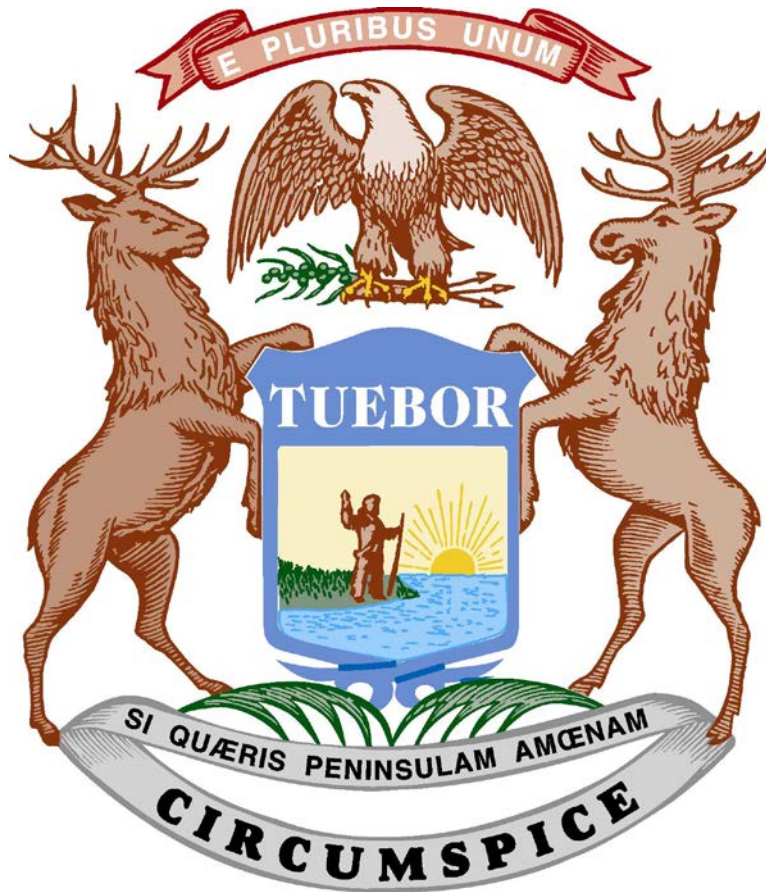
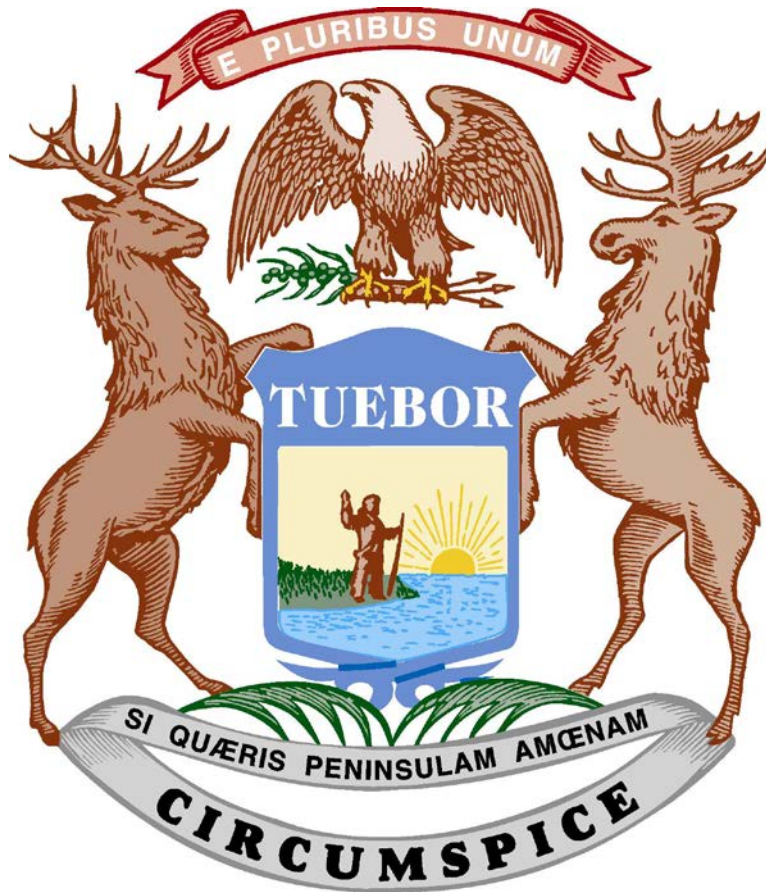


MICHIGAN'S INDIVIDUAL INCOME TAX 2014



**Michigan Department of Treasury
Office of Revenue and Tax Analysis
Tax Analysis Division
October 2016**

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Tax Analysis Division
October 2016

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I. EXECUTIVE SUMMARY

Returns and Revenue

For tax year 2014, Michigan's personal income tax generated \$7.4 billion in state revenues after all credits and refunds were paid. Net revenue increased \$579.1 million (8.5 percent) from 2013 levels, reflecting the increase in Adjusted Gross Income (AGI) from 2013 to 2014. About 4.6 million returns were filed for the 2014 tax year, or 48,100 more filers (1.1 percent) than the previous year.

Although the personal income tax was levied at a nominal flat rate of 4.25 percent in 2014, the average effective tax rate varied from negative 41.34 percent for filers with an AGI under \$2,000 to positive 3.35 percent for taxpayers with an AGI between \$200,001 and \$300,000. Including the impact of all refundable and nonrefundable credits, the overall effective tax rate was 2.30 percent. The negative effective rates for lower income groups arise because some taxpayers receive net payments from the state, due principally to the refundable credits for property taxes and home heating expenses, and the Michigan Earned Income Tax Credit (EITC). Most (90.9 percent) of the \$7.4 billion in net revenue was paid by income groups with income over \$50,000.

Interstate Comparisons

For fiscal year 2014, Michigan's income tax revenue was eleventh lowest in the nation on a per capita basis, and twelfth lowest as a percentage of personal income, among the 41 states with a general income tax. Compared to the average for those 41 states, Michigan's income tax revenue was 35.7 percent below average on a per capita basis, and 27.8 percent below average as a percent of personal income.

Property Tax Credit

About 1.0 million Michigan homeowners, renters, and farmers received \$557.9 million in property tax credits, including farmland preservation credits, for 2014. The average property tax credit was \$533. Excluding farmland preservation credits, the average property tax credit for tax year 2014 was \$498. The total amount of property tax credits, including farmland preservation credits, decreased by \$6.6 million (-1.2 percent) with 39,100 fewer taxpayers benefiting compared to tax year 2013.

Senior citizens received about \$189.3 million in homestead property tax credits, an increase of \$2.8 million from tax year 2013. For about 316,200 senior citizens receiving homestead property tax credits, the average credit was \$599.

Home Heating Credit

Home heating credits totaled \$52.9 million for tax year 2014 with about 379,900 households qualifying for an average credit of \$139. Home heating credits increased \$4.5 million in 2014, when approximately 23,700 more taxpayers claimed the credit.

Michigan Earned Income Tax Credit (EITC)

About 775,500 taxpayers claimed about \$111.2 million in Michigan EITC in 2014, resulting in an average credit of \$143 per taxpayer. In 2008, the first year the Michigan credit became effective, the state credit was 10 percent of the federal credit. It increased to 20 percent of the federal credit for tax years 2009 through 2011, and finally reduced to 6 percent of the federal credit effective in tax year 2012 and after.

Historic Preservation Credit

For tax year 2014, about 400 taxpayers claimed \$397,200 in historic preservation credits. Compared with tax year 2013, this was a decrease of \$79,800 with 200 fewer taxpayers claiming a credit.

Credit for Income Paid to Another State

For tax year 2014, 52,200 taxpayers received a total of \$53.5 million credit for income tax paid to another state, resulting in an average credit of \$1,026. This represented an increase of \$5.3 million with 2,400 more taxpayers claiming a credit.

Use Tax Payments

Starting in tax year 1999, taxpayers were asked to remit use tax payments along with their personal income tax returns. In 2014, 115,600 taxpayers paid \$6.7 million in use tax. Compared to 2013, this was an increase of \$473,600 on the total use tax paid, with 1,900 more taxpayers reporting the use tax.

Tax Law Changes in 2015

Public Act 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.

Public Act 161 amended the Income tax Act to allow 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.

Public Act 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.

Public Act 179 amended the Income Tax Act to provide for earmarked revenue to the Michigan Transportation Fund (MTF), and revise 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 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 Consumer Price Index (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.

Public Act 180 amended the Income Tax Act to reduce 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.

II. INTRODUCTION

This report summarizes information regarding the Michigan individual income tax for tax year 2014. It is based on returns filed and processed in calendar year 2015.

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 2014 and 2015 and how those changes affect Michigan's income tax base. Section X summarizes the Michigan Public Acts (PA) in 2014 and 2015 that amended the Michigan Income Tax Act.

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

Section XII contains a summary of significant changes in federal income tax law since 2001 through changes in 2013, the Michigan personal income tax legislative history through 2013, 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. New legislation passed in 1999 reduced the income tax rate to 4.2 percent effective January 1, 2000, and further reduced the rate by 0.1 percentage point on January 2002, January 2003, and July 2004, bringing the rate to 3.9 percent, where it remained through September 2007. As the pace of the Michigan economy slowed considerably in the mid-2000s, renewed budgetary pressures led to new legislation that increased the income tax rate to 4.35 percent effective October 1, 2007, and provided for a gradual reduction of the rate (0.1 percentage point) on each October 1 beginning in 2011, until the rate reached 3.95 percent, and finally dropped to 3.9 percent on October 1, 2015. However, PA 38 of 2011 and PA 223 of 2012 maintained the 4.35 percent rate through December 2012, and reduced the rate to 4.25 percent beginning October 2012, respectively. (See Exhibit 39 on page 57 for a complete list of average Michigan Individual Income tax rates since 1968.)

The starting point of the Michigan individual income tax is federal AGI. Therefore, changes in federal tax law can affect Michigan income tax collections. The broad changes in AGI effected by the Tax Reform Act of 1986 significantly increased the Michigan income tax base. In response, the personal exemption was gradually increased from \$1,500 in 1986 to \$2,100 in 1990, a 40 percent overall increase. PA 2 of 1995 increased the personal exemption to \$2,400 for tax years 1995 and 1996, and to \$2,500 in 1997. PA 3 of 1995 indexed the exemption to inflation, where inflation adjustments would be rounded to the nearest \$100 after tax year 1997. For tax years 1998 through 2013, the inflation adjusted personal exemption is further increased by an additional \$200 under PA 86 of 1997. PA 224 of 2012 provided that the personal exemption would increase to the greatest of the indexed value or a base (\$3,950 for October 1, 2012 through December 2013, and \$4,000 for tax years 2014 and after). A table with chronological changes to the Michigan Income Tax (filing requirements, average rates, maximum limits of deductions and credits, and others) can be found in Appendix A on page 95.

¹ For a complete Michigan personal income tax legislative history through 2013, see Appendix A, page 69.

For 2014, the following exemptions were available for taxpayers: \$4,000 personal exemption, \$2,500 special exemption for filers with certain disabilities, \$400 exemption for disabled veterans, and \$1,500 exemption for taxpayers claimed as dependent by another taxpayer. (2012 was the first year where exemptions for seniors, filers receiving at least 50 percent of their AGI from unemployment compensation, and children aged 18 years and under were eliminated under PA 38 of 2011. For all changes resulting from that legislation, see page 91). Exhibit 1 depicts the average annual Michigan individual income tax rate and allowed exemptions since 2006.

Exhibit 1
Michigan Individual Income Tax Exemption Allowances

<u>Tax Year</u>	<u>Average Rate</u>	<u>Personal Exemption</u>	<u>Claimed as Dependent Exemption</u>	<u>Special Exemptions</u>			
				<u>Blind, Deaf, or Disabled</u>	<u>Disabled Veteran</u>	<u>Senior</u>	<u>Unemployment Compensation</u>
2006	3.90%	3,300	1,500	2,100	n.a.	2,100	2,100
2007	4.01% *	3,400	1,500	2,200	n.a.	2,200	2,200
2008	4.35%	3,500	1,500	2,200	250	2,200	2,200
2009	4.35%	3,600	1,500	2,300	300	2,300	2,300
2010	4.35%	3,600	1,500	2,300	300	2,300	2,300
2011	4.35%	3,700	1,500	2,400	300	2,400	2,400
2012	4.33% **	3,763 ***	1,500	2,400	300	n.a.	n.a.
2013	4.25%	3,950	1,500	2,500	300	n.a.	n.a.
2014	4.25%	4,000	1,500	2,500	400	n.a.	n.a.
2015	4.25%	4,000	1,500	2,600	400	n.a.	n.a.
2016	4.25%	4,000	1,500	2,600	400	n.a.	n.a.

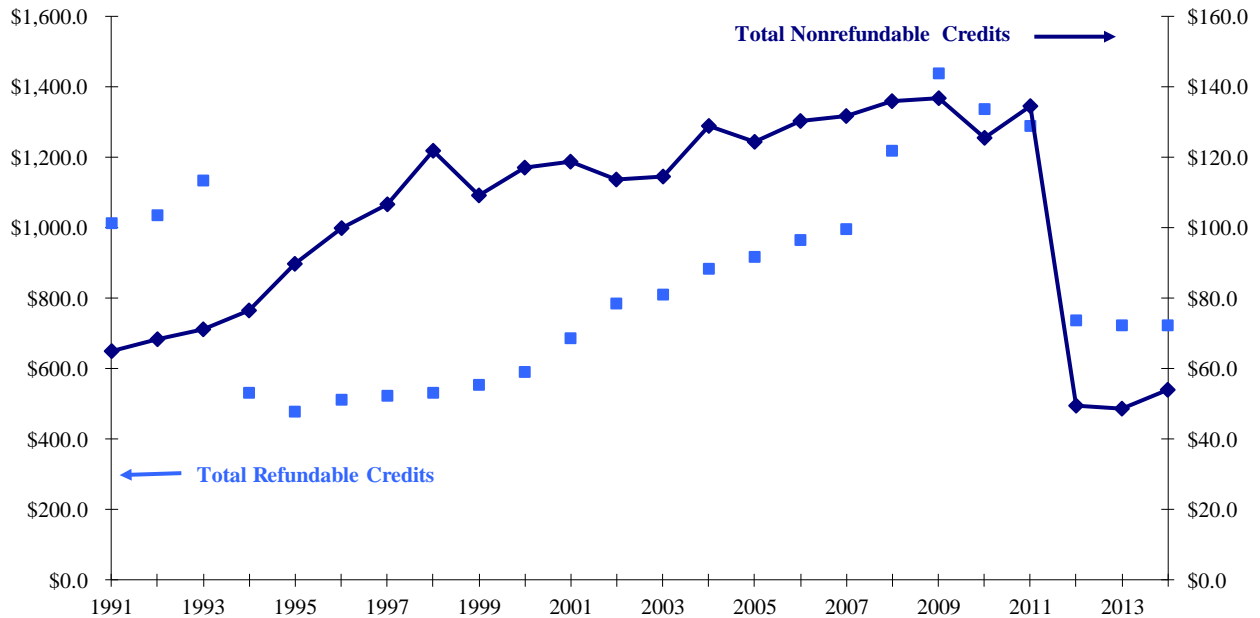
*Tax rate equals 3.9% through September 2007, then it increases to 4.35% thereafter.

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

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

The Michigan individual income tax is a flat rate tax. The Michigan Constitution prohibits graduated income tax rates. Proposals to allow graduated rates were defeated by voters in 1968, 1972, and 1976. However, a degree of progressivity is achieved with exemptions and credits, such as the homestead property tax and home heating credits, and the Michigan EITC. These provisions help to make the tax less burdensome on low income taxpayers. Refundable and nonrefundable credits paid and claimed have gradually increased over the years, except in 1994 (when property tax reductions enacted as a part of school finance reform led to reduced property tax credits), in 2010 and 2011 (when falling property values depressed property tax credits), and in 2012 (when a number of credits, mainly nonrefundable ones, were eliminated, and the EITC and homestead property tax credit were reduced). Exhibit 2 provides information on the total amount of refundable and nonrefundable credits paid since 1991. For tax year 2014, a total of \$722.0 million was paid in refundable credits, and an additional \$53.9 million was paid in nonrefundable credits. For a complete list of credits available in tax year 2014 see Chapter V on page 20.

Exhibit 2
Individual Income Tax Credits
(millions)



A portion of income tax revenues is earmarked to the School Aid Fund (SAF) with the remainder distributed as General Fund/General Purpose (GF/GP) revenues. Beginning in fiscal year 1994-95, 14 percent of gross income tax collections was statutorily allocated to the SAF with the remainder of net income tax revenue allocated to GF/GP. For fiscal year 1996-97, the SAF allocated percentage increased to 23 percent, where it remained until tax year 1999. For tax years 2000 and after, the percentage of gross income tax collections earmarked to the SAF changed to equal 1.012 percent divided by the income tax rate. The inverse relationship between the income tax rate and the percent allocated to the SAF has resulted in a steady increase of the earmarking percentage for tax years 2000 through 2006, from 24.1 to 25.95 percent, and a decline on that percentage to 25.24 percent in 2007, and 23.26 percent for tax years 2008 through 2011. As the tax rate decreased on October 2012, the earmarked percentage was 23.81 percent for tax year 2014. Exhibit 3, on page 8, summarizes the income tax revenue earmarking to the SAF and GF/GP since 1995.

USE TAX PAYMENTS

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

and collect Michigan use tax. However, many out-of-state businesses voluntarily collect use tax for their customers.

Starting in tax year 1999, Michigan taxpayers were able to remit use tax payments while filing their income tax return, instead of filing separate use tax forms. This alternative simplifies the tax compliance process for the taxpayer. In tax year 2014, 115,600 taxpayers remitted \$6.7 million in use tax (see Exhibit 4 below).

