,100	7,561,900,100	452,181	475,400	611,645,200	14,218,400	254,011,700	3.4
45,000.01 - 50,000.00	164,200	7,791,644,100	437,733	456,600	533,698,000	12,348,800	270,991,400	3.5
Over 50,000	<u>952,800</u>	<u>94,651,082,000</u>	<u>2,716,107</u>	<u>2,938,400</u>	<u>12,900,108,000</u>	<u>78,689,900</u>	<u>3,320,617,700</u>	<u>3.5</u>
Total	4,420,800	\$153,895,394,200	7,483,942	8,943,100	\$19,651,420,400	\$581,632,600	\$4,687,463,000	3.0%

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

(2) Does not include Farmland Preservation credits.

(3) Includes 297,600 1040-CR only returns.

Exhibit 9a

Breakdown of Upper Income Filers  
Individual Income Tax, 1994

Adjusted Gross Income Class	Number of Returns	Adjusted Gross Income	Total Tax Credits	Effective Tax	Effective Tax as a % of Income
\$50,000.01 - 55,000.00	146,579	\$7,687,563,857	\$13,517,630	\$266,925,961	3.5%
55,000.01 - 60,000.00	128,114	7,361,343,751	12,464,708	260,190,611	3.5
60,000.01 - 65,000.00	109,364	6,832,830,750	11,240,963	243,843,489	3.6
65,000.01 - 70,000.00	92,796	6,258,108,709	9,924,236	225,672,718	3.6
70,000.01 - 75,000.00	73,953	5,355,937,170	5,643,975	196,265,930	3.7
75,000.01 - 80,000.00	62,245	4,817,878,694	3,935,894	180,740,783	3.8
80,000.01 - 85,000.00	53,500	4,411,063,925	2,609,120	168,357,033	3.8
85,000.01 - 90,000.00	42,407	3,708,146,835	1,772,322	141,911,444	3.8
90,000.01 - 95,000.00	35,190	3,251,225,357	1,619,621	124,549,334	3.8
95,000.01 - 100,000.00	28,136	2,742,128,289	1,411,548	105,585,455	3.9
Over 100,000	180,515	42,224,834,625	14,549,926	1,404,574,918	3.3
Total	952,819	\$94,651,081,964	\$78,689,942	\$3,320,617,674	3.5%



**Exhibit 10**

**Tax Expenditures as a Percent of AGI  
Individual Income Tax, 1994**

Adjusted Gross Income Class	Effective Exemptions	Subtractions Minus Additions	Non-Refundable Credits(1)	Home Heating Credits	Property Tax Credits
Zero income					
\$ .01 - 2,000.00	34.4%	13.0%	31.9%	56.9%	126.6%
2,000.01 - 4,000.00	47.1	11.2	0.9	17.8	57.3
4,000.01 - 6,000.00	31.3	21.0	1.1	10.2	48.9
6,000.01 - 8,000.00	29.0	22.5	1.0	5.9	43.5
8,000.01 - 10,000.00	25.5	24.8	1.2	3.3	34.2
10,000.01 - 12,000.00	21.0	27.1	1.1	1.9	28.3
12,000.01 - 14,000.00	24.0	20.6	1.0	1.1	23.4
14,000.01 - 16,000.00	22.5	18.9	1.2	0.6	18.5
16,000.01 - 18,000.00	19.7	18.5	1.1	0.3	15.5
18,000.01 - 20,000.00	19.1	15.9	1.2	0.2	12.7
20,000.01 - 22,000.00	17.9	15.3	1.1	0.1	10.9
22,000.01 - 24,000.00	16.9	15.2	1.1	0.0	9.4
24,000.01 - 26,000.00	16.0	13.5	1.2	0.0	7.8
26,000.01 - 28,000.00	15.6	12.4	1.1	0.0	7.1
28,000.01 - 30,000.00	15.2	12.2	1.1	0.0	6.1
30,000.01 - 35,000.00	14.5	10.9	1.2	0.0	4.9
35,000.01 - 40,000.00	13.6	9.5	1.2	0.0	3.7
40,000.01 - 45,000.00	12.6	8.1	1.2	0.0	2.9
45,000.01 - 50,000.00	11.8	6.8	1.1	0.0	2.3
Over 50,000.00	9.0	13.6	1.2	0.0	0.6
Total	10.6%	12.8%	1.2%	1.1%	5.9%

(1) Non-Refundable credits are city income tax, college contribution and taxes paid to another state.

Exhibit 11

Distribution of the Number of Exemptions Claimed on 1994 MI-1040 Returns(1)  
Individual Income Tax, 1994

Adjusted Gross Income	Zero Exemptions	One Exemption	Two Exemptions	Three Exemptions	Four Exemptions	Five Exemptions	Six and Over	Total
\$ 2,000.00 or less	151,300	53,000	33,600	10,500	9,300	2,200	1,400	261,300
2,000.01 - 4,000.00	120,900	64,500	36,700	10,700	8,700	1,800	900	244,200
4,000.01 - 6,000.00	71,800	71,100	46,300	12,700	11,400	2,100	1,100	216,500
6,000.01 - 8,000.00	37,900	76,600	50,200	14,400	16,100	2,600	1,100	198,900
8,000.01 - 10,000.00	19,600	77,600	51,500	15,700	19,800	3,300	1,400	188,900
10,000.01 - 12,000.00	11,200	75,200	46,500	17,500	22,900	3,300	1,500	178,100
12,000.01 - 14,000.00	5,800	71,300	40,600	17,000	22,900	3,600	1,500	162,700
14,000.01 - 16,000.00	3,300	66,500	37,100	17,400	21,700	3,900	1,600	151,500
16,000.01 - 18,000.00	2,200	65,800	34,600	17,000	19,800	3,700	1,500	144,600
18,000.01 - 20,000.00	1,200	60,600	31,400	17,500	18,500	3,800	1,600	134,600
20,000.01 - 22,000.00	600	56,600	28,700	16,000	18,500	3,800	1,900	126,100
22,000.01 - 24,000.00	400	51,800	27,000	15,700	17,000	4,300	2,000	118,200
24,000.01 - 26,000.00	300	46,200	25,200	14,700	13,800	4,400	2,100	106,700
26,000.01 - 28,000.00	200	38,700	23,000	14,100	13,500	4,000	1,600	95,100
28,000.01 - 30,000.00	200	35,800	23,300	13,500	13,600	4,900	1,800	93,100
30,000.01 - 35,000.00	100	72,800	55,600	32,300	35,100	12,800	5,100	213,800
35,000.01 - 40,000.00	100	55,100	53,300	30,700	35,700	13,000	5,400	193,300
40,000.01 - 45,000.00	100	44,800	49,700	30,300	35,300	12,500	5,500	178,200
45,000.01 - 50,000.00	0	34,000	47,300	30,000	34,900	12,800	5,200	164,200
Over 50,000.00	400	88,800	295,200	190,800	251,900	93,800	32,300	953,200
Total	427,600	1,206,800	1,036,800	538,500	640,400	196,600	76,500	4,123,200

(1) Values in this table are based on a stratified sample of 4,123,200 correct 1994 MI-1040 tax returns on file.