Exhibit 3
Earmarking of Income Tax Gross Collections

<u>Tax Years</u>	<u>Average Tax Rate</u>	<u>Earmarking Percentages</u>		<u>Tax Years</u>	<u>Average Tax Rate</u>	<u>Earmarking Percentages</u>	
		<u>SAF</u>	<u>GF/GP</u>			<u>SAF</u>	<u>GF/GP</u>
1995	4.40%	14.00 %	86.00 %	2005 - 2006	3.90%	25.95 %	74.05 %
1996 - 1999	4.40%	23.00	77.00	2007	4.01%	25.24	74.76
2000 - 2001	4.20%	24.10	75.90	2008 - 2011	4.35%	23.26	76.74
2002	4.10%	24.68	75.32	2012	4.33%	23.40	76.60
2003	4.00%	25.30	74.70	2013 - 2016	4.25%	23.81	76.19
2004	3.95%	25.62	74.38				

Exhibit 4
Use Tax Liability Reported on Income Tax Returns

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

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

IV. INCIDENCE OF THE INDIVIDUAL INCOME TAX

For tax year 2014, about 4.6 million MI-1040 returns were filed, 48,100 more than for 2013 (see Exhibit 5 below). An additional 78,600 “credit-only” returns were filed for 2014. 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, 18,700 claimed only a home heating credit, 18,100 claimed only a property tax credit, and 20,900 claimed both refundable credits.

The personal income tax generated \$7.4 billion in net revenue for tax year 2014, which is total revenue after all credits and refunds are paid. Income tax revenues increased \$579.1 million (8.5%) from 2013, reflecting the AGI increase from the prior year.

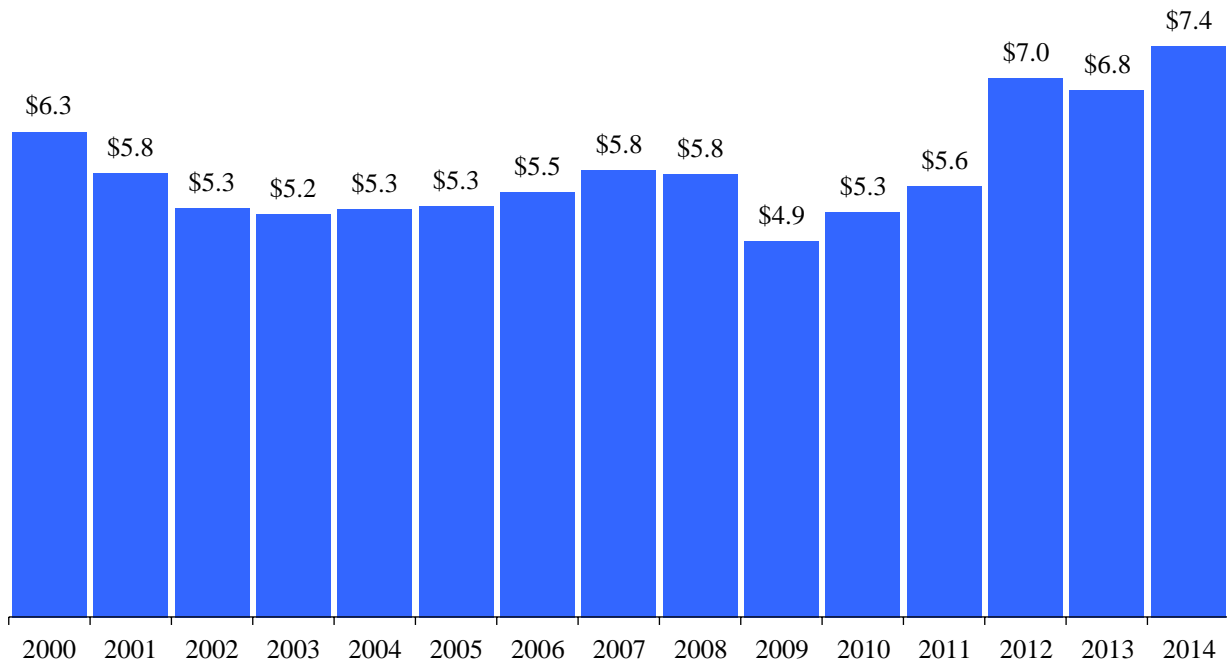
Exhibit 5
Fifteen-Year History of Income Tax Rates and Revenue

<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>
2000	4,511,561	235,714,626,207	52,247	4.20%	2.68%	6,313,315,900
2001	4,456,031	222,960,889,578	50,036	4.20%	2.59%	5,774,007,800
2002	4,405,687	213,455,154,939	48,450	4.10%	2.49%	5,309,790,100
2003	4,369,995	223,070,894,889	51,046	4.00%	2.35%	5,232,779,200
2004	4,390,300	241,419,608,339	54,989	3.95%	2.20%	5,301,966,200
2005	4,424,662	260,604,722,102	58,898	3.90%	2.05%	5,341,831,700
2006	4,487,257	272,454,940,745	60,717	3.90%	2.03%	5,521,426,800
2007	4,560,672	292,321,301,678	64,096	4.01%	1.99%	5,803,415,000
2008	4,481,511	257,476,490,543	57,453	4.35%	2.24%	5,757,103,800
2009	4,395,979	240,741,775,266	54,268	4.35%	2.03%	4,883,682,400
2010	4,459,933	254,568,181,316	57,079	4.35%	2.07%	5,264,953,200
2011	4,491,741	264,777,026,191	58,948	4.35%	2.11%	5,594,565,100
2012	4,514,771	288,509,600,808	63,903	4.33%	2.42%	6,994,868,100
2013	4,560,975	289,850,295,303	63,550	4.25%	2.36%	6,840,270,600
2014	4,609,070	322,151,626,296 ²	69,895	4.25%	2.30%	7,419,330,100

²The AGI above is reduced by returns reporting a negative AGI totaling a negative \$5.5 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 2000.

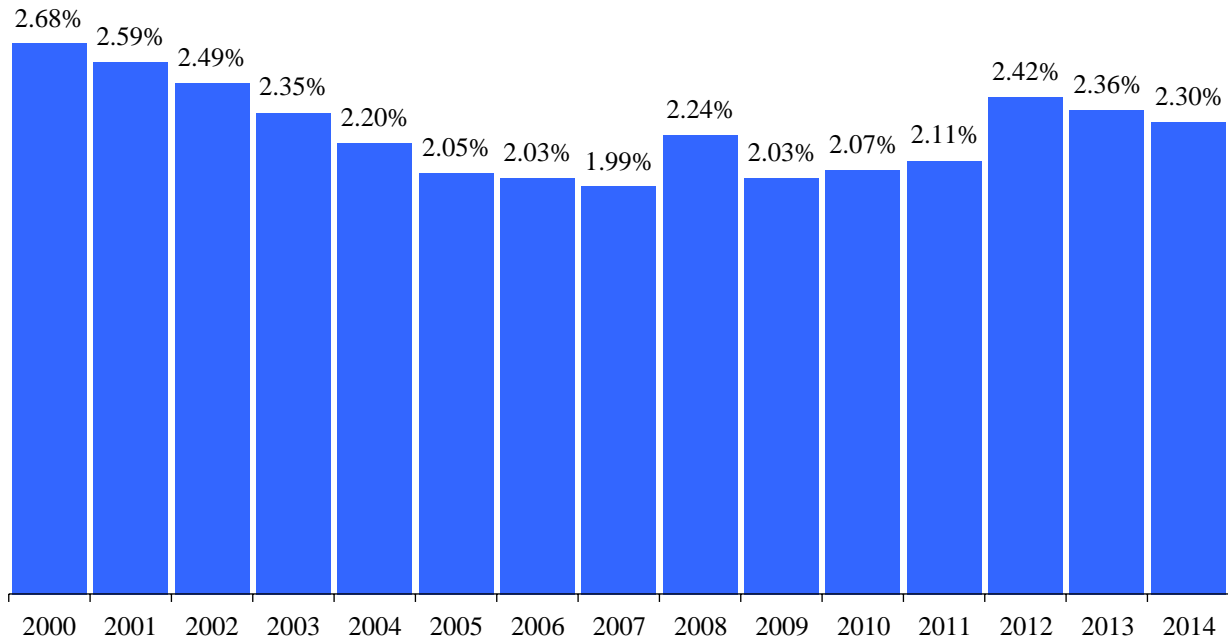
Exhibit 6
Annual Collections from Michigan Individual Income Tax
(billions of dollars)



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 2014 was 2.30 percent, lower than the calculated average of 2.88 percent for the 1997-1999 period, when the tax rate was kept at 4.4 percent. Over the 2000-2014 period, the highest average effective rate was 2.68 percent for 2000, and the lowest average was 1.99 percent for 2007. Except for tax year 2008, which reflects the full year impact of the nominal rate increase from 3.9 percent to 4.35 percent, and tax year 2012, when the treatment of retirement income was changed and several credits and special exemptions were either eliminated or reduced, the overall decrease in the average effective rate over past years resulted from a combination of generalized increase in exemption amounts due to inflation indexing, expansion of refundable credits, and decrease in the nominal tax rate.

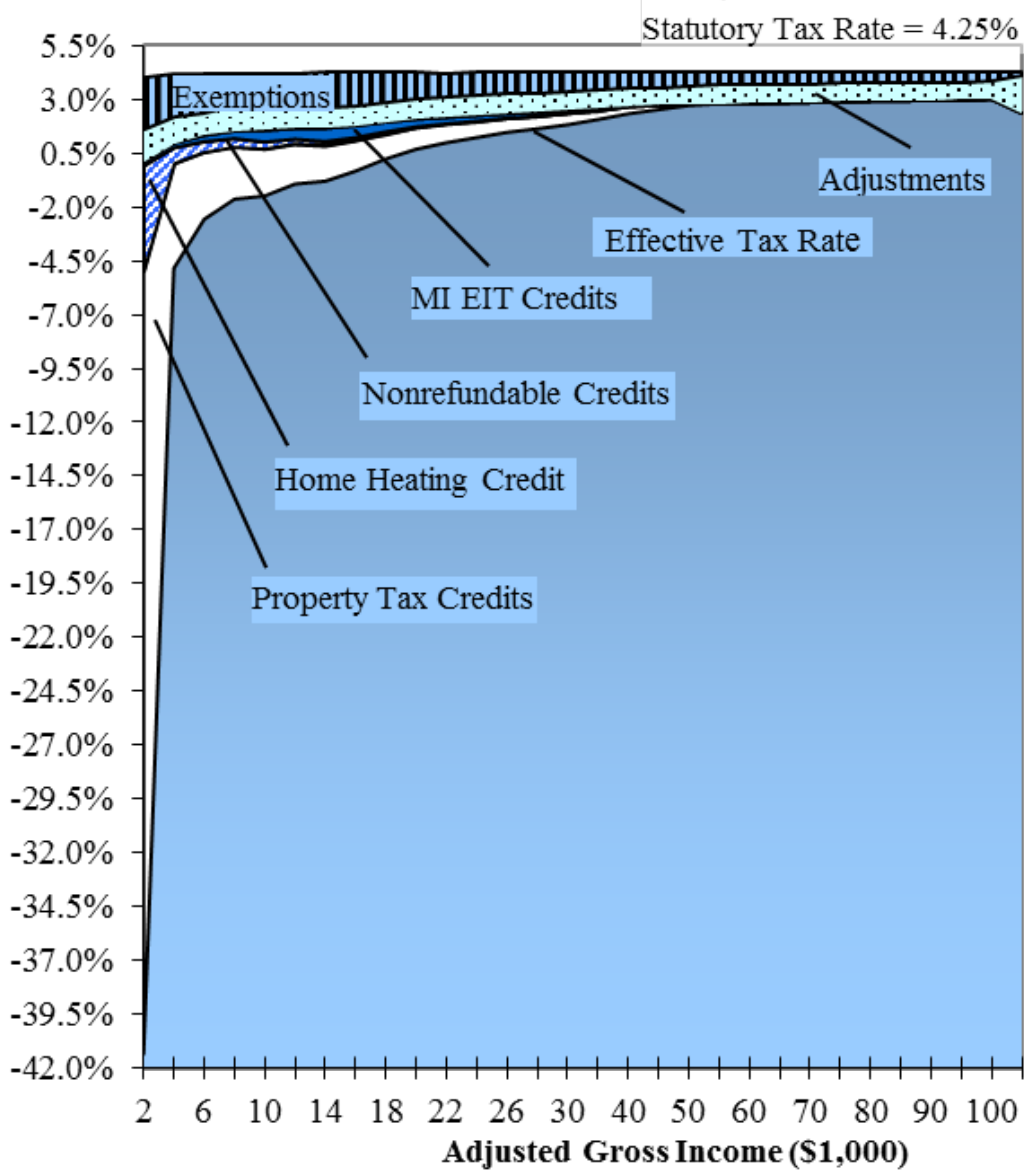
Exhibit 7
Individual Income Tax
Effective Tax Rate



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

As shown in Exhibits 8, 24 and 25 (see pages 12, 38 and 39, respectively), the effective tax rate in 2014 varied from negative 41.34 percent for taxpayers in the \$1 - \$2,000 AGI group, to positive 3.35 percent for taxpayers with an AGI between \$200,001 and \$300,000. Taxpayers with AGIs of less than \$16,000 on average received net payments from the state, mostly due to the refundable credits for property taxes, home heating expenses, and the Michigan EITC. The effective rate for taxpayers with an AGI above \$1,000,000 was 0.91 percent, lower than the peak of 3.35 percent. The reason for this lower rate is because the above \$1,000,000 AGI group includes a large number of nonresidents with relatively low Michigan income compared to their total AGI, affording them large subtractions for income not taxable in Michigan and consequently lower taxable income and effective rate. Resident taxpayers included in that AGI group are also more likely than resident taxpayers in other AGI groups to have part of their income from business activities outside of Michigan, resulting in their Michigan tax base being lower than their AGI. Overall, the effective tax rate was 2.30 percent rather than the nominal rate of 4.25 percent.

Exhibit 8
Effective Income Tax Rates, 2014



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 24 (see page 38). Exhibit 24 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. Federal data for tax year 2014 show that 26.5 percent of Michigan taxpayers itemized deductions on their federal income tax returns³. 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 2014, 79.5 percent of Michigan taxpayers reporting an AGI of \$100,000 or more itemized their deductions, while 9.6 percent of taxpayers with an AGI up to \$50,000 itemized. While providing relief for some taxpayers, federal deductibility reduces the progressivity of the Michigan income tax.

Michigan taxpayers claimed about 8.8 million personal exemptions for 2014. 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 24 (see page 38), there were an estimated 7.3 million effective personal exemptions, i.e., exemptions that actually offset income. The effective exemptions for 2014 were calculated assuming all personal exemptions and special exemptions were equally likely to offset taxable income.

Michigan taxpayers claimed over about 249,600 special exemptions for tax year 2014. Almost all of the special exemptions were claimed by deaf/blind/disabled filers (only 26,500 exemptions for disabled veterans were claimed in the tax year). Exhibits 27 and 28 (see pages 42 through 44) present distributions of all the exemptions claimed for tax year 2014 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 24 (see page 38) by the number of claimed exemptions, and then multiplying that quotient by the number of exemptions/deductions in Exhibit 28 (see page 44). For example, the number of effective deductions for disabled veterans in the \$30,001 to \$35,000 income group would be estimated by dividing 349,625 by 409,873 and then multiplying the result (0.8530) by 1,376. The result is an estimate of 1,174 effective exemptions.

The Michigan income tax is paid almost exclusively by Michigan residents. Non- or part-year residents pay about 4.5 percent of the income tax. Exhibit 9 below summarizes the distribution of Michigan returns and net tax liability by residency. While nonresidents report \$67.2 billion in AGI, they claim subtractions totaling \$66.8 billion, mostly for income not taxable in Michigan. Note that the total tax liability amount in Exhibits 9 and 10 is not reduced by refundable credits claimed by taxpayers not required to file a Michigan income tax return.

³Data on itemized deductions was obtained from the Internal Revenue Service, Statistics of Income Division, Individual Master File System, August 2016.

Exhibit 9
2014 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	4,379,568	\$248,538,515,880	\$6,859,795,955
Part-year resident	103,918	6,389,577,514	103,082,394
Nonresident	125,584	67,223,532,902	221,096,420
Totals	4,609,070	\$322,151,626,296	\$7,183,974,769

Married taxpayers filing jointly reported 69.3 percent of AGI and paid 75.7 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
2014 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	2,756,918	\$91,490,345,413	\$1,632,623,070
Married filing jointly	1,783,610	223,154,135,612	5,436,275,892
Married filing separately	68,533	7,506,940,001	115,069,737
Status not reported	9	205,270	6,070
Totals	4,609,070	\$322,151,626,296	\$7,183,974,769

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 interest on obligations (bonds) issued by other states, and the federal deduction of self-employment tax. Tax base subtractions include

mainly income from U.S. Government bonds, military pay, social security benefits, most pension income, and income attributable to another state.

Exhibit 11
2014 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⁾	66,677	(\$5,450.7)	\$5,091.9	-93.4%	\$745.3	-13.7%
\$ 1 - 50,000	2,820,703	\$57,272.8	\$430.7	0.8%	\$12,142.3	21.2%
50,001 - 100,000	1,021,890	\$73,284.2	\$330.6	0.5%	\$14,683.1	20.0%
100,001 - 150,000	396,116	\$47,699.7	\$243.9	0.5%	\$6,931.9	14.5%
150,001 - 200,000	138,689	\$23,708.5	\$153.2	0.6%	\$4,795.7	20.2%
200,001 - 300,000	86,409	\$20,637.0	\$210.7	1.0%	\$3,500.0	17.0%
300,001 - 400,000	28,159	\$9,657.1	\$125.4	1.3%	\$1,857.6	19.2%
400,001 - 500,000	14,072	\$6,265.2	\$106.9	1.7%	\$1,383.3	22.1%
500,001 - 750,000	15,688	\$9,445.6	\$164.9	1.7%	\$2,519.4	26.7%
750,001 - 1,000,000	6,239	\$5,357.8	\$98.0	1.8%	\$1,774.1	33.1%
Over \$1,000,000	14,428	\$74,274.4	\$880.0	1.2%	\$59,108.4	79.6%
Total	4,609,070	\$322,151.6	\$7,836.2	2.4%	\$109,441.1	34.0%

Notes:

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

In 2014, total additions represented about 2.4 percent of total AGI, varying from 0.5 percent for taxpayers with AGI between \$50,001 and \$150,000 to 1.8 percent for those in the \$750,001 and \$1 million AGI group (see Exhibit 11). Total subtractions represented about 34.0 percent of total AGI, and varied from 14.5 percent for taxpayers with AGI between \$100,001 and \$150,000 to 79.6 percent for those with AGI over \$1 million.

Exhibit 12 depicts the components of total additions. For tax year 2014, the largest components of total additions was the add back of losses attributable to other states (38.1 percent of total additions), and the federal NOL category (21.7 percent of total additions, see Exhibit 12).

Exhibit 12
2014 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 Taxes</u>	<u>Gains from MI 1040D & MI 4797</u>	<u>Losses Attributable to Other States</u>	<u>Net Loss Fed Column MI 1040D or MI 4797</u>	<u>Oil, Gas & Other Mineral Expenses</u>	<u>Federal NOL</u>	<u>Other</u> ⁽¹⁾
Less than \$1 ⁽²⁾	\$5,091.9	\$7.4	\$4.1	\$12.6	\$2,667.6	\$17.5	\$0.8	\$1,558.2	\$823.8
\$ 1 - 50,000	\$430.7	\$40.1	\$207.9	\$18.6	\$34.2	\$13.5	\$4.2	\$82.7	\$29.6
50,001 - 100,000	\$330.6	\$64.9	\$128.9	\$33.2	\$40.1	\$10.4	\$5.3	\$18.3	\$29.5
100,001 - 150,000	\$243.9	\$55.8	\$78.9	\$33.1	\$29.0	\$6.9	\$5.1	\$8.6	\$26.4
150,001 - 200,000	\$153.2	\$36.3	\$45.3	\$29.0	\$17.5	\$3.0	\$1.8	\$4.5	\$15.7
200,001 - 300,000	\$210.7	\$53.5	\$47.0	\$40.1	\$27.2	\$3.5	\$4.4	\$5.3	\$29.6
300,001 - 400,000	\$125.4	\$29.0	\$22.7	\$30.7	\$18.6	\$1.8	\$4.1	\$3.3	\$15.2
400,001 - 500,000	\$106.9	\$21.4	\$14.1	\$29.0	\$18.4	\$2.0	\$5.7	\$4.3	\$12.0
500,001 - 750,000	\$164.9	\$36.0	\$17.4	\$53.0	\$24.4	\$2.3	\$8.0	\$2.5	\$21.3
750,001 - 1,000,000	\$98.0	\$17.4	\$8.5	\$35.4	\$18.9	\$0.9	\$2.2	\$2.5	\$12.3
Over \$1,000,000	\$880.0	\$116.7	\$17.5	\$450.2	\$91.7	\$6.7	\$51.5	\$10.9	\$135.0
Total	\$7,836.2	\$478.3	\$592.3	\$764.9	\$2,987.6	\$68.5	\$93.1	\$1,701.0	\$1,150.4
% of Total Additions	100.0%	6.1%	7.6%	9.8%	38.1%	0.9%	1.2%	21.7%	14.7%

Notes:

1. In 2014, others included Michigan Education Savings Program (MESP) account not qualified money withdrawn that were not included in AGI, and refund received from a Michigan Education Trust (MET) contract.
2. The less than \$1 category includes tax returns reporting a negative AGI.

The largest components of total subtractions in tax year 2014 were income attributable to other states (65.9 percent of total subtractions), and Social Security and active military benefits subtractions (15.6 percent of total subtractions, see Exhibit 13). The average AGI reduction for taxpayers with AGI up to \$100,000 was 22.1 percent, and 41.5 percent for taxpayers with AGI above \$100,000. (see Exhibit 13).

Beginning in 2012, pension and retirement benefits⁴ are taxed differently depending on the age of the benefit recipient and the age of the oldest filer on a joint return. For TY 2014, all taxable pension or retirement benefit income was exempted up to \$49,027 (single)/\$98,054 (joint) per return for filers with birth date prior to 1946, and up to \$20,000 (single)/\$40,000 (joint) per return for filers born on 1946 through 1952. Filers born after 1952 are not entitled to a pension subtraction.

⁴ Benefits include income distributions from all private sources, and from qualifying public sources (the State of Michigan, Michigan local governmental units, and Federal civil service). Military and Michigan National Guard pensions, Social Security benefits and railroad retirement benefits remain exempt from Michigan income tax for filers of all ages.

Filers born before 1946 may also deduct interest, dividend and capital gains income up to the statutory limits. For 2014 this exclusion was for up to \$10,928 (single)/\$21,857 (joint) per return, and it was reduced by any pension income deducted by the taxpayer.

Exhibit 13
2014 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 Renssnc Zones</u>	<u>State and Local IIT Refunds</u>	<u>MESP Subtraction</u>
Less than \$1 ⁽²⁾	\$745.3	\$1.7	\$1.4	\$29.4	\$93.9	\$1.5	\$0.3	\$3.6	\$0.3
\$ 1 - 50,000	\$12,142.3	\$56.5	\$200.8	\$24.3	\$1,379.6	\$2,004.0	\$8.1	\$57.0	\$5.8
50,001 - 100,000	\$14,683.1	\$69.9	\$236.9	\$47.9	\$2,139.8	\$4,573.0	\$8.3	\$110.2	\$27.2
100,001 - 150,000	\$6,931.9	\$34.6	\$106.1	\$41.6	\$1,599.7	\$1,817.0	\$3.8	\$83.8	\$41.1
150,001 - 200,000	\$4,795.7	\$25.9	\$58.4	\$55.7	\$1,795.8	\$910.1	\$2.1	\$66.3	\$52.7
200,001 - 300,000	\$3,500.0	\$15.5	\$24.2	\$72.4	\$1,974.9	\$410.9	\$3.0	\$39.2	\$43.9
300,001 - 400,000	\$1,857.6	\$5.9	\$5.4	\$56.0	\$1,332.6	\$127.2	\$2.6	\$13.5	\$18.7
400,001 - 500,000	\$1,383.3	\$3.2	\$1.1	\$52.3	\$1,088.8	\$58.4	\$2.5	\$8.7	\$10.2
500,001 - 750,000	\$2,519.4	\$4.9	\$1.6	\$94.6	\$2,124.0	\$60.3	\$6.9	\$16.3	\$11.5
750,001 - 1,000,000	\$1,774.1	\$1.9	\$0.4	\$64.4	\$1,562.1	\$21.8	\$2.4	\$11.7	\$4.3
Over \$1,000,000	\$59,108.4	\$5.7	\$0.6	\$697.6	\$57,034.4	\$37.1	\$2.2	\$59.9	\$4.4
Total	\$109,441.1	\$225.5	\$637.0	\$1,236.3	\$72,125.7	\$10,021.2	\$42.2	\$470.2	\$220.2
% of Total Subtractions	100.0%	0.2%	0.6%	1.1%	65.9%	9.2%	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	\$1.8	\$395.1	\$0.3	\$83.4	\$68.1	\$17.2	\$47.2
\$ 1 - 50,000	\$2.1	\$14.1	\$32.9	\$83.0	\$1,786.4	\$6,004.6	\$372.8	\$110.3
50,001 - 100,000	\$5.4	\$17.7	\$10.4	\$110.3	\$1,091.6	\$5,881.9	\$141.7	\$210.9
100,001 - 150,000	\$7.2	\$12.7	\$4.9	\$31.1	\$428.8	\$2,561.6	\$55.7	\$102.1
150,001 - 200,000	\$10.3	\$9.2	\$2.5	\$15.5	\$225.9	\$1,448.9	\$38.4	\$77.8
200,001 - 300,000	\$7.9	\$13.0	\$3.0	\$5.2	\$102.3	\$681.1	\$27.2	\$76.6
300,001 - 400,000	\$3.7	\$11.1	\$0.7	\$2.4	\$34.6	\$196.5	\$12.1	\$34.7
400,001 - 500,000	\$1.6	\$10.3	\$0.2	\$0.0	\$17.4	\$91.2	\$6.6	\$30.6
500,001 - 750,000	\$1.7	\$19.3	\$2.1	\$0.6	\$20.4	\$80.1	\$8.5	\$66.5
750,001 - 1,000,000	\$0.6	\$8.5	\$1.4	\$0.0	\$8.6	\$29.6	\$3.8	\$52.7
Over \$1,000,000	\$1.3	\$85.9	\$9.9	\$0.0	\$19.8	\$37.0	\$9.7	\$1,102.9
Total	\$41.8	\$203.6	\$463.0	\$248.4	\$3,819.2	\$17,080.7	\$693.7	\$1,912.3
% of Total Subtractions	0.0%	0.2%	0.4%	0.2%	3.5%	15.6%	0.6%	1.7%

Notes:

- In 2014, miscellaneous subtractions included: benefits from a discriminatory self-insured medical expense reimbursement plan; qualified losses from disposal of property; 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 2013 to 2014 prepared by the U.S. Bureau of Economic Analysis. Personal income increased 4.1 percent overall in 2014, with strong growth in adjustment for adjustment for residence (9.4 percent), and adjustment for personal contributions for social insurance (5.3 percent).

Exhibit 14
Growth in Michigan Income from 2013 to 2014
(thousands)

		<u>2013</u>	<u>2014</u>	<u>Percentage</u> <u>Change</u>
Labor Earnings				
Wage and salary disbursements		\$194,964,782	\$204,476,033	4.9%
Other labor income		31,756,946	32,528,492	2.4%
Proprietors' income		<u>27,670,298</u>	<u>28,330,220</u>	2.4%
Total labor earnings	(A)	\$254,392,026	\$265,334,745	4.3%
Adjustments				
Personal contributions for social insurance		-\$16,942,358	-\$17,838,838	5.3%
Adjustment for residence		<u>1,907,992</u>	<u>2,086,503</u>	9.4%
Total adjustments	(B)	-\$15,034,366	-\$15,752,335	4.8%
Net Michigan labor earnings	(C)=(A)-(B)	\$239,357,660	\$249,582,410	4.3%
Dividends, interest, and rent	(D)	\$64,901,684	\$67,244,642	3.6%
Transfer payments	(E)	<u>83,718,950</u>	<u>86,899,317</u>	3.8%
Michigan Personal Income	(C)+(D)+(E)	\$387,978,294	\$403,726,369	4.1%

Source: Bureau of Economic Analysis, U.S. Department of Commerce, March 24, 2016 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 drop in tax revenue in 2000 reflected not only the change in AGI, but also the decrease in the tax rate and the increase in the exemption amount, which cannot be accounted for using this simple method. Using 2000 and 2001 data, the simple method yields an income elasticity estimate of 1.58, suggesting that a 10 percent increase in income will increase tax revenues by, on average, 15.8 percent. Here, the strong responsiveness of tax revenues to income suggested by the elasticity estimate results from the fact that the simple calculation method does not properly account for the large drop in capital gains, which was concentrated among taxpayers with high marginal rates.

Regression analysis provides a more thorough method of estimating the income elasticity of net income tax revenues. It allows the investigator to isolate the effect of changes in income on tax revenues by controlling for other variables that influence tax collections, such as changes in the personal exemption or tax rate. Regression analysis of Michigan income tax collections from the first quarter of 1978 through the fourth quarter of 2015 results in an estimated elasticity of 0.946, suggesting that a 10 percent increase in income will increase tax revenue by, on average, 9.46 percent. This estimate is based on net quarterly income tax collections and quarterly personal income as reported by the Bureau of Economic Analysis (BEA), the latter increased by annual capital gains realizations estimates from the Congressional Budget Office (CBO).⁵

⁵ The Michigan income tax is based on federal AGI. However, quarterly AGI data are not available. Therefore, quarterly personal income is used as proxy for AGI. BEA's personal income figure does not include capital gains. This omission understates the absolute value of the income growth rate. Capital gains tend to be more volatile than other income sources (e.g., wages, interest, and pensions) so their exclusion will make the growth of the personal income variable lower than the growth in AGI in good times and higher in bad times. In order to remedy this situation, the CBO's estimate of capital gains realizations was added to the personal income data.

V. INCOME TAX CREDITS

For tax year 2014, Michigan's personal income tax offered 6 different credits to taxpayers: four refundable credits (homestead property tax, farmland preservation property tax, home heating, and the Michigan earned income tax (EITC)), and two nonrefundable credits (other state income tax, and the Michigan historic preservation tax credits). The credits convert the flat rate Michigan income tax into a more progressive tax structure.

REFUNDABLE CREDITS

Homestead Property Tax Credit

Michigan's property tax credit is designed to provide property tax relief through the income tax. When property taxes exceed specific income thresholds, the credit provides relief to taxpayers. PA 38 of 2011 provided numerous changes to the homestead property tax credit, effective tax year 2012. Those changes included reductions on the income limit for credit eligibility, on the percentage of property taxes paid by seniors that are refunded by the credit, replacement of household income by household resources⁶, and a new limit of the homestead taxable value to determine credit eligibility (cannot be higher than \$135,000). For information on all changes to the homestead property tax credit resulting from PA 38 of 2011, see page 91.

For tax year 2014, 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:

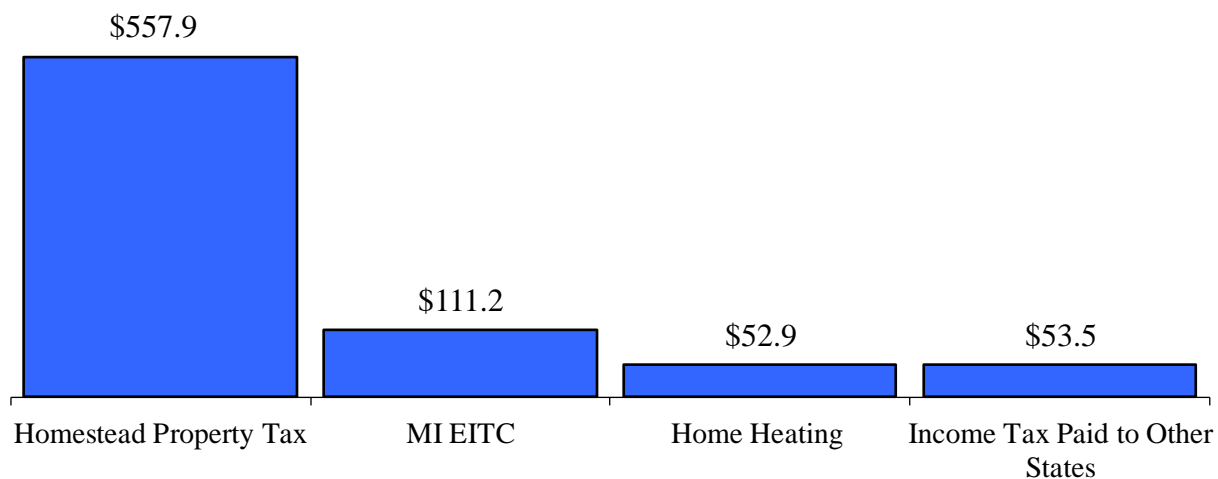
<u>Household Resources</u>	<u>Percent Not Refundable</u>
\$ 0 - \$3,000	0.0%
\$3,001 - \$4,000	1.0%
\$4,001 - \$5,000	2.0%
\$5,001 - \$6,000	3.0%
Over \$6,000	3.5%

⁶ Household resources exclude net losses from business (including farm), rental and royalties, and also excludes net operating losses. For more information on total household resources, visit <http://www.michigan.gov/taxes/0,1607,7-238-43513-235899--,00.html>

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

About 1.0 million Michigan taxpayers received \$517.0 million of homestead property tax credits and \$40.8 million in farmland preservation property tax credits for tax year 2014. The \$557.9 million in total 2014 homestead property tax credits represented a decrease of \$6.6 million (-1.2 percent) from the prior year, and 39,100 fewer taxpayers received assistance. Senior citizens received \$189.3 million of the credits, a \$2.7 million increase from 2013. Exhibit 15 compares the amount of property tax credits paid to taxpayers compared to other credits.

Exhibit 15
2014 Individual Income Tax Credits
(millions of dollars)



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

The average 2014 homestead property tax credit was \$497.52 (excluding the farmland credit), a \$11.19 increase from the tax year 2013 average. Senior citizens' credits averaged \$598.62, a \$9.65 increase from 2013 (see Exhibit 29 on page 45). Exhibit 16, on page 22, provides a summary of the number of credits received by taxpayers, according to AGI levels.

Exhibits 16 and 26 (on pages 22 and 40) 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 3.4 percent of total AGI, taxpayers with incomes between \$10,001 and \$20,000 received 28.5 percent of the total homestead credits. On the other hand, taxpayers with AGIs over \$50,000 accounted for 83.9 percent of total 2014

Michigan AGI, but received only 0.2 percent of total homestead credits. Exhibits 30 through 33 (see pages 46 through 49) provide the distribution of property tax credits by income group.

Exhibit 16
2014 Homestead Property Tax Credits
(Excludes Farmland Credit)

<u>AGI Range</u>	<u>Number of Credits Allowed</u>	<u>Dollar Amount of Credit</u>	<u>Average Credit</u>
Under \$10,000	328,353	\$208,615,534	\$635.34
\$10,001 - \$20,000	291,589	147,268,507	505.06
\$20,001 - \$50,000	414,755	160,087,840	385.98
Over \$50,000	4,494	1,048,331	233.27
Total	1,039,191	\$517,020,212	\$497.52

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 7,200 farms in 2014, providing credits of \$40.8 million for an average credit of \$5,703.51. Including the farmland preservation credit, the average property tax credit was \$533.14 in tax year 2014. For 2,900 farmers claiming both a farmland credit and homestead property tax credit, the combined credits averaged about 90.2 percent of total property taxes paid. Those taxpayers paid \$15.5 million in property taxes, receiving \$11.2 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 2014, 9,400 senior citizens claimed an additional \$2.4 million using this alternate homestead property tax credit calculation, representing a decrease of about \$18,200 from 2013 with about 100 more people receiving the additional credit. The amount of this credit is included in the senior citizens' homestead property tax credit statistics, but shown separately in Exhibit 29 (see page 45).

Qualified blind or veteran filers are also eligible for special alternate homestead property tax credit calculation, and may claim the largest of the standard or alternate credits. For these qualified filers, the alternate credit equals the property tax amount paid times the ratio of the specific statutorily allowable taxable value with respect to the filer's homestead taxable value. Statistics for these alternate credits amount are shown separately in Exhibit 29 (see page 45).