Exhibit 12

Distribution of Credits Claimed(1)  
Individual Income Tax, 1994

Adjusted Gross Income	General Property Tax Credit			City Income Tax Credit			College Contribution Credit				
	Number of MI-1040s Filed	% of Total MI-1040s Filed	Number Claiming Credit	AGI Group MI-1040s Filed	\$ Amount of Credit	Number Claiming Credit	AGI Group MI-1040s Filed	\$ Amount of Credit	Number Claiming Credit	AGI Group MI-1040s Filed	\$ Amount of Credit
\$ 2,000.00 or less	261,300	6.3%	27,300 (2)	10.4%	\$9,581,800	7,400	2.8%	\$58,900	400	0.2%	\$20,600
2,000.01 - 4,000.00	244,200	5.9	27,900	11.4	7,092,600	29,600	12.1	213,700	600	0.2	22,800
4,000.01 - 6,000.00	216,500	5.3	33,700	15.6	9,298,000	32,900	15.2	366,000	1,600	0.7	74,900
6,000.01 - 8,000.00	198,900	4.8	37,200	18.7	10,971,700	32,400	16.3	456,900	1,900	1.0	93,100
8,000.01 - 10,000.00	188,900	4.6	38,500	20.4	11,108,300	34,400	18.2	565,200	2,600	1.4	127,100
10,000.01 - 12,000.00	178,100	4.3	37,700	21.2	11,074,000	33,300	18.7	653,500	3,000	1.7	143,200
12,000.01 - 14,000.00	162,700	3.9	37,500	23.0	10,854,900	31,400	19.3	672,200	2,900	1.8	145,100
14,000.01 - 16,000.00	151,500	3.7	34,900	23.0	9,825,900	31,500	20.8	735,700	3,600	2.4	197,200
16,000.01 - 18,000.00	144,600	3.5	34,900	24.1	9,608,500	31,800	22.0	806,600	3,700	2.6	187,700
18,000.01 - 20,000.00	134,600	3.3	32,100	23.8	8,600,100	30,800	22.9	849,100	4,200	3.1	227,400
20,000.01 - 22,000.00	126,100	3.1	30,500	24.2	8,269,300	29,300	23.2	841,600	4,000	3.2	232,600
22,000.01 - 24,000.00	118,200	2.9	28,600	24.2	7,717,500	27,600	23.4	828,600	4,400	3.7	253,400
24,000.01 - 26,000.00	106,700	2.6	24,300	22.8	6,564,900	25,800	24.2	805,500	4,400	4.1	275,700
26,000.01 - 28,000.00	95,100	2.3	20,100	21.1	5,600,400	22,600	23.8	753,000	4,000	4.2	238,700
28,000.01 - 30,000.00	93,100	2.3	18,800	20.2	5,283,100	23,500	25.2	787,100	4,500	4.8	294,000
30,000.01 - 35,000.00	213,800	5.2	39,500	18.5	11,241,300	55,700	26.1	1,973,200	12,500	5.8	827,300
35,000.01 - 40,000.00	193,300	4.7	30,200	15.6	9,044,800	52,800	27.3	1,961,100	13,100	6.8	841,900
40,000.01 - 45,000.00	178,200	4.3	22,300	12.5	7,410,000	51,800	29.1	2,053,400	13,400	7.5	916,000
45,000.01 - 50,000.00	164,200	4.0	18,200	11.1	6,382,400	49,900	30.4	2,070,700	13,400	8.2	914,600
Over 50,000.00	953,200	23.1	56,200	5.9	20,833,600	297,900	31.3	15,248,800	146,700	15.4	13,110,800
Total	4,123,200	100.0%	630,400	15.3%	\$186,363,100	932,400	22.6%	\$32,700,800	244,900	5.9%	\$19,144,100

(1) Values in this table are based on a stratified sample of 4,123,200 correct 1994 MI-1040 tax returns on file.  
(2) 31,900 general property tax credits for a total of \$8,228,800 were claimed on MI-1040CR-4 returns which were filed without an MI-1040.

Exhibit 13

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

	1991			1992			1993			1994		
	Number	Amount	Average	Number	Amount	Average	Number	Amount	Average	Number	Amount	Average
Property Tax Credits												
General	1,085.3	\$476,258.7	\$438.83	1,081.2	\$468,983.7	\$433.76	1,122.3	\$517,887.7	\$461.45	662.3	\$194,591.9	\$293.81
Senior Citizen	518.8	379,091.4	730.71	533.7	399,201.6	747.99	549.2	434,379.0	790.93	400.9	207,100.4	516.59
Part I	17.1	3,852.7	225.30	16.1	3,565.2	221.44	16.2	3,527.6	217.75	16.7	2,139.0	128.08
Part II	2.1	493.1	234.81	1.6	363.6	227.25	1.4	305.0	217.86	1.6	205.6	128.50
Blind	30.7	11,117.9	362.15	32.6	11,940.8	366.28	31.4	12,052.5	383.84	23.9	6,358.4	266.04
Disabled(1)	15.6	62,443.1	4,002.76	15.3	60,452.1	3,951.12	15.1	64,689.3	4,284.06	13.7	18,883.9	1,378.39
Farmland & Solar												
Total Property Tax Credits	1,669.6	\$933,256.9	\$558.97	1,680.5	\$944,507.0	\$562.04	1,735.6	\$1,032,841.1	\$595.09	1,119.1	\$429,279.2	\$383.59
City Income Tax Credit	915.3	\$30,694.5	\$33.53	901.3	\$30,817.6	\$34.19	903.9	\$30,229.9	\$33.44	932.4	\$32,700.8	\$35.07
College Contribution Credit	256.5	\$18,942.5	\$73.85	255.1	\$18,659.7	\$73.15	253.5	\$19,102.2	\$75.35	244.9	\$19,144.1	\$78.17
Home Heating Credit	358.2	\$65,744.5	\$183.54	402.7	\$75,924.6	\$188.54	410.0	\$76,875.5	\$187.50	409.5	\$77,571.0	\$189.43
Credit for Income Tax Paid to Another State	31.4	\$14,725.4	\$468.96	30.4	\$14,654.4	\$482.05	32.8	\$16,020.6	\$488.43	34.8	\$17,354.0	\$498.68
Senior Citizen Low Income Rent Credit	16.1	\$6,326.4	\$392.94	17.7	\$7,303.7	\$412.64	19.3	\$8,198.1	\$424.77	15.1	\$6,110.3	\$404.66
Prescription Drug Credit	32.3	\$13,597.4	\$420.97	34.5	\$14,856.2	\$430.61	38.2	\$16,760.9	\$438.77	39.5	\$17,771.8	\$449.92
Community Foundation Credit	8.3	\$703.1	\$84.71	9.9	\$836.8	\$84.53	9.9	\$811.5	\$81.97	11.5	\$995.0	\$86.52
Medical Savings Account Credit												
Homeless/Food Bank Credit				62.7	\$3,313.8	\$52.85	82.3	\$5,031.4	\$61.13	95.4	\$6,226.3	\$65.27

(1) This category includes credits for paraplegic, quadriplegic and totally disabled.