Home Heating Credit

The home heating credit program, designed to help low-income taxpayers with the cost of heating their homes, is financed almost exclusively with federal funds. The credit is based both on the number of exemptions for which the household is eligible and on the household income level, which is measured by the household resources calculation effective tax year 2012. In tax year 2014, individuals who are disabled, deaf, blind, or qualified disabled veteran were entitled to extra exemptions.

Home heating credits for tax year 2014 totaled \$52.9 million, with 379,900 households qualifying. This represented a \$4.5 million increase from the previous year regular credit amount, with 23,700 more households receiving assistance. Prior to 1991, recipients of Aid to Families with Dependent Children or General Assistance were not eligible for this credit, but were provided comparable benefits from other state and local programs. Senior citizens received \$4.7 million of the total home heating credits claimed for tax year 2014 (see Exhibit 17). Exhibit 34 (see page 50) provides information on the distribution of the home heating credit by household resources.

Exhibit 17 2014 Home Heating Credits

	Number of Credits <u>Allowed</u>	Dollar Amount of Credit	Average Credit
Senior Citizens	38,307	\$4,746,535	\$123.91
General	292,909	41,124,953	140.40
Disabled	48,304	7,020,387	145.34
Veteran	360	54,999	152.78
Total	379,880	\$52,946,874	\$139.38

About 47,800 taxpayers used the alternative calculation based on energy consumption claiming credits worth \$15.2 million. The average credit under the standard calculation was \$108.36 compared to \$319.00 under the alternative calculation.

Michigan Earned Income Tax Credit

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

About 775,500 taxpayers claimed \$111.2 million in Michigan EITC in 2014, resulting in an average credit of \$143.43 per taxpayer. Exhibit 18 provides information on the distribution of credit recipients by AGI⁷.

Exhibit 18
2014 Michigan Earned Income Tax Credits

<u>AGI Range</u>	<u>Number of Credits Allowed</u>	<u>Dollar Amount of Credit</u>	<u>Average Credit</u>
Under \$10,000	216,572	\$15,699,473	\$72.49
\$10,001 - \$15,000	176,257	28,239,936	\$160.22
\$15,001 - \$20,000	101,156	24,860,945	\$245.77
\$20,001 - \$25,000	74,568	17,009,227	\$228.10
\$25,001 - \$30,000	66,387	11,908,713	\$179.38
\$30,001 - \$40,000	99,301	11,190,447	\$112.69
Over \$40,000	41,250	2,317,873	\$56.19
Total	775,491	\$111,226,614	\$143.43

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 2014, 400 taxpayers claimed a total of \$397,200 in historic preservation credits (see Exhibit 29 on page 45). Starting in tax year 2012, this credit is no longer available for historic rehabilitation plans certified after December 31, 2011 (PA 38 of 2011).

⁷ For additional information on the characteristics of claimants of the Michigan EITC, see Office of Revenue and Tax Analysis, *Earned Income Tax Credit, Tax Year 2014*, February 2016 (http://www.michigan.gov/documents/treasury/2014EITCReport_512885_7.pdf)

Credit for Income Paid to Another State

For tax year 2014, 52,200 Michigan residents received a total of \$53.5 million in credits for income tax paid to another state on income also subject to tax in Michigan, resulting in an average credit of \$1,025.90. This credit was designed so that taxpayers were not taxed twice (in two states) for the same income (see Exhibit 29 on page 45).

VI. DESIGNATED CONTRIBUTIONS

For tax year 2014, Michigan taxpayers could make ten (10) separate designations on their tax returns: the State Campaign Fund, the Children's Trust Fund, the Military Family Relief Fund, the Children of Veterans Tuition Grant Program, the Animal Welfare Fund, the United Way Fund, the Special Olympics Michigan Fund, the ALS of Michigan ("Lou Gehrig's Disease") Fund, the Alzheimer's Association of Michigan Fund, and the AMBER Alert Fund of Michigan. Unlike contributions to the State Campaign Fund that result in a designated portion of the taxpayers' tax liability to be deposited in the campaign fund, contributions to all other funds either reduce taxpayers' refund or increase their tax liability.

Starting in tax year 2010, excluding the State Campaign Fund, contribution amounts to any designated fund were subject to a \$5 minimum, \$10, or more, and designations that failed to raise \$100,000 in any tax year for two consecutive tax years would cease to be included on the Michigan income tax form. PA 151 of 2012 reduced the minimum threshold from \$100,000 to \$50,000, and limited the number of contribution designations available per tax year to ten (10). In tax year 2014, one of the voluntary contribution did not raise the \$50,000 minimum (see Exhibits 19 and 20).

State Campaign Fund

For the 2014 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 2014, 239,600 taxpayers contributed \$0.7 million to the State Campaign Fund (see Exhibit 19). On average, there was one designation for every 19 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 Fund⁸ 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 2014, 7,100 taxpayers contributed a total of \$75,900 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

⁸ Prior to tax year 2000, taxpayers could donate a portion of their income tax refund or increase their liability to support the Non-Game Wildlife Fund. The Michigan Non-Game Wildlife Fund was created by PA 189 of 1983. Contributions were used for research and management of non-game fish and wildlife.

to active duty by the federal government. About \$106,200 was contributed by 8,100 taxpayers for 2014 to the Military Family Relief Fund (see Exhibit 19).

Exhibit 19
Returns Designating Contributions 1990 – 2014

Tax Year	Number of 1040's Filed	State Campaign Fund		Children's Trust Fund		Military Family Relief Fund		Children of Veterans Tuition Grant Program	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount
1990	4,022,300	741,900	\$1,483,800	138,294	\$959,428	--	--	--	--
1991	4,011,600	653,000	1,306,000	119,468	858,263	--	--	--	--
1992	3,984,600	593,000	1,186,000	86,430	923,018	--	--	--	--
1993	4,034,000	491,333	1,474,000	72,458	807,617	--	--	--	--
1994	4,123,200	473,600	1,420,800	63,375	697,414	--	--	--	--
1995	4,214,300	437,200	1,311,600	62,971	779,471	--	--	--	--
1996	4,260,200	459,400	1,378,200	57,251	650,323	--	--	--	--
1997	4,308,575	469,000	1,407,000	54,639	629,652	--	--	--	--
1998	4,350,006	429,632	1,288,896	70,496	859,000	--	--	--	--
1999	4,414,720	393,111	1,179,333	78,242	938,300	--	--	--	--
2000	4,511,561	496,840	1,490,520	--	--	--	--	--	--
2001	4,456,031	534,955	1,604,865	--	--	--	--	--	--
2002	4,405,687	506,120	1,518,360	--	--	--	--	--	--
2003	4,369,995	492,625	1,477,875	--	--	--	--	--	--
2004	4,390,300	467,503	1,402,509	--	--	53,541	\$1,233,661	--	--
2005	4,424,662	425,526	1,276,578	28,613	\$390,695	34,484	549,167	--	--
2006	4,487,257	406,646	1,219,938	28,587	325,337	36,603	553,021	22,970	\$212,110
2007	4,560,672	399,482	1,198,446	35,043	333,912	46,849	473,501	34,226	252,582
2008	4,481,511	366,911	1,100,733	35,448	318,945	46,019	415,611	34,524	242,270
2009	4,395,979	347,147	1,041,441	17,021	183,319	22,162	264,733	14,965	124,312
2010	4,459,933	339,663	1,018,989	6,817	82,233	6,919	115,167	5,406	66,339
2011	4,491,741	294,728	884,184	10,384	113,455	11,627	170,338	7,367	90,436
2012	4,514,771	265,901	797,703	8,594	88,736	10,125	140,093	6,242	68,911
2013	4,560,975	254,101	762,303	7,067	77,677	8,862	127,239	5,122	63,137
2014	4,609,070	239,597	718,791	7,107	75,926	8,134	106,203	5,108	57,524

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.

Children of Veterans Tuition Grant Program

Starting tax year 2007, taxpayers may designate moneys to fund the Children of Veterans Tuition Grant Program. The Program provides undergraduate tuition assistance to eligible Michigan veteran children older than 16 and less than 26 years of age who have been a Michigan resident for

the 12 months prior to grant application. About \$57,500 was contributed by 5,100 taxpayers to fund this program for tax year 2014 (see Exhibit 19).

Other Funds

Of the remaining funds available for taxpayer voluntary contributions on tax year 2013, the Animal Welfare Fund and the United Way Fund have been available for the longest time (since 2008 and 2009, respectively), followed by the Girls Scout Fund (effective in 2011), the Special Olympics of Michigan Fund (effective in 2012), while the remaining Funds became available in 2013. A number of other funds were available in past years, but failed to raise the minimum threshold to remain included on the Michigan income tax form (see Exhibit 20).

Exhibit 20 Returns Designating Additional Contributions 2008 – 2014

<u>Current Contributions:</u>	<u>TY 2008</u>		<u>TY 2009</u>		<u>TY 2010</u>		<u>TY 2011</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>
Animal Welfare Fund	15,429	\$142,358	7,982	\$103,162	10,855	\$148,766	13,080	\$159,168
United Way Fund	--	--	5,934	\$256,740	7,824	\$407,369	7,101	\$246,514
Girl Scouts Fund	--	--	--	--	--	--	4,517	\$62,983
<u>Discontinued Contributions:</u>								
Amanda's Fund for Breast Cancer Prevention and Treatment	9,626	\$76,783	3,803	\$39,916	--	--	--	--
Michigan Housing and Community Development Fund	4,352	\$35,474	1,637	\$18,718	--	--	--	--
Prostate Cancer Research Fund	7,171	\$55,646	2,959	\$30,752	--	--	--	--
MI Law Enforcement Officers Memorial Monument Fund	7,517	\$62,655	2,500	\$27,477	--	--	--	--
Children's Hospital of MI Fund	--	--	5,833	\$63,940	7,403	\$87,537	--	--
Children's Miracle Network Fund	--	--	3,533	\$36,963	4,719	\$57,989	--	--
Foster Care Trust Fund	--	--	2,491	\$25,444	3,432	\$37,077	--	--
MI Council For the Arts Fund	--	--	2,692	\$29,280	3,348	\$34,443	--	--
Renewable Fuels Fund	--	--	2,225	\$18,828	2,598	\$24,798	--	--
<u>Current Contributions:</u>	<u>TY 2012</u>		<u>TY 2013</u>		<u>TY 2014</u>			
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>		
Animal Welfare Fund	11,687	\$135,862	9,690	\$115,215	9,117	\$102,942		
United Way Fund	5,426	\$185,530	4,679	\$151,346	4,188	\$103,567		
Girl Scouts Fund	3,522	\$43,623	2,834	\$35,619	--	--		
Special Olympics Michigan	6,698	\$83,797	5,470	\$78,719	5,115	\$58,958		
ALS of Michigan Fund	--	--	3,343	\$41,504	4,283	\$54,436		
Alzheimer's Association of Michigan	--	--	6,161	\$75,982	6,212	\$72,688		
AMBER Alert Fund of Michigan	--	--	4,325	\$35,121	3,804	\$31,204		

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

VII. INTERSTATE COMPARISONS

In 2014, Michigan along with seven other states (Colorado, Illinois, Indiana, Massachusetts, Pennsylvania, North Carolina 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 33 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 21 (see page 30). Exhibits 22 and 23 (see page 31) compare Michigan's income tax to that of other states in the Great Lakes region.

Michigan ranked eleventh lowest in income taxes per person among the 41 states with a general income tax in fiscal year 2014, and New York ranked highest. For fiscal year 2014, the average collections of \$794 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 39 on page 57). National average income tax collections per person were \$975, and for the 41 states with an income tax, average income tax collections per person were \$1,235.

For fiscal year 2014, Michigan ranked twelfth lowest in state income taxes as a percent of personal income among the 41 states with a general income tax, with Oregon ranking highest. Michigan's income tax as a percent of personal income was 1.97 percent, 0.2 percentage point below the U.S. average, and 0.76 percentage point below the average of the 41 states with a general income tax. This represents a decrease from the results in 2013, when Michigan's income tax as a percent of personal income was 2.83 percent. The above calculations use estimates of quarterly state personal income, released by the U.S. Bureau of Economic Analysis on June 2016, 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.

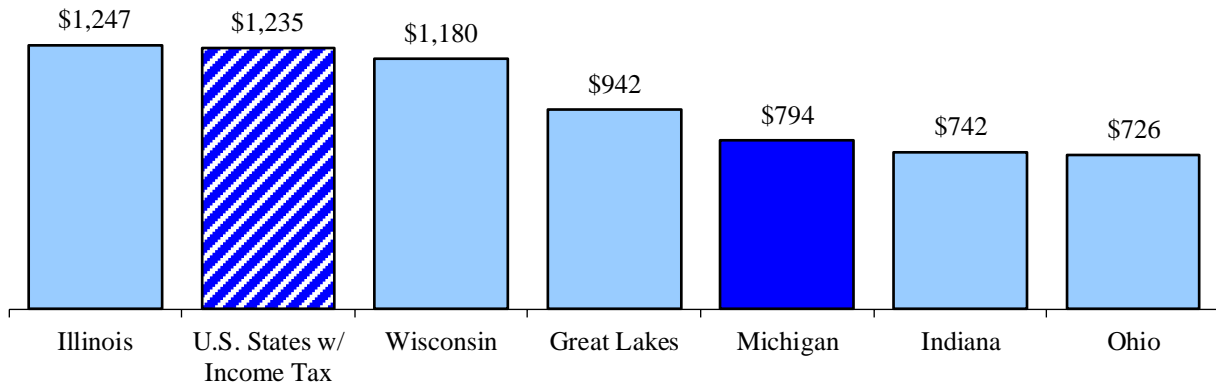
The income tax burden in Michigan has been declining relative to that in other states over the FY 1994-2014 period. In fiscal year 1994, Michigan ranked 11th highest in per capita income taxes and 14th highest in income taxes as a percent of personal income. For fiscal year 2014, Michigan ranked 31st and 30th highest in each category, respectively.

Exhibit 21
State Individual Income Taxes for FY 2014
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	\$662	37	1.79%	35
Alaska	No Tax	N/A	No Tax	N/A
Arizona	515	41	1.39%	40
Arkansas	877	26	2.37%	20
California	1,753	4	3.59%	4
Colorado	1,057	17	2.23%	26
Connecticut	2,162	2	3.41%	6
Delaware	1,112	14	2.46%	16
Florida	No Tax	N/A	No Tax	N/A
Georgia	888	24	2.34%	22
Hawaii	1,229	11	2.74%	8
Idaho	818	30	2.28%	25
Illinois	1,247	10	2.65%	14
Indiana	742	33	1.92%	32
Iowa	1,028	21	2.34%	23
Kansas	865	27	1.94%	31
Kentucky	850	28	2.33%	24
Louisiana	592	39	1.44%	39
Maine	1,063	16	2.66%	12
Maryland	1,301	9	2.45%	17
Massachusetts	1,961	3	3.43%	5
Michigan	794	31	1.97%	30
Minnesota	1,746	5	3.64%	3
Mississippi	557	40	1.64%	38
Missouri	884	25	2.17%	28
Montana	1,039	19	2.66%	13
Nebraska	1,128	13	2.43%	18
Nevada	No Tax	N/A	No Tax	N/A
New Hampshire	70	42	0.14%	42
New Jersey	1,340	7	2.38%	19
New Mexico	622	38	1.73%	37
New York	2,176	1	4.03%	2
North Carolina	1,045	18	2.74%	7
North Dakota	674	36	1.24%	41
Ohio	726	34	1.76%	36
Oklahoma	764	32	1.80%	34
Oregon	1,674	6	4.19%	1
Pennsylvania	845	29	1.81%	33
Rhode Island	1,032	20	2.19%	27
South Carolina	709	35	1.98%	29
South Dakota	No Tax	N/A	No Tax	N/A
Tennessee	37	43	0.09%	43
Texas	No Tax	N/A	No Tax	N/A
Utah	981	22	2.67%	11
Vermont	1,077	15	2.37%	21
Virginia	1,306	8	2.65%	15
Washington	No Tax	N/A	No Tax	N/A
West Virginia	958	23	2.69%	10
Wisconsin	1,180	12	2.72%	9
Wyoming	No Tax	N/A	No Tax	N/A
U.S. Average	\$975		2.17%	
U.S. Average for States W/ General Income Tax	\$1,235		2.73%	

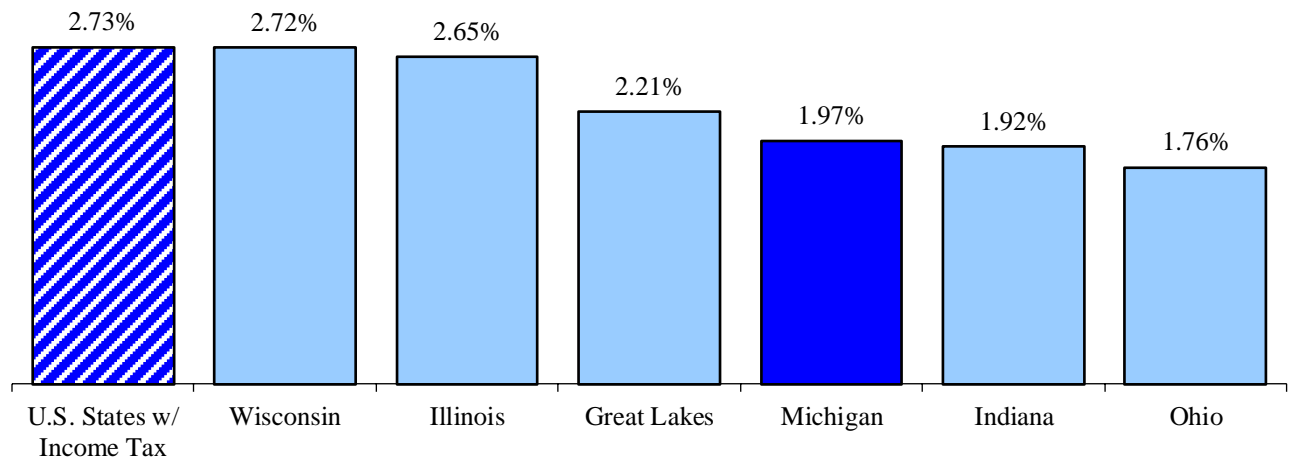
Sources: Census Bureau and Bureau of Economic Analysis, U.S. Department of Commerce.

Exhibit 22
State Income Taxes Per Person
Great Lakes Region – FY 2014



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

Exhibit 23
State Income Taxes
Percentage of Personal Income
Great Lakes Region – FY 2014



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

VIII. GEOGRAPHIC PATTERN OF TAX AND CREDITS

Exhibit 35 (see pages 51 and 52) 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 36 (see pages 53 and 54) 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 36 is provided below.

Exhibits 37 and 38 (see pages 55 and 56) compare the average AGI and property tax credit for each Michigan county.

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

Personal Income Tax Tax Year 2014 County Data Summary

	<u>State Average</u>	<u>Highest County</u>	<u>Lowest County</u>
Average AGI	\$69,895	\$84,011 Oakland	\$34,620 Lake
Average Income Tax Before Credits	\$1,773	\$2,884 Oakland	\$867 Montmorency
Average Income Tax After Credits	\$1,610	\$2,751 Oakland	\$689 Wexford
Income Tax Credits as a Percent of Tax Before Credits	9.2%	31.8% Wexford	4.4% Livingston
Ratio of Property Tax Credits to 1040s Filed	22.7%	32.4% Wayne	10.1% Keweenaw
Average Property Tax Credit	\$533	\$1,790 Huron	\$285 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 2014, the Michigan personal exemption was \$4,000, and Michigan special exemptions were \$2,600.

Summary of Federal Tax Law Changes Passed Before 2016

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 2014, see Appendix A on page 59.

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 and beyond

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.

X. MICHIGAN PUBLIC ACTS – INCOME TAX

For changes prior to 2014, see Appendix A on page 69.

2014

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

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

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

2015

Public Act 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.

Public Act 161 amended the Income tax Act to allow 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.

Public Act 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.

Public Act 179 amended the Income Tax Act to provide for earmarked revenue to the Michigan Transportation Fund (MTF), and revise 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 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.

Public Act 180 amended the Income Tax Act to reduce 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.

XI. EXHIBITS 24 THROUGH 39

Exhibit 24
Effective Rate of the Michigan Individual Income Tax, 2014

<u>Adjusted Gross Income Group</u>	<u>Number of Returns Filed⁽¹⁾</u>	<u>Adjusted Gross Income</u>	<u>Effective Personal Exemptions⁽²⁾</u>	<u>Claimed Exemptions</u>	<u>Subtractions Minus Additions</u>	<u>Total Credits</u>	<u>Effective Tax</u>	<u>Effective Tax as a % of Income</u>
Less than \$1 ⁽³⁾	145,316	(\$5,450,680,707)		95,468	(\$4,346,596,417)	\$66,062,784	(\$59,005,139)	
\$ 1 - 2,000	176,174	143,097,574	17,536	149,913	51,226,636	59,628,064	(59,158,941)	-41.34%
2,001 - 4,000	157,351	472,642,429	45,048	111,248	132,176,817	27,785,428	(22,919,408)	-4.85%
4,001 - 6,000	154,646	773,263,539	72,232	135,495	189,431,584	30,508,045	(19,922,047)	-2.58%
6,001 - 8,000	152,945	1,070,543,806	89,999	158,584	280,871,457	34,266,559	(17,562,551)	-1.64%
8,001 - 10,000	164,500	1,489,180,833	143,554	208,377	324,918,351	45,946,876	(22,222,720)	-1.49%
10,001 - 12,000	157,628	1,731,539,821	152,153	217,431	415,319,983	45,328,878	(16,238,034)	-0.94%
12,001 - 14,000	160,267	2,088,103,240	195,525	260,675	462,434,002	51,971,371	(16,857,961)	-0.81%
14,001 - 16,000	152,514	2,284,362,066	200,120	259,328	505,911,210	48,704,804	(7,673,522)	-0.34%
16,001 - 18,000	136,529	2,318,890,872	184,348	232,871	497,975,227	40,331,954	5,358,988	0.23%
18,001 - 20,000	125,191	2,377,709,010	168,618	213,110	521,318,311	33,856,967	16,139,127	0.68%
20,001 - 22,000	118,906	2,496,203,028	163,179	204,302	558,014,081	29,987,726	24,490,544	0.98%
22,001 - 24,000	113,139	2,601,179,783	160,595	198,672	569,539,165	27,168,448	31,758,574	1.22%
24,001 - 26,000	107,414	2,685,055,464	157,061	190,755	562,978,957	24,179,103	39,226,084	1.46%
26,001 - 28,000	101,569	2,741,713,471	152,148	183,199	572,397,881	21,603,139	44,667,632	1.63%
28,001 - 30,000	98,290	2,849,748,473	150,525	179,052	565,761,133	19,662,475	51,771,800	1.82%
30,001 - 35,000	220,942	7,168,020,528	349,625	409,873	1,386,700,042	38,751,369	147,444,447	2.06%
35,001 - 40,000	196,396	7,354,583,299	322,733	371,017	1,358,015,742	29,014,028	170,928,486	2.32%
40,001 - 45,000	171,950	7,300,335,817	292,834	334,782	1,378,584,313	18,132,387	183,727,216	2.52%
45,001 - 50,000	154,352	7,326,616,370	272,813	306,716	1,377,928,715	8,041,415	198,375,830	2.71%
Over 50,000	<u>1,721,690</u>	<u>270,329,517,580</u>	<u>4,023,675</u>	<u>4,360,496</u>	<u>94,239,995,060</u>	<u>52,591,431</u>	<u>6,747,001,668</u>	2.50%
Totals	4,687,709	\$322,151,626,296	7,314,320	8,781,364	\$101,604,902,250	\$753,523,251	\$7,419,330,073	2.30%

⁽¹⁾Includes 78,639 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 25
Breakdown of Upper Income Filers
Individual Income Tax, 2014

Adjusted Gross Income Group	Number of Returns Filed	Adjusted Gross Income	Effective Personal Exemptions⁽¹⁾	Claimed Exemptions	Subtractions Minus Additions	Total Credits	Effective Tax	Effective Tax as a % of Income⁽²⁾
\$50,001 - 55,000	140,966	\$7,396,358,956	258,588	289,331	\$1,460,703,466	\$1,793,842	\$206,492,344	2.79%
55,001 - 60,000	132,416	7,611,529,450	254,571	280,569	1,541,674,542	1,878,190	212,797,599	2.80%
60,001 - 65,000	121,361	7,580,475,333	243,960	266,056	1,543,421,011	1,549,278	213,538,462	2.82%
65,001 - 70,000	112,396	7,583,508,699	236,221	254,164	1,512,210,780	1,873,020	215,986,056	2.85%
70,001 - 75,000	104,631	7,582,202,151	229,781	244,605	1,486,627,863	1,633,647	218,351,278	2.88%
75,001 - 80,000	95,939	7,431,979,019	218,253	231,743	1,429,966,183	1,652,380	216,319,079	2.91%
80,001 - 85,000	88,797	7,322,374,519	205,921	219,592	1,418,352,082	1,652,129	214,252,809	2.93%
85,001 - 90,000	81,517	7,130,277,282	193,269	205,490	1,378,600,567	1,730,117	209,850,215	2.94%
90,001 - 95,000	75,135	6,947,110,974	182,418	193,354	1,322,420,030	1,811,106	206,218,139	2.97%
95,001 - 100,000	68,732	6,698,421,285	168,680	179,623	1,258,585,091	1,691,209	200,818,513	3.00%
100,001 - 110,000	117,539	12,321,699,996	300,028	317,352	2,172,575,427	3,004,574	377,315,885	3.06%
110,001 - 120,000	95,518	10,966,485,435	250,254	265,197	1,806,267,199	2,790,274	343,966,548	3.14%
120,001 - 130,000	74,939	9,351,821,630	199,783	210,995	1,502,754,751	2,384,433	297,229,632	3.18%
130,001 - 140,000	59,807	8,062,945,720	162,694	171,550	1,247,857,925	2,032,072	259,945,212	3.22%
140,001 - 150,000	48,313	6,996,744,508	133,993	139,644	1,068,881,523	1,783,046	227,367,704	3.25%
150,001 - 160,000	39,443	6,106,529,166	108,912	114,408	919,938,700	1,586,118	200,325,785	3.28%
160,001 - 170,000	32,795	5,405,004,153	90,940	95,770	810,304,874	1,596,194	178,215,695	3.30%
170,001 - 180,000	26,766	4,679,245,618	74,066	78,306	683,654,793	1,269,382	155,949,560	3.33%
180,001 - 190,000	21,517	3,977,102,825	60,410	63,422	584,437,621	1,166,775	132,750,311	3.34%
190,001 - 200,000	18,168	3,540,634,788	49,724	52,930	533,841,735	1,057,786	118,276,647	3.34%
200,001 - 300,000	86,409	20,637,047,047	232,773	254,578	3,289,364,671	6,147,929	691,551,357	3.35%
300,001 - 400,000	28,159	9,657,055,060	74,865	83,767	1,732,177,012	2,395,577	321,682,973	3.33%
400,001 - 500,000	14,072	6,265,194,163	36,205	41,956	1,276,402,890	1,883,607	203,984,120	3.26%
500,001 - 750,000	15,688	9,445,564,227	34,869	46,730	2,354,495,609	2,490,199	292,951,505	3.10%
750,001 - 1,000,000	6,239	5,357,815,201	12,561	18,523	1,676,031,646	1,004,906	153,335,288	2.86%
Over \$1,000,000	14,428	74,274,390,375	9,939	40,841	58,228,447,069	2,733,642	677,528,952	0.91%
Totals for AGI over \$50,000	1,721,690	\$270,329,517,580	4,023,675	4,360,496	\$94,239,995,060	\$52,591,431	\$6,747,001,668	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 4.19%.

Exhibit 26
Tax Base Deductions as a Percentage of AGI
Individual Income Tax, 2014

Adjusted Gross Income Group	Total Effective Exemptions	Subtractions Minus Additions	Nonrefundable Credits⁽¹⁾	Property Tax Credits	Home Heating Credits	Michigan Earned Income Tax Credits
Less than \$1						
\$ 1 - 2,000	56.5%	35.8%	0.1%	855.0%	115.0%	4.7%
2,001 - 4,000	47.8%	28.0%	0.1%	113.9%	17.6%	5.1%
4,001 - 6,000	43.3%	24.5%	0.0%	73.2%	11.7%	6.7%
6,001 - 8,000	37.1%	26.2%	0.0%	57.4%	8.7%	8.4%
8,001 - 10,000	40.7%	21.8%	0.1%	50.9%	8.0%	12.7%
10,001 - 12,000	36.5%	24.0%	0.1%	43.1%	5.8%	11.8%
12,001 - 14,000	38.3%	22.1%	0.0%	38.1%	5.4%	14.4%
14,001 - 16,000	35.6%	22.1%	0.0%	32.7%	3.9%	12.9%
16,001 - 18,000	32.2%	21.5%	0.1%	27.1%	2.4%	10.7%
18,001 - 20,000	28.6%	21.9%	0.0%	23.0%	1.5%	8.5%
20,001 - 22,000	26.3%	22.4%	0.0%	19.7%	0.9%	7.0%
22,001 - 24,000	24.8%	21.9%	0.1%	17.3%	0.6%	6.0%
24,001 - 26,000	23.5%	21.0%	0.1%	15.1%	0.4%	5.0%
26,001 - 28,000	22.2%	20.9%	0.1%	13.5%	0.3%	4.2%
28,001 - 30,000	21.2%	19.9%	0.1%	12.0%	0.2%	3.5%
30,001 - 35,000	19.5%	19.3%	0.1%	9.6%	0.1%	2.4%
35,001 - 40,000	17.6%	18.5%	0.2%	7.4%	0.0%	1.2%
40,001 - 45,000	16.1%	18.9%	0.2%	4.7%	0.0%	0.6%
45,001 - 50,000	14.9%	18.8%	0.2%	1.8%	0.0%	0.2%
50,001 - 55,000	14.0%	19.7%	0.0%	0.2%	0.0%	0.0%
55,001 - 60,000	13.4%	20.3%	0.2%	0.0%	0.0%	0.0%
60,001 - 65,000	12.9%	20.4%	0.1%	0.0%	0.0%	0.0%
65,001 - 70,000	12.5%	19.9%	0.2%	0.0%	0.0%	0.0%
70,001 - 75,000	12.1%	19.6%	0.2%	0.0%	0.0%	0.0%
75,001 - 80,000	11.8%	19.2%	0.2%	0.0%	0.0%	0.0%

Exhibit 26 (cont.)

Adjusted Gross Income Group	Total Effective Exemptions	Subtractions Minus Additions	Nonrefundable Credits⁽¹⁾	Property Tax Credits	Home Heating Credits	Michigan Earned Income Tax Credits
80,001 - 85,000	11.3%	19.4%	0.2%	0.0%	0.0%	0.0%
85,001 - 90,000	10.8%	19.3%	0.3%	0.0%	0.0%	0.0%
90,001 - 95,000	10.5%	19.0%	0.2%	0.0%	0.0%	0.0%
95,001 - 100,000	10.1%	18.8%	0.3%	0.0%	0.0%	0.0%
100,001 - 110,000	9.7%	17.6%	0.3%	0.0%	0.0%	0.0%
110,001 - 120,000	9.1%	16.5%	0.4%	0.0%	0.0%	0.0%
120,001 - 130,000	8.5%	16.1%	0.4%	0.0%	0.0%	0.0%
130,001 - 140,000	8.1%	15.5%	0.3%	0.0%	0.0%	0.0%
140,001 - 150,000	7.7%	15.3%	0.4%	0.0%	0.0%	0.0%
150,001 - 160,000	7.1%	15.1%	0.4%	0.0%	0.0%	0.0%
160,001 - 170,000	6.7%	15.0%	0.4%	0.0%	0.0%	0.0%
170,001 - 180,000	6.3%	14.6%	0.3%	0.0%	0.0%	0.0%
180,001 - 190,000	6.1%	14.7%	0.4%	0.0%	0.0%	0.0%
190,001 - 200,000	5.6%	15.1%	0.5%	0.0%	0.0%	0.0%
200,001 - 300,000	4.5%	15.9%	0.4%	0.0%	0.0%	0.0%
300,001 - 400,000	3.1%	17.9%	0.4%	0.0%	0.0%	0.0%
400,001 - 500,000	2.3%	20.4%	0.5%	0.0%	0.0%	0.0%
500,001 - 750,000	1.5%	24.9%	0.5%	0.0%	0.0%	0.0%
750,001 - 1,000,000	0.9%	31.3%	0.4%	0.0%	0.0%	0.0%
Over \$1,000,000	0.1%	78.4%	0.1%	0.0%	0.0%	0.0%
Overall Percent	8.8%	31.5%	0.2%	3.8%	0.4%	0.8%

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⁽¹⁾Nonrefundable credits, home heating credits, property tax credits, and earned income tax credits are divided by the tax rate (4.25%) to determine the equivalent income tax deduction. Nonrefundable credits for 2013 are: the Other State Tax credit, and the Michigan Historic Preservation credit.

Exhibit 27
Distribution of Personal Exemptions
Claimed on 2014 Individual Income Tax Returns⁽¹⁾

Adjusted Gross Income Group	Exemptions Claimed							Total	Total
	Zero	One	Two	Three	Four	Five	Six or More	Returns	Exemptions⁽²⁾
Zero Income	2,636	42,551	16,299	2,456	1,576	733	426	66,677	95,468
\$ 1 - 2,000	60,605	90,721	19,269	3,248	1,427	563	341	176,174	149,913
2,001 - 4,000	75,159	62,013	14,604	3,417	1,462	472	224	157,351	111,248
4,001 - 6,000	57,076	71,465	18,544	4,711	1,977	605	268	154,646	135,495
6,001 - 8,000	42,788	77,340	22,885	6,129	2,622	834	347	152,945	158,584
8,001 - 10,000	30,464	81,722	38,179	8,910	3,552	1,176	497	164,500	208,377
10,001 - 12,000	21,727	82,678	35,197	11,196	4,655	1,537	638	157,628	217,431
12,001 - 14,000	15,042	80,664	32,370	19,529	8,914	2,604	1,144	160,267	260,675
14,001 - 16,000	10,449	77,749	32,273	18,134	9,630	2,921	1,358	152,514	259,328
16,001 - 18,000	6,842	71,486	31,433	14,813	8,071	2,696	1,188	136,529	232,871
18,001 - 20,000	4,468	67,823	30,097	12,243	6,816	2,554	1,190	125,191	213,110
20,001 - 22,000	2,860	65,524	28,998	11,432	6,350	2,554	1,188	118,906	204,302
22,001 - 24,000	2,105	61,420	28,322	11,018	6,348	2,660	1,266	113,139	198,672
24,001 - 26,000	1,418	58,213	27,319	10,427	6,104	2,662	1,271	107,414	190,755
26,001 - 28,000	991	54,468	26,299	9,822	5,978	2,661	1,350	101,569	183,199
28,001 - 30,000	726	52,312	25,741	9,544	5,955	2,639	1,373	98,290	179,052
30,001 - 35,000	1,037	115,723	59,229	21,402	13,603	6,281	3,667	220,942	409,873
35,001 - 40,000	568	101,485	53,191	18,637	12,774	6,022	3,719	196,396	371,017
40,001 - 45,000	323	83,849	49,640	16,691	12,473	5,565	3,409	171,950	334,782
45,001 - 50,000	194	72,165	46,418	15,424	11,546	5,488	3,117	154,352	306,716
50,001 - 55,000	124	60,275	45,872	15,120	11,561	5,195	2,819	140,966	289,331
55,001 - 60,000	92	52,455	44,916	14,916	12,057	5,277	2,703	132,416	280,569
60,001 - 65,000	55	43,712	43,291	14,245	12,387	5,109	2,562	121,361	266,056
65,001 - 70,000	43	36,256	42,091	14,356	12,312	4,978	2,360	112,396	254,164
70,001 - 75,000	50	30,080	40,715	13,945	12,477	5,098	2,266	104,631	244,605
75,001 - 80,000	38	24,171	38,712	13,353	12,552	4,955	2,158	95,939	231,743