Exhibit 14

Distribution of Property Tax Credits Claimed(1)  
Individual Income Tax, 1994

Adjusted Gross Income	General			Senior Citizens(2)			Eligible Veterans			Handicapped(3)		
	Number of Credits Allowed	% of Total Credits Allowed	\$ Amount of Credit	Number of Credits Allowed	% of Total Credits Allowed	\$ Amount of Credit	Number of Credits Allowed	% of Total Credits Allowed	\$ Amount of Credit	Number of Credits Allowed	% of Total Credits Allowed	\$ Amount of Credit
Zero Income(4)	40,600	6.1%	\$13,095,900	135,000	33.7%	\$64,683,400	3,500	21.0%	\$510,500	15,600	61.2%	\$3,944,100
\$2,000 or less	18,600	2.8	4,714,700	14,300	3.6	8,500,800	100	0.6	17,400	1,100	4.3	304,600
2,000.01 - 4,000.00	27,900	4.2	7,092,600	20,000	5.0	11,772,400	200	1.2	28,000	1,100	4.3	275,500
4,000.01 - 6,000.00	33,700	5.1	9,298,000	25,500	6.4	14,493,600	400	2.4	51,600	1,000	3.9	284,700
6,000.01 - 8,000.00	37,200	5.6	10,971,700	30,500	7.6	16,401,900	500	3.0	58,600	900	3.5	236,000
8,000.01 -10,000.00	38,500	5.8	11,108,300	29,700	7.4	15,265,900	500	3.0	64,700	700	2.7	184,700
10,000.01-12,000.00	37,700	5.7	11,074,000	26,400	6.6	13,918,900	700	4.2	85,600	800	3.1	230,700
12,000.01-14,000.00	37,500	5.7	10,854,900	21,300	5.3	11,603,900	800	4.8	112,200	600	2.4	143,600
14,000.01-16,000.00	34,900	5.3	9,825,900	17,100	4.3	9,294,700	700	4.2	85,400	400	1.6	124,200
16,000.01-18,000.00	34,900	5.3	9,608,500	14,700	3.7	7,722,300	600	3.6	81,800	400	1.6	104,300
18,000.01-20,000.00	32,100	4.8	8,600,100	11,100	2.8	6,151,900	500	3.0	68,000	300	1.2	78,300
20,000.01-22,000.00	30,500	4.6	8,269,300	8,600	2.1	4,803,000	600	3.6	67,000	300	1.2	64,400
22,000.01-24,000.00	28,600	4.3	7,717,500	6,900	1.7	3,939,300	500	3.0	61,300	200	0.8	58,400
24,000.01-26,000.00	24,300	3.7	6,564,900	5,200	1.3	2,917,700	400	2.4	49,000	300	1.2	71,900
26,000.01-28,000.00	20,100	3.0	5,600,400	4,500	1.1	2,749,000	300	1.8	38,200	200	0.8	37,400
28,000.01-30,000.00	18,800	2.8	5,283,100	3,700	0.9	2,121,200	300	1.8	46,400	200	0.8	58,600
30,000.01-35,000.00	39,500	6.0	11,241,300	7,000	1.7	4,167,800	800	4.8	95,200	300	1.2	78,900
35,000.01-40,000.00	30,200	4.6	9,044,800	5,000	1.2	3,237,500	800	4.8	96,300	200	0.8	56,500
40,000.01-45,000.00	22,300	3.4	7,410,000	4,000	1.0	2,525,100	700	4.2	84,700	200	0.8	65,900
45,000.01-50,000.00	18,200	2.7	6,382,400	2,700	0.7	1,787,400	900	5.4	101,600	200	0.8	52,500
Over 50,000.00	56,200	8.5	20,833,600	7,700	1.9	5,153,000	2,900	17.4	335,500	500	2.0	109,800
Total	662,300	100.0%	\$194,591,900	400,900	100.0%	\$213,210,700	16,700	100.0%	\$2,139,000	25,500	100.0%	\$6,564,000

(1) Values in this table are based on a stratified sample of 4,420,800 correct 1994 MI-1040 and MI-1040CR tax returns on file.

(2) Senior Citizen Low Income Rent Credits are included in the reported amounts.

(3) This category includes blind, paraplegic, quadriplegic, and totally disabled.

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

Exhibit 15

Senior Citizen Property Tax Credits Claimed on MI-1040CR Returns  
Individual Income Tax, 1994