Exhibit 27 (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	31	19,969	36,837	12,688	12,483	4,785	2,004	88,797	219,592
85,001 - 90,000	34	16,413	34,747	11,827	12,032	4,637	1,827	81,517	205,490
90,001 - 95,000	17	13,531	32,442	11,193	11,796	4,458	1,698	75,135	193,354
95,001 - 100,000	17	11,326	29,826	10,552	11,260	4,154	1,597	68,732	179,623
100,001 - 110,000	31	16,888	50,139	18,310	21,327	7,980	2,864	117,539	317,352
110,001 - 120,000	27	12,117	39,982	15,135	18,660	7,054	2,543	95,518	265,197
120,001 - 130,000	19	8,546	31,431	11,882	15,312	5,775	1,974	74,939	210,995
130,001 - 140,000	12	6,266	24,487	9,813	12,684	4,840	1,705	59,807	171,550
140,001 - 150,000	14	4,644	19,906	7,846	10,581	3,964	1,358	48,313	139,644
150,001 - 160,000	7	3,703	16,130	6,459	8,752	3,342	1,050	39,443	114,408
160,001 - 170,000	11	3,063	13,209	5,456	7,285	2,808	963	32,795	95,770
170,001 - 180,000	7	2,424	10,838	4,328	6,091	2,344	734	26,766	78,306
180,001 - 190,000	7	1,904	8,570	3,554	4,974	1,868	640	21,517	63,422
190,001 - 200,000	6	1,777	7,303	2,911	4,051	1,615	505	18,168	52,930
200,001 - 300,000	35	8,087	34,338	13,763	19,668	7,886	2,632	86,409	254,578
300,001 - 400,000	17	2,809	11,098	4,077	6,277	2,872	1,009	28,159	83,767
400,001 - 500,000	14	1,476	5,544	1,923	3,050	1,516	549	14,072	41,956
500,001 - 750,000	16	1,638	6,247	2,169	3,317	1,642	659	15,688	46,730
750,001 - 1,000,000	7	661	2,569	828	1,208	677	289	6,239	18,523
Over \$1,000,000	<u>29</u>	<u>2,053</u>	<u>6,025</u>	<u>1,781</u>	<u>2,497</u>	<u>1,447</u>	<u>596</u>	<u>14,428</u>	<u>40,841</u>
Totals	338,238	1,857,615	1,313,572	471,613	398,484	159,503	70,045	4,609,070	8,781,364

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

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

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

Exhibit 28
Distribution of Special Exemptions and Child Deductions
Claimed on 2014 Individual Income Tax Returns⁽¹⁾

<u>Adjusted Gross Income Group</u>	<u>Deaf/Blind/ Disabled Exemptions</u>	<u>Disabled Veteran Exemptions</u>	<u>Claimed as Dependent Exemptions</u>	<u>Total</u>
Zero Income	12,409	801	2,460	15,670
\$ 1 - 2,000	31,209	964	60,730	92,903
2,001 - 4,000	8,446	568	75,259	84,273
4,001 - 6,000	8,429	650	57,175	66,254
6,001 - 8,000	8,507	742	42,895	52,144
8,001 - 10,000	9,459	682	30,665	40,806
10,001 - 12,000	8,709	730	21,877	31,316
12,001 - 14,000	8,814	682	15,302	24,799
14,001 - 16,000	7,759	697	10,686	19,142
16,001 - 18,000	6,721	702	6,968	14,391
18,001 - 20,000	6,042	676	4,533	11,251
20,001 - 22,000	5,799	608	2,908	9,315
22,001 - 24,000	5,368	612	2,141	8,123
24,001 - 26,000	4,928	604	1,454	6,986
26,001 - 28,000	4,371	572	1,017	5,960
28,001 - 30,000	4,145	542	750	5,438
30,001 - 35,000	9,234	1,376	1,086	11,696
35,001 - 40,000	7,846	1,195	608	9,650
40,001 - 45,000	6,848	1,153	363	8,365
45,001 - 50,000	5,611	993	221	6,826
50,001 - 55,000	5,292	948	148	6,388
55,001 - 60,000	5,264	878	101	6,243
60,001 - 65,000	4,762	849	67	5,678
65,001 - 70,000	4,477	815	64	5,357
70,001 - 75,000	4,027	833	71	4,932
75,001 - 80,000	3,600	667	52	4,319
80,001 - 85,000	3,230	615	36	3,883
85,001 - 90,000	2,769	637	44	3,451
90,001 - 95,000	2,397	625	25	3,049
95,001 - 100,000	2,137	504	29	2,670
Over \$100,000	14,500	3,565	353	18,426
Totals	223,109	26,485	340,088	589,704

⁽¹⁾ Values in this table are based on 4,609,070 MI-1040 tax returns on file.

Exhibit 29
Four-Year Comparison of Individual Income Tax Credits
(Number and Amount in Thousands)

	2011			2012			2013			2014		
	Number	Amount	Average	Number	Amount	Average	Number	Amount	Average	Number	Amount	Average
Property Tax Credits												
General	939.1	\$427,848.6	\$455.57	702.6	\$292,529.0	\$416.37	662.3	\$279,810.9	\$422.51	633.6	\$274,075.3	\$432.57
Senior Citizen ⁽¹⁾												
Total	450.1	\$332,509.0	\$738.71	330.1	\$194,074.8	\$587.95	316.7	\$186,504.7	\$588.97	316.2	\$189,265.4	\$598.62
Low Income Rent	9.4	\$2,839.5	\$301.56	8.4	\$2,244.3	\$265.79	9.3	\$2,386.5	\$257.03	9.4	\$2,368.3	\$252.35
Veteran	10.1	\$1,234.4	\$121.71	4.6	\$510.2	\$112.00	4.2	\$467.1	\$112.18	3.5	\$407.9	\$115.42
Blind	1.4	\$169.8	\$124.22	0.8	\$92.6	\$114.94	0.8	\$87.9	\$113.31	0.7	\$75.7	\$114.41
Disabled	88.7	\$55,810.7	\$629.33	92.8	\$56,456.4	\$608.49	94.0	\$57,347.0	\$609.87	85.2	\$53,195.8	\$624.20
Farmland	7.9	\$40,821.3	\$5,165.29	7.6	\$39,979.7	\$5,273.67	7.5	\$40,226.4	\$5,331.53	7.2	\$40,831.4	\$5,703.51
Total Property Tax Credits	1,497.4	\$858,393.7	\$573.27	1,138.4	\$583,642.7	\$512.70	1,085.4	\$564,444.0	\$520.01	1,046.4	\$557,851.6	\$533.14
Home Heating Credit Total	461.2	\$65,777.1	\$142.61	375.7	\$47,948.8	\$127.64	356.2	\$48,461.6	\$136.06	379.9	\$52,946.9	\$139.38
Adoption Credit	0.4	\$489.8	\$1,206.41	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
StillBirth Credit	0.3	\$46.8	\$181.91	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
MI Earned Income Tax Credit	793.2	\$353,689.1	\$445.91	772.3	\$106,387.3	\$137.76	780.5	\$109,650.5	\$140.49	775.5	\$111,226.6	\$143.43
Energy Efficient Home Improvement Credit	100.3	\$10,405.2	\$103.75	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
City Income Tax Credit	781.0	\$29,436.9	\$37.69	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Public Contribution Credit	257.7	\$23,845.0	\$92.51	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Credit for Income Tax Paid to Another State	47.9	\$49,711.3	\$1,036.90	48.9	\$48,569.5	\$993.26	49.8	\$48,240.6	\$968.51	52.2	\$53,506.8	\$1,025.90
Community Foundation Credit	36.2	\$3,453.1	\$95.38	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Homeless/Food Bank Credit	234.5	\$19,532.2	\$83.29	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
College Tuition Credit	24.5	\$3,804.9	\$155.39	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Historic Preservation Credit	0.6	\$1,183.1	\$1,911.29	0.9	\$755.6	\$883.78	0.6	\$447.0	\$786.92	0.4	\$397.2	\$904.67
Vehicle Donation Credit	1.0	\$71.4	\$70.92	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Renewable Energy Surcharge Credit	514.0	\$3,490.8	\$6.79	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

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

Exhibit 30
Distribution of Property Tax Credits Claimed
Individual Income Tax, 2014 ⁽¹⁾

Adjusted Gross Income Group	General			Senior Citizens ⁽²⁾			Veterans			Disabled ⁽³⁾		
	Number of Credits	% of Total Credits	Credit Amount	Number of Credits	% of Total Credits	Credit Amount	Number of Credits	% of Total Credits	Credit Amount	Number of Credits	% of Total Credits	Credit Amount
	<u>Allowed</u>	<u>Allowed</u>	<u>Amount</u>	<u>Allowed</u>	<u>Allowed</u>	<u>Amount</u>	<u>Allowed</u>	<u>Allowed</u>	<u>Amount</u>	<u>Allowed</u>	<u>Allowed</u>	<u>Amount</u>
Zero Income ⁽⁴⁾	11,110	1.8%	\$6,866,024	40,596	12.8%	\$29,785,394	275	7.8%	\$38,136	22,346	26.0%	\$14,664,956
\$ 1 - 2,000	12,236	1.9%	6,462,354	39,481	12.5%	30,608,144	242	6.8%	35,636	22,070	25.7%	14,893,720
2,001 - 4,000	11,608	1.8%	5,426,875	19,936	6.3%	14,801,797	106	3.0%	14,778	4,174	4.9%	2,631,877
4,001 - 6,000	15,707	2.5%	7,163,268	20,320	6.4%	14,531,775	137	3.9%	17,206	3,782	4.4%	2,349,146
6,001 - 8,000	20,524	3.2%	9,419,899	21,266	6.7%	14,326,351	157	4.4%	19,235	3,762	4.4%	2,354,989
8,001 - 10,000	33,080	5.2%	16,136,196	21,199	6.7%	13,505,003	164	4.6%	21,415	4,075	4.7%	2,541,360
10,001 - 12,000	34,569	5.5%	17,087,444	21,391	6.8%	12,517,957	176	5.0%	19,846	3,453	4.0%	2,104,108
12,001 - 14,000	42,001	6.6%	21,023,850	19,825	6.3%	10,848,173	184	5.2%	22,859	3,148	3.7%	1,942,189
14,001 - 16,000	41,865	6.6%	20,954,340	17,604	5.6%	9,101,522	192	5.4%	21,315	2,692	3.1%	1,652,575
16,001 - 18,000	38,349	6.1%	18,427,689	14,161	4.5%	6,969,386	207	5.9%	24,243	2,248	2.6%	1,326,838
18,001 - 20,000	35,317	5.6%	16,407,167	12,146	3.8%	5,747,686	187	5.3%	19,153	1,874	2.2%	1,050,167
20,001 - 22,000	33,484	5.3%	15,079,391	10,719	3.4%	4,840,058	171	4.8%	17,082	1,759	2.0%	965,403
22,001 - 24,000	32,373	5.1%	14,183,453	9,420	3.0%	4,140,064	153	4.3%	17,233	1,585	1.8%	837,717
24,001 - 26,000	30,540	4.8%	13,054,524	8,005	2.5%	3,417,710	130	3.7%	14,117	1,394	1.6%	714,039
26,001 - 28,000	28,941	4.6%	12,175,947	7,035	2.2%	2,944,595	128	3.6%	15,337	1,134	1.3%	540,897
28,001 - 30,000	27,957	4.4%	11,553,471	6,032	1.9%	2,455,360	116	3.3%	12,560	995	1.2%	485,645
30,001 - 35,000	60,695	9.6%	24,242,352	11,055	3.5%	4,056,703	263	7.4%	30,307	2,050	2.4%	951,798
35,001 - 40,000	51,219	8.1%	19,944,040	7,690	2.4%	2,512,667	228	6.5%	22,743	1,561	1.8%	692,116
40,001 - 45,000	39,190	6.2%	12,840,346	4,956	1.6%	1,422,224	163	4.6%	15,160	1,042	1.2%	376,566
45,001 - 50,000	29,271	4.6%	4,835,955	2,599	0.8%	535,752	132	3.7%	7,944	570	0.7%	136,564
50,001 - 55,000	2,667	0.4%	444,467	520	0.2%	96,864	12	0.3%	442	111	0.1%	28,903
55,001 - 60,000	428	0.1%	98,178	93	0.0%	29,155	4	0.1%	133	28	0.0%	9,374
60,001 - 65,000	127	0.0%	42,616	18	0.0%	6,017	-	0.0%	-	5	0.0%	2,513
65,001 - 70,000	60	0.0%	29,380	18	0.0%	8,749	n.a.	0.1%	290	4	0.0%	2,580
70,001 - 75,000	44	0.0%	21,639	14	0.0%	8,004	n.a.	0.1%	509	n.a.	0.0%	1,396
75,001 - 80,000	24	0.0%	13,704	11	0.0%	8,418	-	0.0%	-	n.a.	0.0%	861
80,001 - 85,000	28	0.0%	15,117	11	0.0%	7,216	-	0.0%	-	4	0.0%	2,910
85,001 - 90,000	25	0.0%	14,831	9	0.0%	3,360	-	0.0%	-	n.a.	0.0%	1,043
90,001 - 95,000	22	0.0%	12,774	n.a.	0.0%	133	n.a.	0.0%	107	n.a.	0.0%	492
95,001 - 100,000	17	0.0%	10,440	8	0.0%	7,335	-	0.0%	-	-	0.0%	-
Over 100,000	125	0.0%	87,616	30	0.0%	21,832	n.a.	0.0%	106	10	0.0%	8,827
Totals	633,603	100.0%	\$274,075,347	316,170	100.0%	\$189,265,404	3,534	100.0%	\$407,892	85,884	100.0%	\$53,271,569

⁽¹⁾Values in this table are based on a sample of the 4,687,709 MI-1040 and MI-1040CR returns.

⁽²⁾Includes Senior Citizen Low Income Rent Credits.

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

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

⁽⁵⁾Per Rule 205.1003, "n.a." was used to protect the confidentiality of filers in this income classification. These filers were included in the total column.

Exhibit 31
Distribution of Senior Citizen Property Tax Credits by Household Resources
Individual Income Tax, 2014

<u>Household Resources</u>	<u>Number of Returns</u>	<u>Property Tax Paid</u>	<u>Property Tax Credit</u>	<u>Property Tax Paid After Credit</u>
\$1,000 and below	417	\$617,341	\$329,570	\$287,771
1,001 - 2,000	189	261,487	146,677	114,810
2,001 - 3,000	243	286,915	200,090	86,825
3,001 - 4,000	429	530,367	351,916	178,451
4,001 - 5,000	620	717,762	499,556	218,206
5,001 - 6,000	984	1,212,439	776,573	435,866
6,001 - 7,000	1,545	1,836,458	1,225,177	611,281
7,001 - 8,000	2,314	2,716,190	1,830,082	886,108
8,001 - 9,000	6,839	7,418,201	5,292,605	2,125,596
9,001 - 10,000	5,326	6,179,195	4,052,480	2,126,715
10,001 - 11,000	5,310	6,587,944	4,062,336	2,525,608
11,001 - 12,000	6,366	8,336,230	4,928,594	3,407,636
12,001 - 13,000	7,289	9,895,325	5,761,173	4,134,152
13,001 - 14,000	8,093	11,218,905	6,274,181	4,944,724
14,001 - 15,000	8,211	11,693,092	6,322,032	5,371,060
15,001 - 16,000	8,472	12,468,233	6,573,530	5,894,703
16,001 - 17,000	8,427	12,880,770	6,572,798	6,307,972
17,001 - 18,000	8,773	13,667,915	6,763,056	6,904,859
18,001 - 19,000	9,228	14,579,340	7,076,347	7,502,993
19,001 - 20,000	9,189	14,918,225	7,025,532	7,892,693
20,001 - 21,000	9,449	15,592,928	7,127,055	8,465,873
21,001 - 22,000	9,262	15,710,401	6,848,976	8,861,425
22,001 - 23,000	9,226	15,956,431	6,659,945	9,296,486
23,001 - 24,000	9,329	16,309,261	6,500,458	9,808,803
24,001 - 25,000	9,095	16,197,218	6,105,945	10,091,273
25,001 - 26,000	9,384	17,123,918	6,132,833	10,991,085
26,001 - 27,000	8,914	16,408,104	5,486,120	10,921,984
27,001 - 28,000	8,868	16,692,185	5,270,966	11,421,219
28,001 - 29,000	8,662	16,602,622	4,935,871	11,666,751
29,001 - 30,000	8,552	16,581,688	4,627,129	11,954,559
30,001 - 35,000	40,000	81,661,903	20,486,046	61,175,857
35,001 - 40,000	35,058	77,471,082	17,517,907	59,953,175
40,001 - 45,000	29,434	70,679,130	11,938,202	58,740,928
45,001 - 50,000	22,662	57,391,332	3,557,237	53,834,095
50,001 - 60,000	7	34,137	3,234	30,903
60,001 - 70,000	n.a.	11,480	120	11,360
70,001 - 80,000	0	0	0	0
Over 80,000	n.a.	17,813	3,055	14,758
Totals	316,170	\$588,463,967	\$189,265,404	\$399,198,563

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

Exhibit 32
Distribution of General Property Tax Credits by Household Resources
Individual Income Tax, 2014

<u>Household Resources</u>	<u>Number of Returns</u>	<u>Property Tax Paid</u>	<u>Property Tax Credit</u>	<u>Property Tax Paid After Credit</u>
\$1,000 and below	4,793	\$6,679,460	\$3,066,395	\$3,613,065
1,001 - 2,000	2,357	2,254,078	1,158,888	1,095,190
2,001 - 3,000	3,329	3,111,087	1,562,198	1,548,889
3,001 - 4,000	4,180	3,920,177	1,906,675	2,013,502
4,001 - 5,000	5,382	5,205,583	2,429,312	2,776,271
5,001 - 6,000	6,392	6,099,086	2,789,481	3,309,605
6,001 - 7,000	7,658	7,643,817	3,420,064	4,223,753
7,001 - 8,000	9,566	10,064,297	4,390,945	5,673,352
8,001 - 9,000	12,543	13,679,256	5,879,302	7,799,954
9,001 - 10,000	18,126	21,243,010	9,045,390	12,197,620
10,001 - 11,000	16,741	20,147,886	8,329,635	11,818,251
11,001 - 12,000	16,456	20,328,701	8,141,751	12,186,950
12,001 - 13,000	18,112	23,062,700	9,004,099	14,058,601
13,001 - 14,000	22,539	30,184,351	11,575,166	18,609,185
14,001 - 15,000	21,381	29,110,307	10,944,528	18,165,779
15,001 - 16,000	20,687	28,563,794	10,330,962	18,232,832
16,001 - 17,000	20,618	28,754,272	10,144,142	18,610,130
17,001 - 18,000	19,759	28,095,779	9,638,388	18,457,391
18,001 - 19,000	19,282	27,729,807	9,251,051	18,478,756
19,001 - 20,000	18,780	27,514,801	8,822,476	18,692,325
20,001 - 21,000	18,503	28,338,432	8,641,074	19,697,358
21,001 - 22,000	17,968	27,225,647	8,246,079	18,979,568
22,001 - 23,000	17,878	27,608,558	8,116,044	19,492,514
23,001 - 24,000	17,151	26,768,695	7,622,342	19,146,353
24,001 - 25,000	16,522	26,446,736	7,335,186	19,111,550
25,001 - 26,000	16,410	26,657,495	7,210,302	19,447,193
26,001 - 27,000	16,092	26,469,316	6,909,140	19,560,176
27,001 - 28,000	15,339	25,915,046	6,662,665	19,252,381
28,001 - 29,000	15,177	26,117,489	6,514,624	19,602,865
29,001 - 30,000	14,793	25,754,771	6,229,892	19,524,879
30,001 - 35,000	65,869	120,699,467	27,127,518	93,571,949
35,001 - 40,000	56,440	113,578,624	22,915,057	90,663,567
40,001 - 45,000	44,249	96,463,012	14,482,722	81,980,290
45,001 - 50,000	32,527	77,672,029	4,229,835	73,442,194
50,001 - 60,000	n.a.	13,594	2,019	11,575
60,001 - 70,000	0	0	0	0
70,001 - 80,000	0	0	0	0
Over 80,000	0	0	0	0
Totals	633,603	\$1,019,121,161	\$274,075,347	\$745,045,814

⁽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.

Exhibit 33
Distribution of Farmland Credit by Household Resources
Individual Income Tax, 2014

<u>Household Resources</u>	<u>Farmland Credit</u>		
	<u>Number of Returns</u>	<u>Credit Amount</u>	<u>Average Credit</u>
\$1,000 and below	132	\$1,093,636	\$8,285
1,001 - 2,000	16	63,186	3,949
2,001 - 3,000	35	135,681	3,877
3,001 - 4,000	537	3,536,743	6,586
4,001 - 5,000	42	157,423	3,748
5,001 - 6,000	49	162,194	3,310
6,001 - 7,000	283	2,183,439	7,715
7,001 - 8,000	60	211,880	3,531
8,001 - 9,000	55	213,533	3,882
9,001 - 10,000	68	201,387	2,962
10,001 - 11,000	314	3,116,470	9,925
11,001 - 12,000	60	195,628	3,260
12,001 - 13,000	72	232,876	3,234
13,001 - 14,000	69	204,664	2,966
14,001 - 15,000	67	224,649	3,353
15,001 - 16,000	10	49,080	4,908
16,001 - 17,000	82	286,144	3,490
17,001 - 18,000	77	270,853	3,518
18,001 - 19,000	74	240,164	3,245
19,001 - 20,000	90	328,937	3,655
20,001 - 21,000	94	355,570	3,783
21,001 - 22,000	76	255,139	3,357
22,001 - 23,000	105	379,168	3,611
23,001 - 24,000	78	309,915	3,973
24,001 - 25,000	73	298,459	4,088
25,001 - 26,000	92	397,002	4,315
26,001 - 27,000	16	51,867	3,242
27,001 - 28,000	405	1,665,418	4,112
28,001 - 29,000	443	1,941,057	4,382
29,001 - 30,000	19	61,164	3,219
30,001 - 35,000	417	1,760,331	4,221
35,001 - 40,000	378	1,698,005	4,492
40,001 - 45,000	18	75,394	4,189
45,001 - 50,000	641	3,234,429	5,046
50,001 - 60,000	18	55,602	3,089
60,001 - 70,000	559	3,152,188	5,639
70,001 - 80,000	25	76,429	3,057
80,001 - 90,000	408	2,029,907	4,975
90,001 - 100,000	51	179,001	3,510
100,001 - 125,000	339	1,892,101	5,581
125,001 - 150,000	42	121,188	2,885
150,001 - 200,000	308	1,998,274	6,488
Over \$200,000	<u>362</u>	<u>5,735,253</u>	15,843
Totals	7,159	\$40,831,428	\$5,704

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

Exhibit 34
Distribution of Home Heating Credits by Household Resources
Individual Income Tax, 2014

Household Resources	Senior Citizens		General		Disabled ⁽¹⁾		Veterans	
	Number of Returns	Home Heating Credit	Number of Returns	Home Heating Credit	Number of Returns	Home Heating Credit	Number of Returns	Home Heating Credit
Up to \$ 1,000	343	\$125,442	8,461	\$2,243,752	508	\$171,500	10	\$4,197
1,001 - 2,000	168	53,671	4,578	1,032,178	169	51,255	n.a.	453
2,001 - 3,000	189	53,933	5,743	1,246,326	165	48,472	n.a.	349
3,001 - 4,000	322	81,464	6,993	1,419,342	289	77,574	n.a.	1,087
4,001 - 5,000	489	117,257	8,436	1,609,063	396	98,959	6	2,747
5,001 - 6,000	776	168,780	9,696	1,739,269	539	128,305	5	1,318
6,001 - 7,000	1,244	226,500	10,768	1,806,811	851	193,539	n.a.	1,371
7,001 - 8,000	1,961	334,379	12,811	2,035,226	1,397	275,261	5	1,816
8,001 - 9,000	6,195	836,828	20,938	3,113,926	10,230	1,609,202	21	3,072
9,001 - 10,000	4,583	571,174	22,993	3,287,562	4,735	732,654	14	3,530
10,001 - 11,000	4,416	470,838	19,750	2,516,538	3,682	560,575	16	3,104
11,001 - 12,000	5,012	448,408	19,123	2,230,302	3,640	502,437	18	2,599
12,001 - 13,000	4,820	408,250	18,876	2,216,620	3,402	462,234	28	3,491
13,001 - 14,000	1,979	294,495	16,889	2,718,962	3,036	392,376	19	2,746
14,001 - 15,000	1,216	133,006	14,899	2,155,162	2,698	298,608	16	1,529
15,001 - 16,000	1,190	112,057	13,817	1,749,873	2,347	243,336	17	2,532
16,001 - 17,000	1,155	82,136	13,648	1,510,020	1,975	196,012	20	1,741
17,001 - 18,000	603	57,396	9,893	1,201,592	1,502	192,408	10	1,284
18,001 - 19,000	312	45,893	8,026	983,876	947	136,211	7	998
19,001 - 20,000	301	26,979	7,536	798,564	962	124,092	14	1,866
Over 20,000	<u>1,033</u>	<u>97,649</u>	<u>39,035</u>	<u>3,509,989</u>	<u>4,834</u>	<u>525,377</u>	<u>123</u>	<u>13,169</u>
Totals	38,307	\$4,746,535	292,909	\$41,124,953	48,304	\$7,020,387	360	\$54,999
Average Credit		\$123.91		\$140.40		\$145.34		\$152.78

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

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

Exhibit 35
2014 Income Tax Collections by County

<u>County</u>	<u>Property Tax Credits</u>	<u>Home Heating Credits</u>	<u>MI EITC Credits</u>	<u>Tax After Credits</u>	<u>Percent of Total Tax</u>
ALCONA	\$302,969	\$83,422	\$91,678	\$3,548,240	0.0%
ALGER	252,574	52,963	61,629	4,133,006	0.1%
ALLEGAN	4,692,462	380,225	941,447	69,553,866	0.9%
ALPENA	1,071,013	211,013	296,851	14,625,879	0.2%
ANTRIM	871,087	140,387	255,320	13,573,996	0.2%
ARENAC	777,949	129,188	158,209	5,980,563	0.1%
BARAGA	170,028	43,386	77,088	3,159,356	0.0%
BARRY	2,245,655	183,915	431,358	35,360,323	0.5%
BAY	6,607,050	598,871	1,098,508	61,336,739	0.8%
BENZIE	593,578	98,215	168,766	8,765,268	0.1%
BERRIEN	7,428,424	980,444	2,076,010	106,700,589	1.4%
BRANCH	2,445,037	210,817	498,964	19,565,229	0.3%
CALHOUN	7,508,205	826,168	1,698,258	73,330,001	1.0%
CASS	2,031,410	209,441	476,575	21,923,837	0.3%
CHARLEVOIX	1,235,434	130,329	286,932	20,058,606	0.3%
CHEBOYGAN	772,822	194,316	288,114	9,645,546	0.1%
CHIPPEWA	1,072,473	211,124	384,969	13,718,467	0.2%
CLARE	1,007,773	320,875	398,196	12,335,509	0.2%
CLINTON	3,106,537	173,579	387,370	48,446,602	0.7%
CRAWFORD	363,300	96,842	133,613	4,625,406	0.1%
DELTA	1,463,068	231,749	360,144	20,929,522	0.3%
DICKINSON	1,087,441	128,955	254,235	19,153,863	0.3%
EATON	6,700,341	363,810	988,977	80,149,771	1.1%
EMMET	1,573,104	179,125	352,538	28,953,924	0.4%
GENESEE	18,161,259	3,024,548	6,015,830	235,674,962	3.2%
GLADWIN	904,475	209,318	261,712	10,801,035	0.1%
GOGEBIC	491,299	127,611	149,853	6,417,123	0.1%
GRAND TRAVERSE	5,422,600	312,814	817,707	81,813,912	1.1%
GRATIOT	3,620,490	277,264	492,703	20,675,682	0.3%
HILLSDALE	2,075,763	329,332	496,540	22,229,396	0.3%
HOUGHTON	835,502	215,989	271,994	17,069,654	0.2%
HURON	7,903,694	196,672	308,058	13,954,318	0.2%
INGHAM	17,483,845	1,422,109	3,068,254	192,245,448	2.6%
IONIA	2,635,130	302,160	625,063	34,973,843	0.5%
IOSCO	798,107	218,855	295,686	10,479,945	0.1%
IRON	365,638	93,368	110,411	4,846,493	0.1%
ISABELLA	2,684,658	294,576	494,219	29,302,823	0.4%
JACKSON	7,013,692	854,420	1,718,807	93,160,560	1.3%
KALAMAZOO	13,371,268	1,147,681	2,404,498	198,023,784	2.7%

Exhibit 35 (cont.)

<u>County</u>	<u>Property Tax Credits</u>	<u>Home Heating Credits</u>	<u>MI EITC Credits</u>	<u>Tax After Credits</u>	<u>Percent of Total Tax</u>
KALKASKA	\$513,256	\$119,372	\$218,078	\$8,830,217	0.1%
KENT	31,981,644	2,475,469	6,685,718	530,376,547	7.1%
KEWEENAW	31,983	15,324	15,050	990,965	0.0%
LAKE	379,594	147,273	117,122	2,412,577	0.0%
LAPEER	2,899,103	343,236	786,816	57,734,129	0.8%
LEELANAU	621,935	51,391	108,369	15,551,888	0.2%
LENAWEE	6,713,427	416,111	1,002,946	53,214,184	0.7%
LIVINGSTON	5,849,869	282,869	787,720	163,891,692	2.2%
LUCE	79,991	51,735	59,986	2,471,795	0.0%
MACKINAC	361,270	71,772	109,723	4,934,843	0.1%
MACOMB	63,035,457	3,776,135	9,041,553	625,414,193	8.4%
MANISTEE	1,022,357	140,564	244,018	11,110,576	0.1%
MARQUETTE	2,069,997	267,566	486,927	41,880,278	0.6%
MASON	1,732,959	189,427	337,529	14,322,123	0.2%
MECOSTA	1,273,206	265,696	383,627	18,465,005	0.2%
MENOMINEE	730,126	126,147	217,341	12,876,140	0.2%
MIDLAND	3,173,893	360,762	653,283	82,049,699	1.1%
MISSAUKEE	899,443	104,065	159,110	5,165,513	0.1%
MONROE	5,367,734	500,795	1,160,005	100,678,905	1.4%
MONTCALM	3,491,820	457,892	785,217	28,949,393	0.4%
MONTMORENCY	299,977	77,352	101,162	3,461,959	0.0%
MUSKEGON	8,901,517	1,072,952	2,413,228	87,990,492	1.2%
NEWAYGO	1,964,872	301,621	479,205	19,172,189	0.3%
OAKLAND	64,552,220	3,337,854	8,069,209	1,590,421,606	21.4%
OCEANA	1,317,090	224,263	357,426	13,156,684	0.2%
OGEMAW	818,242	203,224	276,700	8,080,672	0.1%
ONTONAGON	182,187	43,213	47,646	2,249,863	0.0%
OSCEOLA	1,036,161	206,227	307,400	10,671,792	0.1%
OSCODA	136,191	64,035	74,145	2,449,950	0.0%
OTSEGO	802,097	122,642	269,860	12,672,861	0.2%
OTTAWA	12,447,844	617,536	2,075,055	240,930,571	3.2%
PRESQUE ISLE	469,853	121,355	133,756	5,890,908	0.1%
ROSCOMMON	891,013	204,796	284,600	10,069,911	0.1%
SAGINAW	9,890,523	1,407,748	2,568,147	104,206,229	1.4%
ST. CLAIR	7,624,819	787,298	1,661,772	106,845,633	1.4%
ST. JOSEPH	2,850,843	317,012	722,362	31,056,013	0.4%
SANILAC	3,650,645	307,990	468,625	18,654,290	0.3%
SCHOOLCRAFT	193,020	62,914	81,903	4,066,200	0.1%
SHIAWASSEE	3,957,723	402,857	774,705	42,407,675	0.6%
TUSCOLA	5,297,643	353,691	634,840	25,792,459	0.3%
VAN BUREN	4,055,325	497,017	954,497	47,684,894	0.6%
WASHTENAW	18,520,013	1,098,093	2,171,647	362,261,455	4.9%
WAYNE (excludes Detroit)	70,247,381	5,133,166	11,053,796	694,133,386	9.4%
WEXFORD	1,400,654	243,562	460,578	16,380,761	0.2%
OUTSIDE OF MICHIGAN	3,871,065	563,711	2,396,012	262,138,933	3.5%
DETROIT	61,096,504	9,805,268	19,331,116	243,947,335	3.3%
TOTAL	\$557,851,640	\$52,946,874	\$111,226,614	\$7,419,358,469	100.0%

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

Exhibit 36 2014 Income Tax Data by County

County	2014 AGI			Income Tax Before		Average Income Tax Before		Average Income Tax After Credits		Credits as a % of Tax		Ratio of Property Tax Credits to 1040s Filed		Average Property Tax Credit ⁽¹⁾	
	(Millions)	AGI	Rank	Credits	Rank	Before	Rank	After Credits	Rank	Before	Rank	to 1040s Filed	Rank	Credit ⁽¹⁾	Rank
ALCONA	\$178.2	\$40,219	71	\$4,042,734	76	\$913	81	\$801	81	12.2%	24	18.4%	66	\$372	69
ALGER	170.2	45,326	45	4,519,547	74	1,204	57	1,101	49	8.6%	64	17.9%	70	375	67
ALLEGAN	2,377.8	52,493	20	75,510,525	21	1,667	17	1,536	14	7.9%	69	19.7%	47	527	23
ALPENA	583.6	43,147	57	16,308,313	51	1,206	56	1,081	54	10.3%	50	21.3%	32	372	68
ANTRIM	548.9	51,418	23	14,966,577	54	1,402	33	1,271	28	9.3%	55	18.5%	64	441	47
ARENAC	252.1	40,019	74	7,000,001	68	1,111	65	949	67	14.6%	10	22.2%	27	557	13
BARAGA	140.0	43,514	55	3,468,256	78	1,078	69	982	64	8.9%	61	14.3%	81	369	71
BARRY	1,223.2	55,438	15	38,208,377	30	1,732	14	1,603	12	7.5%	72	18.7%	58	544	16
BAY	2,332.0	46,759	36	69,438,139	22	1,392	35	1,230	33	11.7%	38	25.1%	8	527	22
BENZIE	359.5	46,571	39	9,667,233	65	1,252	52	1,135	46	9.3%	54	19.2%	50	399	59
BERRIEN	3,901.4	53,682	17	119,120,062	11	1,639	19	1,468	21	10.4%	48	22.5%	23	454	42
BRANCH	781.6	43,845	52	22,667,615	41	1,272	47	1,098	50	13.7%	13	21.1%	36	650	6
CALHOUN	2,781.3	48,265	29	83,393,835	20	1,447	29	1,273	27	12.1%	28	25.1%	9	520	26
CASS	892.5	49,944	26	25,340,066	36	1,418	30	1,227	35	13.5%	15	19.0%	53	598	10
CHARLEVOIX	748.3	56,303	14	21,962,921	43	1,652	18	1,509	17	8.7%	63	20.8%	37	447	46
CHEBOYGAN	414.4	41,454	67	10,960,901	63	1,097	68	965	66	12.0%	29	21.7%	30	357	77
CHIPPEWA	634.7	41,842	65	15,517,326	52	1,023	75	904	74	11.6%	39	18.3%	68	386	64
CLARE	527.4	38,860	79	14,276,089	55	1,052	71	909	73	13.6%	14	18.9%	54	393	62
CLINTON	1,665.7	62,621	7	52,007,879	26	1,955	9	1,821	7	6.8%	74	18.5%	63	631	8
CRAWFORD	199.4	40,785	69	5,251,092	73	1,074	70	946	68	11.9%	31	20.5%	40	363	76
DELTA	804.0	46,470	40	23,073,969	40	1,334	40	1,210	38	9.3%	56	20.7%	38	408	55
DICKINSON	811.7	63,689	6	24,988,689	38	1,961	7	1,503	19	23.3%	2	20.7%	39	412	54
EATON	2,903.5	53,465	18	88,183,970	18	1,624	21	1,476	20	9.1%	58	22.7%	20	544	17
EMMET	1,022.0	56,612	13	31,323,298	34	1,735	13	1,604	11	7.6%	71	20.4%	42	427	49
GENESEE	8,886.8	47,745	32	263,271,764	6	1,414	31	1,266	29	10.5%	47	23.1%	16	422	51
GLADWIN	466.0	41,911	63	12,271,466	59	1,104	67	971	65	12.0%	30	20.3%	43	400	58
GOGEBIC	278.2	42,661	58	7,273,277	67	1,115	63	984	62	11.8%	34	20.4%	41	369	70
GRAND TRAVERSE	2,839.3	58,665	11	88,885,685	17	1,837	11	1,690	10	8.0%	68	22.3%	25	503	31
GRATIOT	814.8	46,621	38	24,543,417	39	1,404	32	1,183	42	15.8%	8	22.6%	21	918	3
HILLSDALE	857.1	44,163	50	25,292,206	37	1,303	42	1,145	45	12.1%	27	19.3%	49	553	14
HOUGHTON	642.9	44,618	49	18,599,133	47	1,291	45	1,185	41	8.2%	65	16.0%	77	363	75
HURON	745.3	45,729	43	20,465,731	45	1,256	49	856	79	31.8%	1	27.1%	3	1,790	1
INGHAM	6,791.3	54,689	16	214,383,403	9	1,726	15	1,548	13	10.3%	49	26.7%	4	527	24
IONIA	1,244.5	47,708	33	38,401,774	29	1,472	27	1,341	26	8.9%	60	19.0%	51	531	19
IOSCO	479.8	39,793	75	11,886,635	61	986	78	869	76	11.8%	32	18.7%	59	354	79
IRON	209.1	39,243	78	5,516,115	71	1,035	73	909	72	12.1%	26	18.8%	56	365	74
ISABELLA	1,160.0	48,247	30	32,862,134	33	1,367	37	1,219	37	10.8%	42	21.5%	31	520	25
JACKSON	3,362.2	50,186	25	102,964,115	15	1,537	25	1,391	24	9.5%	53	22.9%	18	457	40
KALAMAZOO	6,597.5	59,203	10	215,402,732	8	1,933	10	1,777	9	8.1%	67	24.5%	10	490	37
KALKASKA	340.6	43,766	53	9,820,094	64	1,262	48	1,135	47	10.1%	51	18.1%	69	365	73
KENT	17,678.1	60,447	9	572,782,148	4	1,959	8	1,814	8	7.4%	73	23.4%	14	466	39
KEWEENAW	42.7	46,995	34	1,052,170	83	1,159	59	1,091	52	5.8%	80	10.1%	83	348	80
LAKE	121.3	34,620	83	3,072,299	79	877	82	689	83	21.5%	3	27.5%	2	394	61
LAPEER	1,999.0	52,465	21	61,891,552	24	1,624	20	1,515	16	6.7%	75	16.9%	73	451	45

Exhibit 36 (cont.)