Household Income	Number of Returns	Property Tax Paid	Property Tax Credit(1)	Property Tax Paid After Credit
\$1,000.00 and below	600	\$1,111,000	\$654,300	\$456,700
1,000.01 - 2,000.00	600	700,400	445,100	255,300
2,000.01 - 3,000.00	1,400	1,072,000	827,400	244,600
3,000.01 - 4,000.00	3,000	1,956,400	1,663,600	292,800
4,000.01 - 5,000.00	6,200	4,588,700	3,163,700	1,425,000
5,000.01 - 6,000.00	17,300	10,364,300	8,275,200	2,089,100
6,000.01 - 7,000.00	14,700	10,336,400	7,428,200	2,908,200
7,000.01 - 8,000.00	16,900	12,750,900	8,339,400	4,411,500
8,000.01 - 9,000.00	17,900	14,753,900	8,941,500	5,812,400
9,000.01 - 10,000.00	16,100	13,917,200	8,300,700	5,616,500
10,000.01 - 11,000.00	16,500	15,191,200	8,692,800	6,498,400
11,000.01 - 12,000.00	16,100	16,158,300	8,805,200	7,353,100
12,000.01 - 13,000.00	16,000	15,974,500	8,411,500	7,563,000
13,000.01 - 14,000.00	16,300	16,828,200	8,435,000	8,393,200
14,000.01 - 15,000.00	14,800	16,937,000	8,503,600	8,433,400
15,000.01 - 16,000.00	16,100	18,036,600	8,512,400	9,524,200
16,000.01 - 17,000.00	16,400	18,601,100	8,196,300	10,404,800
17,000.01 - 18,000.00	13,000	15,750,500	7,003,400	8,747,100
18,000.01 - 19,000.00	11,900	14,748,700	6,192,100	8,556,600
19,000.01 - 20,000.00	13,100	16,103,000	6,409,500	9,693,500
20,000.01 - 21,000.00	10,300	13,475,400	5,570,500	7,904,900
21,000.01 - 22,000.00	12,700	16,740,600	6,245,500	10,495,100
22,000.01 - 23,000.00	11,700	15,913,500	5,818,700	10,094,800
23,000.01 - 24,000.00	10,500	14,375,900	4,983,200	9,392,700
24,000.01 - 25,000.00	7,400	12,029,500	4,379,000	7,650,500
25,000.01 - 26,000.00	10,200	14,484,500	4,608,400	9,876,100
26,000.01 - 27,000.00	8,600	13,131,400	4,231,200	8,900,200
27,000.01 - 28,000.00	7,800	11,982,500	3,857,500	8,125,000
28,000.01 - 29,000.00	7,000	10,786,600	3,404,200	7,382,400
29,000.01 - 30,000.00	7,400	11,159,600	3,040,100	8,119,500
30,000.01 - 35,000.00	25,600	43,823,100	13,054,800	30,768,300
35,000.01 - 40,000.00	15,000	29,156,400	7,825,000	21,331,400
40,000.01 - 45,000.00	11,400	24,495,100	6,123,500	18,371,600
45,000.01 - 50,000.00	6,600	15,498,400	3,662,300	11,836,100
Over 50,000.00	15,400	47,186,700	8,410,000	38,776,700
Total	412,500	\$530,119,500	\$212,414,800	\$317,704,700

(1) Senior Citizen Low Income Rent Credits are included in the reported amounts.

Exhibit 16

General Property Tax Credits on MI-1040CR Returns  
Individual Income Tax, 1994

Household Income	Number of Returns	Property Tax Credit	Property Tax Paid	Property Tax Paid After Credit
\$ 1,000.00 and below	5,096	\$2,966,362	\$7,347,106	\$4,380,724
1,000.01 - 2,000.00	4,542	1,798,213	3,602,968	1,804,745
2,000.01 - 3,000.00	7,643	2,330,625	5,442,812	3,112,187
3,000.01 - 4,000.00	10,279	2,971,507	6,692,991	3,721,484
4,000.01 - 5,000.00	14,158	3,756,635	9,410,594	5,653,959
5,000.01 - 6,000.00	26,282	6,831,147	17,979,706	11,148,559
6,000.01 - 7,000.00	23,378	6,235,368	18,277,879	12,042,511
7,000.01 - 8,000.00	27,042	7,313,705	20,705,799	13,392,094
8,000.01 - 9,000.00	23,437	6,360,578	19,195,833	12,775,255
9,000.01 - 10,000.00	23,240	6,418,797	19,706,300	13,287,503
10,000.01 - 11,000.00	24,597	6,630,819	20,992,467	14,361,648
11,000.01 - 12,000.00	22,437	6,678,742	20,979,681	14,300,939
12,000.01 - 13,000.00	23,761	7,071,862	22,905,527	15,833,665
13,000.01 - 14,000.00	21,306	5,845,953	20,476,705	14,630,752
14,000.01 - 15,000.00	19,927	5,251,684	19,266,324	14,014,640
15,000.01 - 16,000.00	18,461	4,856,421	18,675,965	13,819,544
16,000.01 - 17,000.00	23,644	6,338,825	24,736,312	18,397,487
17,000.01 - 18,000.00	21,652	5,696,329	23,137,070	17,440,741
18,000.01 - 19,000.00	18,143	4,381,768	19,170,356	14,838,588
19,000.01 - 20,000.00	18,578	4,707,977	20,729,029	16,021,052
20,000.01 - 21,000.00	14,952	4,290,580	18,163,883	13,873,303
21,000.01 - 22,000.00	16,540	4,465,329	20,340,572	15,875,243
22,000.01 - 23,000.00	15,554	4,021,628	19,004,782	14,983,154
23,000.01 - 24,000.00	15,464	3,869,050	19,377,301	15,508,251
24,000.01 - 25,000.00	13,529	4,199,536	17,020,762	13,869,110
25,000.01 - 26,000.00	10,715	3,079,921	19,358,218	15,158,682
26,000.01 - 27,000.00	11,734	3,404,177	15,305,626	12,225,705
27,000.01 - 28,000.00	12,949	3,062,405	17,843,202	14,439,025
28,000.01 - 29,000.00	9,916	2,841,507	17,985,018	14,922,813
29,000.01 - 30,000.00	44,482	11,829,160	15,127,758	12,286,251
30,000.01 - 35,000.00	31,968	9,048,437	70,359,820	58,529,660
35,000.01 - 40,000.00	27,537	8,210,005	56,639,859	47,591,422
40,000.01 - 45,000.00	19,238	6,000,836	53,479,791	45,269,786
45,000.01 - 50,000.00	32,336	10,053,926	41,556,403	35,555,567
50,000.01 - 60,000.00	19,149	6,434,392	78,266,421	68,212,495
60,000.01 - 70,000.00	17,105	3,741,144	52,532,932	46,098,540
Over 70,000.00	704,430	\$196,097,022	\$925,525,978	\$729,428,956
Total				

Exhibit 17

Distribution of Home Heating Credits Claimed on MI-1040CR-7 Returns  
Individual Income Tax, 1994

Household Income	Senior Citizens MI-1040 CR-1		General MI-1040 CR-4		Handicapped(1) MI-1040 CR-2 & CR-3		Veterans MI-1040 CR-2	
	Number of Returns	Home Heating Credit	Number of Returns	Home Heating Credit	Number of Returns	Home Heating Credit	Number of Returns	Home Heating Credit
\$ 1,000.00 and below	500	\$259,800	5,500	\$2,189,200	100	\$21,400	100	\$15,700
1,000.01 - 2,000.00	400	188,000	5,300	1,866,800	0	14,000		
2,000.01 - 3,000.00	1,000	330,800	7,900	2,431,900	200	63,400		
3,000.01 - 4,000.00	2,800	806,300	11,800	3,409,100	300	90,200	0	2,700
4,000.01 - 5,000.00	6,600	1,594,700	26,600	7,171,700	700	154,300	100	11,000
5,000.01 - 6,000.00	23,800	4,712,600	45,000	10,053,900	6,900	1,162,200	300	46,900
6,000.01 - 7,000.00	18,400	3,058,100	31,400	6,976,800	1,200	218,100	100	13,200
7,000.01 - 8,000.00	19,600	2,713,100	28,700	5,540,900	1,100	172,900	400	37,000
8,000.01 - 9,000.00	18,500	2,136,500	20,400	3,862,200	1,200	178,600	100	11,400
9,000.01 - 10,000.00	14,800	1,363,100	18,000	3,249,400	900	118,000	100	10,400
Over 10,000.00	<del>28,800</del>	<del>2,778,100</del>	<del>59,000</del>	<del>8,903,500</del>	<del>2,000</del>	<del>283,700</del>	<del>300</del>	<del>39,400</del>
Total	135,200	\$19,931,100	259,600	\$55,655,400	14,600	\$2,476,800	1,500	\$187,700
Average Credit		\$147.42		\$214.39		\$169.64		\$125.13

(1) This category includes blind, paraplegic, quadriplegic and totally disabled.



Exhibit 18

1994 Income Tax Collections  
by County

County	Property Tax Credits	Home Heating Credits	Tax After Credits	Percent of Total Tax
Alcona	\$258,900	\$150,700	\$880,900	0.0%
Alger	141,800	87,900	2,567,200	0.1
Allegan	3,178,100	454,700	34,363,900	0.8
Alpena	980,900	389,100	11,139,200	0.2
Antrim	620,700	185,800	3,733,800	0.1
Arenac	616,100	268,800	6,721,100	0.2
Baraga	108,700	76,300	1,904,100	0.0
Baraga	1,057,300	214,800	18,359,000	0.4
Barry	5,059,200	939,500	39,819,000	0.9
Bay	330,100	107,200	3,201,300	0.1
Benzie	5,298,800	1,341,100	88,976,200	2.0
Berrien	1,441,700	248,500	14,512,300	0.3
Branch	5,969,700	1,133,800	54,021,700	1.2
Calhoun	2,015,900	376,800	11,578,000	0.3
Cass	1,216,200	282,400	11,514,400	0.3
Charlevoix	528,400	297,000	6,049,900	0.1
Cheboygan	665,600	391,500	12,019,900	0.3
Chippewa	672,900	413,600	6,010,000	0.1
Clare	1,559,100	211,600	23,489,700	0.5
Clinton	158,000	155,100	2,949,200	0.1
Crawford	846,100	539,000	12,458,200	0.3
Delta	803,100	225,800	7,444,300	0.2
Dickinson	3,047,100	354,100	35,229,100	0.8
Eaton	902,400	248,300	13,280,700	0.3
Emmet	12,364,500	3,548,300	209,529,700	4.7
Genesee	846,900	319,100	5,768,500	0.1
Gladwin	227,400	229,100	4,651,000	0.1
Gogebic	2,844,600	315,700	20,972,800	0.5
Grand Traverse	1,572,200	437,400	14,192,500	0.3
Gratiot	1,551,200	514,500	13,479,100	0.3
Hillsdale	505,700	426,400	9,002,300	0.2
Houghton	4,948,700	534,100	7,251,500	0.2
Huron	15,578,500	1,455,800	138,306,800	3.1
Ingham	2,043,200	447,600	21,612,200	0.5
Ionia	684,700	368,000	5,700,400	0.1
Iosco	209,000	246,200	2,519,100	0.1
Iron	1,363,100	366,900	17,021,300	0.4
Isabella	4,943,300	970,700	62,080,200	1.4
Jackson	7,986,500	1,105,400	117,494,100	2.6
Kalamazoo	585,900	105,500	4,929,600	0.1
Kalkaska	15,536,800	2,497,100	266,063,600	6.0
Kent	11,400	23,100	608,800	0.0
Keweenaw	233,800	257,800	1,235,400	0.0
Lake	2,362,300	417,500	54,118,500	1.2
Lapeer	761,300	97,900	7,315,800	0.2
Leelanau				

Exhibit 18 (cont.)

County	Property Tax Credits	Home Heating Credits	Tax After Credits	Percent of Total Tax
Lenawee	\$4,361,100	\$544,200	\$37,424,500	0.8%
Livingston	5,423,000	271,900	77,096,500	1.7
Lucas	48,000	69,200	1,357,800	0.0
Mackinac	219,400	125,500	3,240,900	0.1
Macomb	41,548,400	2,370,500	324,618,300	7.3
Manistee	647,300	338,200	5,641,900	0.1
Marquette	1,253,200	511,100	24,559,600	0.6
Mason	779,600	304,000	9,632,300	0.2
Mecosta	687,700	353,700	11,418,200	0.3
Menominee	649,300	252,600	7,893,700	0.2
Midland	1,616,300	364,700	32,355,900	0.7
Missaukee	483,800	154,100	2,239,000	0.1
Monroe	5,792,300	609,500	63,872,300	1.4
Montcalm	2,139,600	709,600	22,196,300	0.5
Montmorency	147,100	139,100	2,065,100	0.0
Muskegon	4,656,300	1,502,600	54,058,400	1.2
Newaygo	897,100	367,400	21,193,900	0.5
Oakland	86,562,700	3,891,500	930,500,300	20.9
Oceana	779,100	325,600	8,160,900	0.2
Ogemaw	531,700	353,800	4,336,600	0.1
Ontonagon	111,900	116,700	3,072,000	0.1
Osceola	638,900	412,500	5,401,600	0.1
Oscoda	69,500	98,800	2,193,100	0.0
Otsego	399,000	143,900	9,015,400	0.2
Ottawa	7,116,100	559,600	130,698,100	2.9
Presque Isle	308,500	277,600	3,710,900	0.1
Roscommon	690,400	373,100	13,897,000	0.3
Saginaw	6,308,500	2,055,300	81,799,000	1.8
St. Clair	7,070,600	887,400	72,003,700	1.6
St. Joseph	2,083,700	485,300	21,198,500	0.5
Sanilac	2,744,500	673,100	15,059,300	0.3
Schoolcraft	70,400	155,700	3,068,100	0.1
Shiawassee	2,790,200	632,400	28,502,500	0.6
Tuscola	2,774,300	476,200	27,118,500	0.6
Van Buren	3,065,000	761,500	25,194,500	0.6
Washtenaw	18,421,600	786,600	170,326,400	3.8
Wayne (excl. Detroit)	72,141,000	4,854,600	600,767,300	13.5
Wexford	795,000	338,700	7,637,600	0.2
Detroit	28,279,600	25,768,800	186,360,200	4.2
Total	\$427,739,500	\$77,194,100	\$4,457,102,400	100.0%

Exhibit 19

1994 Income Tax Data by County

County	1994 Adjusted Gross Income (Millions)	1994 Average AGI	1993 Average AGI	Percent Change Average AGI 1993-94	Income Tax Revenue Before Credits	Average Income Tax Before Credits	Rank	Average Income Tax After Credits	Rank	Credits as a % of Tax Before Credits	Rank	Ratio of Property Tax Credits to 1040s Filled	Rank	Average Property Tax Credit (\$)	Rank
Alcona	\$65.2	\$18,560	\$19,252	-3.59%	\$1,311,471	\$373	82	\$251	83	32.83%	2	31.29%	8	\$235	65
Alger	101.3	26,189	15,451	69.50	2,810,647	727	76	664	61	8.66	64	12.93	78	284	52
Allegan	1,058.9	30,108	28,556	5.43	38,102,952	1,083	22	977	24	9.81	58	23.60	39	383	21
Alpena	381.0	26,984	26,665	1.20	12,651,586	896	47	789	45	11.95	41	24.79	33	280	55
Arenac	149.4	21,368	26,915	-20.64	4,584,484	656	67	534	71	18.58	7	24.31	34	365	28
Arenac	214.3	25,078	21,278	17.86	7,636,585	894	57	787	46	11.99	40	25.75	28	280	56
Baraga	67.7	19,892	18,305	8.67	2,095,304	616	79	560	70	9.13	61	23.52	40	136	83
Bay	578.8	34,523	28,954	19.24	19,845,282	921	42	795	44	7.49	71	29.56	12	271	60
Bay	1,324.5	26,454	29,453	-10.18	46,124,327	758	69	661	62	12.74	31	18.59	66	367	26
Benzie	2,607.9	33,410	29,026	15.10	3,668,504	1,231	10	1,140	13	7.41	74	21.52	53	315	44
Berrien	474.3	26,444	27,596	-4.17	16,393,601	914	37	809	43	13.67	21	23.56	43	342	36
Branch	1,790.5	29,217	29,226	-0.03	62,395,859	1,018	16	882	33	11.48	45	18.40	68	437	10
Calhoun	422.3	24,826	34,881	-28.83	14,418,740	848	42	681	60	19.70	5	19.99	59	593	2
Cass	390.7	31,212	27,740	12.52	13,126,254	655	71	573	69	12.28	36	36.75	2	264	62
Charlevoix	245.7	19,104	19,104	21.69	6,923,298	731	54	586	56	8.96	34	16.09	75	311	47
Cheboygan	414.2	25,194	22,915	9.94	13,203,149	803	60	731	54	8.96	62	19.46	63	208	73
Chippewa	247.7	20,321	19,223	5.71	7,146,139	586	80	493	78	15.90	16	22.15	51	249	64
Clare	728.5	34,591	33,353	3.71	25,568,026	1,214	15	1,115	14	8.13	67	19.47	62	380	22
Clinton	110.0	26,058	24,419	6.71	3,371,222	799	57	699	59	12.52	35	11.85	79	316	43
Crawford	405.0	27,588	31,906	-13.53	13,936,524	949	39	849	37	10.61	51	26.56	23	217	71
Delta	269.7	27,027	31,591	-14.42	8,653,875	867	50	746	49	13.98	20	29.07	13	277	57
Dickinson	1,087.5	33,665	31,826	5.78	39,073,390	1,210	16	1,091	17	9.84	56	26.31	24	358	32
Eaton	413.3	29,546	33,429	-11.52	14,583,263	1,043	20	949	28	8.93	63	17.87	71	361	30
Genesee	6,439.8	33,250	33,510	-0.78	228,606,135	1,180	5	1,082	18	8.34	65	22.36	50	286	51
Genesee	230.3	21,279	21,166	0.53	6,968,793	644	73	533	72	17.22	10	27.72	15	282	54
Gladwin	174.8	23,086	24,110	-4.25	5,178,733	684	66	614	66	10.19	54	21.13	54	142	82
Gogebic	757.1	25,802	27,784	-7.13	24,267,410	827	54	715	57	13.58	23	27.61	16	351	34
Grand Traverse	464.7	27,382	29,984	-8.71	16,335,485	962	38	836	40	13.12	28	22.39	49	414	16
Grand Traverse	448.0	28,205	23,892	18.05	15,887,128	1,000	34	849	36	15.16	18	25.81	26	378	25
Hillsdale	309.9	24,605	19,227	27.97	10,120,970	865	51	715	58	11.05	47	23.82	37	169	78
Houghton	366.5	33,635	31,620	6.37	12,950,375	1,204	17	1,046	19	44.01	1	47.44	1	697	1
Huron	4,445.9	28,259	25,529	10.69	159,098,085	1,020	30	898	32	11.95	42	26.17	25	367	27
Ingham	680.2	20,393	20,279	0.56	24,546,003	999	77	500	77	16.55	12	21.92	52	324	40
Ionia	232.5	20,044	22,679	-10.62	6,831,145	599	61	500	77	16.34	14	17.61	72	232	68
Ionia	102.4	31,536	24,258	30.00	3,011,097	589	74	493	79	10.39	53	25.69	29	303	49
Isabella	552.4	31,108	29,486	5.50	18,994,753	1,084	26	972	26	9.93	55	22.75	47	348	35
Jackson	1,941.4	35,231	36,844	-4.38	68,921,921	1,104	15	995	22	8.02	68	25.50	32	318	42
Kalamazoo	3,468.0	28,407	24,660	15.19	127,742,058	1,298	9	1,194	11	13.33	25	25.76	27	391	19
Kalamazoo	165.4	36,915	32,782	12.61	5,687,875	977	35	847	38	7.88	69	23.51	41	415	45
Kalamazoo	7,740.4	22,973	21,176	8.48	288,807,461	1,377	4	1,289	10	5.96	83	6.28	83	190	75
Kent	53.0	22,973	21,176	8.48	644,621	633	74	452	82	28.60	3	36.60	3	234	67
Keweenaw	52.7	19,645	15,599	17.24	1,730,249	633	80	452	82	5.93	82	15.12	76	234	67
Lake	1,512.4	40,120	34,219	17.24	57,531,263	1,526	5	1,436	5	5.93	82	15.12	76	234	67
Lapeer	252.3	35,805	29,407	21.76	8,219,533	1,167	21	1,038	20	10.99	21	24.13	36	448	8

Exhibit 19 (cont.)

County	1994 Adjusted Gross Income (Millions)	1994 Average AGI	1993 Average AGI	Percent Change Average AGI 1993-94	Income Tax Revenue Before Credits	Average Income Tax Before Credits	Rank	Average Income Tax After Credits	Rank	Credits as a % of Tax Before Credits	Rank	Ratio of Property Tax Credits to 1040s Filed	Rank	Average Property Tax Credit(1)	Rank
Lenawee	\$1,214.5	\$30,129	\$33,322	-9.58%	\$43,137,354	\$1,070	28	\$928	29	13.24%	27	23.07%	45	\$469	6
Livingson	2,210.2	42,109	39,953	5.40	83,325,376	1,588	4	1,469	3	7.48	72		31	405	17
Luce	47.7	18,663	22,900	(18.50)	1,480,389	579	81	531	73	8.28	66	25.53	80	157	80
MacKinnac	114.8	21,867	22,880	(4.43)	3,593,745	685	66	617	65	9.82	57	26.67	22	157	81
Macomb	10,257.8	35,150	33,155	6.02	371,927,388	1,274	13	1,112	15	12.72	32	31.53	7	452	7
Manistee	210.4	21,820	21,654	0.76	6,753,940	700	65	585	65	16.47	13	29.03	14	231	231
Marquette	806.5	28,207	26,295	7.27	26,630,252	931	41	859	34	7.78	70	20.64	55	212	72
Mason	341.4	25,691	22,680	13.28	11,048,860	831	53	740	51	11.01	48	20.32	57	289	50
Mecosta	372.0	26,793	22,650	18.29	12,611,229	908	45	822	42	9.46	60	18.01	69	275	58
Memominee	238.4	29,424	26,429	11.33	8,820,263	1,089	25	974	25	10.50	52	23.45	42	342	37
Midland	941.6	39,146	43,188	(9.36)	34,628,556	1,440	7	1,345	6	6.56	79	23.70	38	284	53
Missaukee	86.7	19,579	27,893	(29.30)	2,897,799	655	72	506	76	22.73	4	27.11	18	403	12
Monroe	2,079.9	37,937	31,617	19.99	78,023,984	1,423	9	1,165	12	18.14	9	24.26	35	436	18
Montcalm	722.1	27,677	23,363	18.36	25,222,046	967	37	851	35	12.00	38	18.78	65	437	11
Montmorency	96.1	24,097	23,721	1.58	2,363,379	593	78	518	74	12.62	33	22.57	48	163	79
Muskegon	1,787.8	27,480	26,132	5.16	61,164,808	940	40	831	41	11.62	43	27.05	19	265	61
Newaygo	613.0	45,473	26,921	68.91	22,728,128	1,786	1	1,572	2	6.75	78	18.54	67	359	31
Oakland	27,006.7	46,769	46,070	1.52	1,031,082,391	1,786	1	1,611	1	9.76	59	30.34	10	494	4
Oceana	287.3	26,780	24,312	10.15	9,384,378	875	48	761	48	13.04	30	20.51	56	354	33
Ogemaw	199.0	21,039	16,767	25.47	5,257,920	560	82	458	81	18.15	8	17.97	70	313	46
Ontonagon	94.8	22,622	22,749	(0.56)	3,309,752	790	58	733	53	7.18	77	14.32	77	187	77
Osceola	228.1	21,707	28,276	(23.23)	6,518,615	620	75	514	75	17.14	11	19.99	58	304	48
Oscoda	77.5	25,775	23,728	8.63	2,365,073	786	60	729	55	7.27	75	9.97	81	232	69
Otsego	338.7	27,727	25,881	7.13	9,615,304	787	59	738	52	6.24	81	17.19	73	190	76
Ottawa	3,770.8	36,345	37,157	3.20	139,601,071	1,420	10	1,329	7	6.38	80	17.08	74	424	13
Presque Isle	135.9	21,057	25,660	(17.94)	4,320,423	669	69	575	68	14.11	19	23.23	44	206	74
Roscommon	402.2	38,185	19,383	97.01	15,016,934	1,426	8	1,319	8	7.46	73	25.63	30	256	63
Saginaw	2,613.6	31,337	30,246	3.61	91,771,903	1,100	24	981	23	10.87	50	22.90	46	330	39
St. Clair	2,195.7	39,190	41,908	(6.49)	81,061,976	1,447	6	1,285	9	11.17	46	29.81	11	423	14
St. Joseph	712.4	25,734	27,216	(5.44)	24,019,920	868	49	764	47	12.00	39	19.87	60	379	23
Sanilac	592.1	26,184	24,225	8.09	18,550,643	913	44	741	50	18.82	6	30.51	9	443	9
Schoolcraft	108.9	25,574	16,984	50.58	3,306,759	777	61	721	56	7.22	76	7.05	82	235	66
Shiawassee	912.0	28,741	30,326	(5.23)	32,224,122	1,015	33	898	31	11.55	44	27.42	17	321	41
Tuscola	874.6	31,181	27,078	15.15	30,888,762	1,101	23	967	27	12.21	37	19.25	64	514	3
Van Buren	820.3	27,290	25,388	7.49	29,169,635	970	36	838	39	13.63	22	26.95	20	378	24
Washtenaw	5,239.7	44,240	41,258	7.23	201,177,364	1,599	2	1,438	4	15.34	17	31.58	6	493	5
Wayne (incl. Detroit)	25,985.9	32,986	31,274	5.47	937,131,142	1,190	18	999	21	16.01	15	32.51	4	384	20
Detroit	7,285.1	24,654	22,928	7.53	251,802,704	852	64	631	64	25.99	26	32.18	61	276	38
Wexford	268.4	21,818	26,216	(16.77)	9,808,963	716	64	521	64	13.30	25	19.51	61	331	38
Total	\$140,964.6	\$35,354	\$33,557	5.35%	\$5,046,787,213	\$1,266	54	\$1,118	64	11.68%	26	27.36%	61	\$392	38

(1) Includes Farmland Preservation (PA 116 Credits) credits.

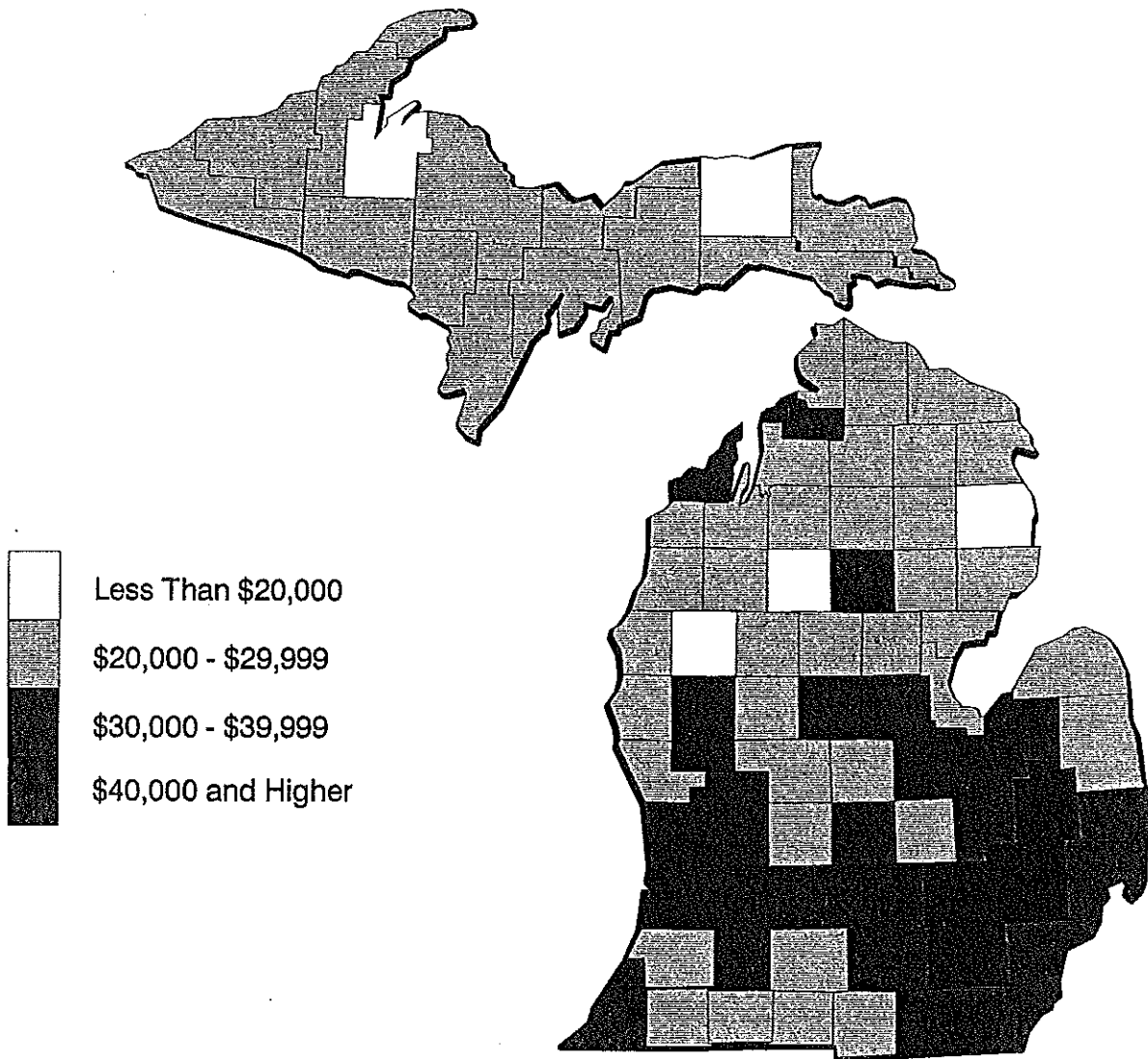
Exhibit 20

Average Annual Individual Income Tax Rates

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

Exhibit 21

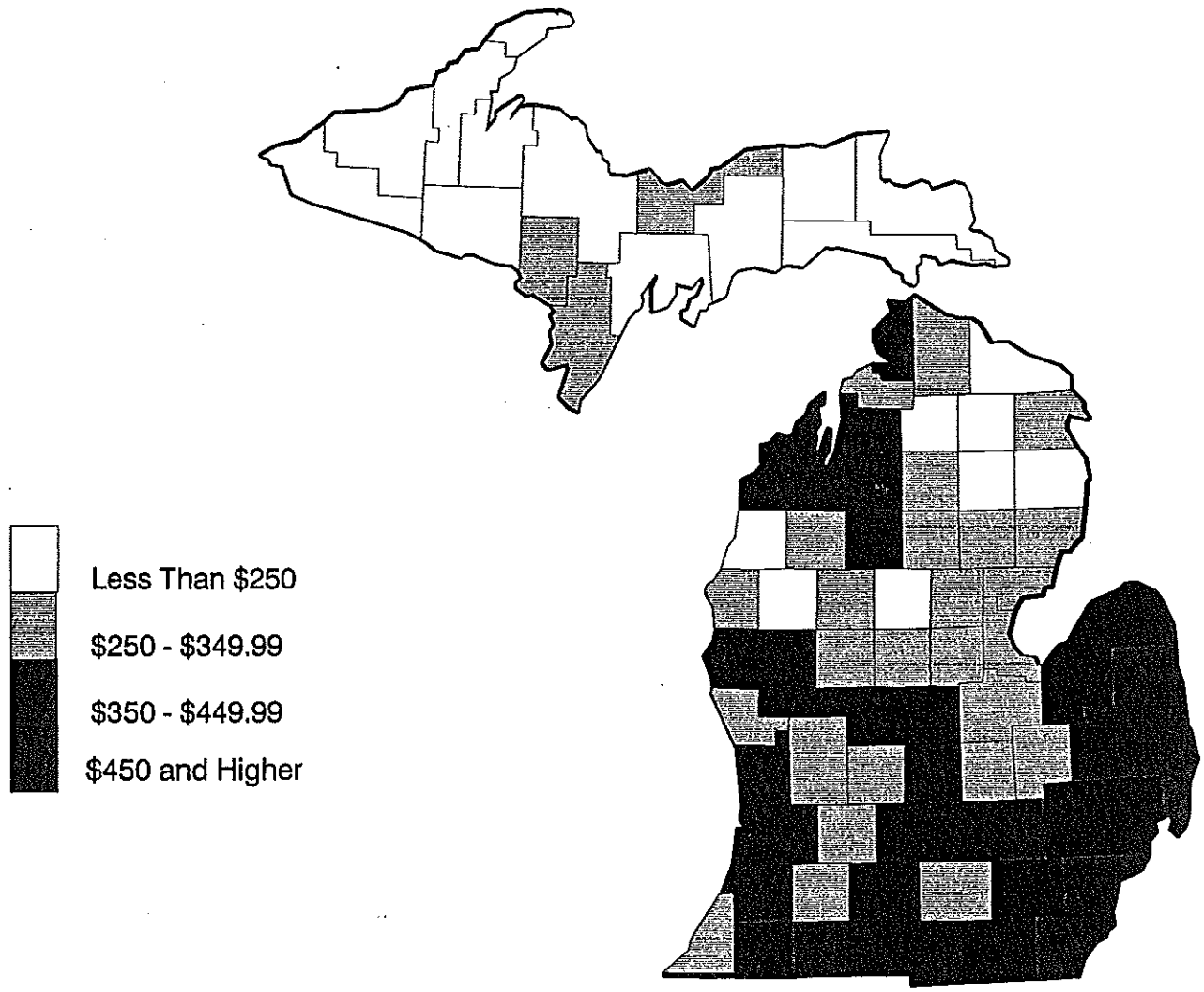
Average Adjusted Gross Income by County  
1994



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

Exhibit 22

Average Property Tax Credits by County  
1994



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