County	2014	2014	Income Tax		Average		Average		Credits as a		Ratio of Property		Average		
	AGI	Average	Rank	Before	Rank	Income Tax	Rank	Income Tax	Rank	Before	Rank	to 1040s Filed	Rank	Property Tax	Rank
	(Millions)	AGI		Credits		Before	Credits	After		Credits				Credit ⁽¹⁾	
LEELANAU	\$566.3	\$68,824	5	\$16,581,312	49	\$2,015	5	\$1,890	6	6.2%	78	15.4%	78	\$490	36
LENAWEE	2,096.7	48,578	28	62,595,961	23	1,450	28	1,233	32	15.0%	9	24.1%	11	646	7
LIVINGSTON	5,172.7	70,360	4	171,372,479	10	2,331	3	2,229	3	4.4%	83	15.1%	80	528	20
LUCE	101.2	41,857	64	2,674,434	81	1,106.05	66	1,022	58	7.6%	70	11.6%	82	285	83
MACKINAC	223.0	42,233	62	5,513,760	72	1,044	72	935	69	10.5%	46	17.0%	72	401	57
MACOMB	22,136.4	53,238	19	702,441,542	3	1,689	16	1,504	18	11.0%	41	26.2%	7	579	12
MANISTEE	465.8	42,306	61	12,578,277	58	1,142	61	1,009	60	11.7%	37	22.2%	28	419	52
MARQUETTE	1,510.7	51,857	22	44,861,825	28	1,540	24	1,438	22	6.6%	76	18.6%	62	383	66
MASON	578.2	43,757	54	16,547,236	50	1,252	51	1,084	53	13.4%	16	26.2%	6	500	33
MECOSTA	724.3	45,869	42	20,438,733	46	1,294	44	1,169	43	9.7%	52	18.6%	61	433	48
MENOMINEE	478.1	45,635	44	14,018,540	56	1,338	39	1,229	34	8.1%	66	16.5%	75	423	50
MIDLAND	2,639.5	71,039	3	86,368,534	19	2,324	4	2,208	4	5.0%	81	18.9%	55	453	44
MISSAUKEE	222.3	39,764	76	6,227,703	70	1,114	64	924	70	17.1%	5	19.6%	48	821	5
MONROE	3,762.5	56,835	12	117,493,147	13	1,775	12	1,521	15	14.3%	11	16.5%	74	491	35
MONTCALM	1,127.0	41,605	66	33,632,903	32	1,242	53	1,069	56	13.9%	12	23.5%	13	549	15
MONTMORENCY	173.7	37,913	80	3,969,735	77	867	83	756	82	12.8%	19	18.4%	65	356	78
MUSKEGON	3,306.9	44,711	48	100,405,876	16	1,358	38	1,190	40	12.4%	23	26.6%	5	453	43
NEWAYGO	757.1	43,261	56	21,948,257	44	1,254	50	1,095	51	12.6%	20	23.1%	17	487	38
OAKLAND	48,575.2	84,011	1	1,667,802,030	1	2,884	1	2,751	1	4.6%	82	18.7%	57	596	11
OCEANA	526.0	44,731	47	15,055,462	53	1,280	46	1,119	48	12.6%	21	21.9%	29	512	29
OGEMAW	348.4	37,088	81	9,323,288	66	993	77	860	78	13.3%	17	21.1%	35	412	53
ONTONAGON	106.1	39,549	77	2,561,017	82	955	80	839	80	12.1%	25	17.3%	71	392	63
OSCEOLA	436.3	40,179	72	12,264,587	60	1,130	62	983	63	13.0%	18	18.7%	60	511	30
OSCODA	102.1	36,182	82	2,737,390	80	970	79	868	77	10.5%	45	16.4%	76	295	82
OTSEGO	484.8	45,945	41	13,945,731	57	1,322	41	1,201	39	9.1%	57	19.7%	45	385	65
OTTAWA	7,932.7	62,304	8	256,212,327	7	2,012	6	1,892	5	6.0%	79	19.0%	52	514	27
PRESQUE ISLE	259.0	40,025	73	6,675,305	69	1,032	74	910	71	11.8%	35	18.3%	67	397	60
ROSCOMMON	463.0	40,576	70	11,497,184	62	1,008	76	883	75	12.4%	22	21.2%	33	368	72
SAGINAW	3,994.1	46,788	35	117,771,397	12	1,380	36	1,221	36	11.5%	40	23.5%	12	494	34
ST. CLAIR	3,781.4	50,318	24	117,426,485	14	1,563	22	1,422	23	9.0%	59	22.2%	26	456	41
ST. JOSEPH	1,192.9	44,150	51	35,200,971	31	1,303	43	1,149	44	11.8%	33	20.0%	44	528	21
SANILAC	782.7	42,503	60	22,365,269	42	1,215	54	1,013	59	16.6%	6	22.6%	22	879	4
SCHOOLCRAFT	172.6	44,765	46	4,455,602	75	1,156	60	1,055	57	8.7%	62	15.1%	79	332	81
SHIAWASSEE	1,580.4	46,717	37	47,402,981	27	1,401	34	1,254	31	10.5%	44	22.8%	19	514	28
TUSCOLA	1,105.3	42,645	59	31,134,166	35	1,201	58	995	61	17.2%	4	21.2%	34	966	2
VAN BUREN	1,725.9	49,927	27	53,361,392	25	1,544	23	1,379	25	10.6%	43	23.4%	15	502	32
WASHTENAW	11,565.6	75,036	2	386,490,906	5	2,507	2	2,350	2	6.3%	77	19.7%	46	611	9
WAYNE (including Detroit)	36,013.1	48,227	31	1,118,390,070	2	1,498	26	1,256	30	16.1%	7	32.4%	1	542	18
WEXFORD	634.7	41,431	68	18,558,060	48	1,211	55	1,069	55	11.7%	36	22.5%	24	406	56
OUTSIDE MICHIGAN	72,516.8	352,439		270,716,182		1,316		1,274		3.2%		3.7%		510	
DETROIT	11,408.4	38,125		334,790,656.7		1,119		815		27.1%		41.0%		499	
TOTALS	\$322,151.6	\$69,895		\$8,172,853,324		\$1,773		\$1,610		9.2%		22.7%		533	

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

Exhibit 37
Average Adjusted Gross Income by County
2014

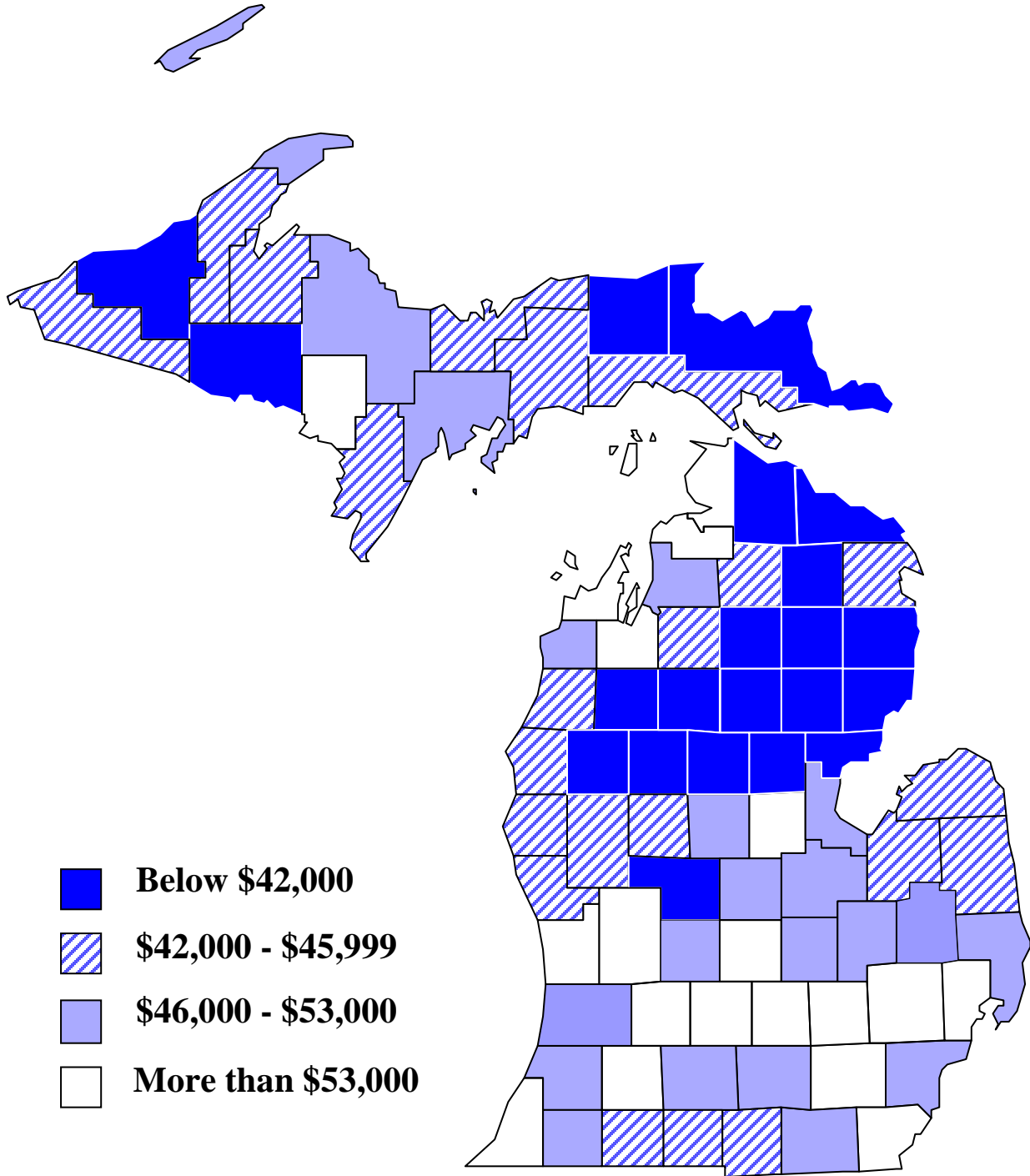


Exhibit 38
Average Property Tax Credits by County
2014

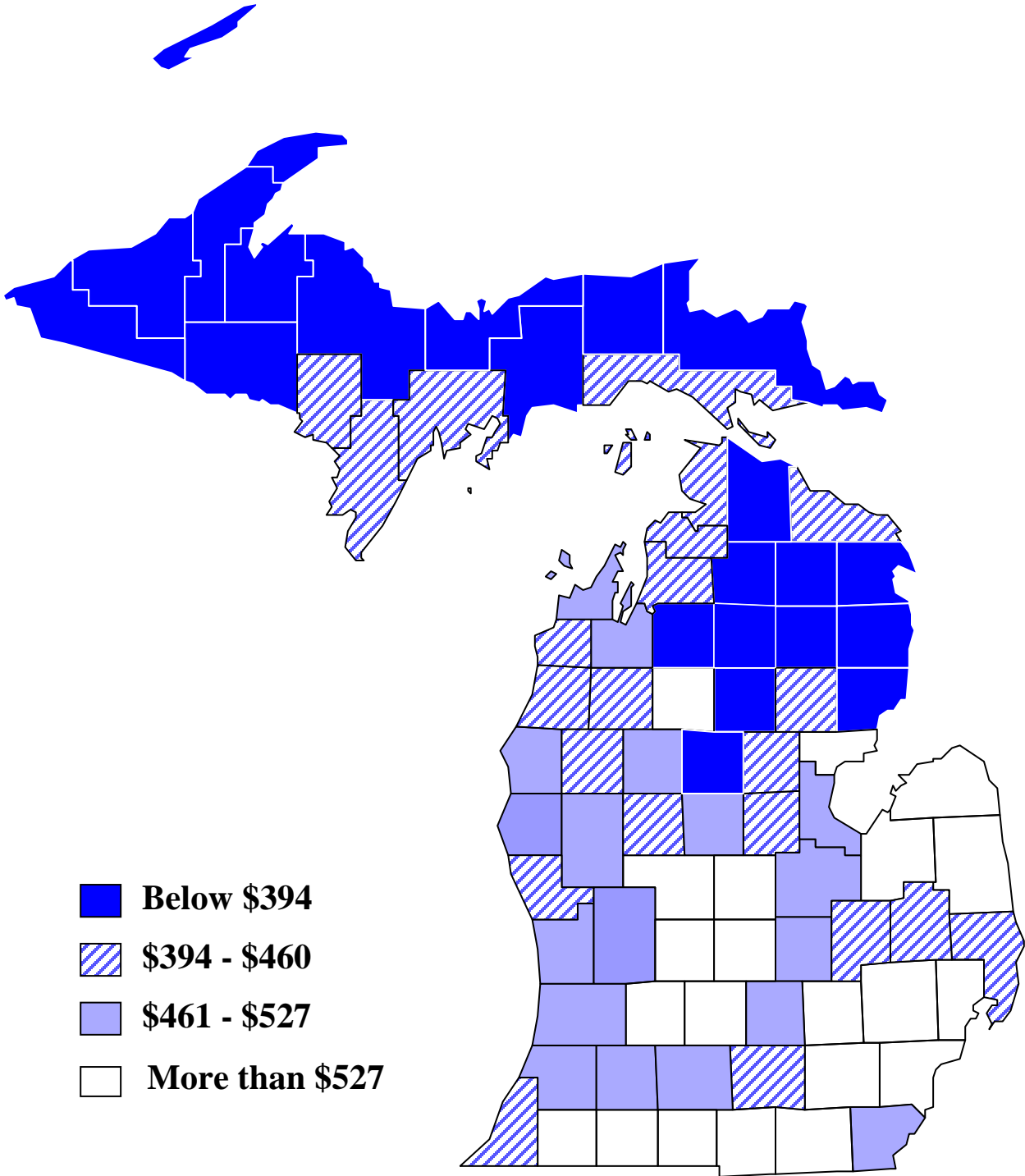


Exhibit 39
Average Annual Individual Income Tax Rates

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
1968	2.60%	1992	4.60%
1969	2.60%	1993	4.60%
1970	2.60%	1994	4.47%
1971	3.14%	1995	4.40%
1972	3.90%	1996	4.40%
1973	3.90%	1997	4.40%
1974	3.90%	1998	4.40%
1975	4.37%	1999	4.40%
1976	4.60%	2000	4.20%
1977	4.60%	2001	4.20%
1978	4.60%	2002	4.10%
1979	4.60%	2003	4.00%
1980	4.60%	2004	3.95%
1981	4.60%	2005	3.90%
1982	5.10%	2006	3.90%
1983	6.35%	2007	4.01%
1984	5.85%	2008	4.35%
1985	5.33%	2009	4.35%
1986	4.60%	2010	4.35%
1987	4.60%	2011	4.35%
1988	4.60%	2012	4.33%
1989	4.60%	2013	4.25%
1990	4.60%	2014	4.25%
1991	4.60%	2015	4.25%
		2016	4.25%

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

XII. APPENDIX A

FEDERAL TAX LAW CHANGES⁹ (from 2001 through 2013)

2001

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

For net operating losses (NOL) arising in taxable years ending in 2001 and 2002, the carryback period was extended from two to five years, effectively expanding the possibility of federal AGI calculation decrease from previous tax years.

2002

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

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

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

- the additional 30 percent first-year depreciation deduction for eligible property;
- the extension of qualified medical savings accounts (Archer MSAs), scheduled to expire in 2002, through 2003;
- extension for two years both deductions for qualified clean-fuel vehicles (deduction is now available for vehicles placed in service in 2002 and 2003, begins to phase down in 2004, and is unavailable after 2007) and for qualified clean-fuel vehicle refueling property (deduction available for property placed in service prior to 2007, instead of 2006); and
- new, above-the-line deduction for qualified expenses incurred by educators for classroom materials (up to \$250 in qualified out-of-pocket classroom expenses, and/or nonreimbursed expenditures for certain books, supplies and equipment related to classroom instruction qualify for the deduction). The deduction was extended for a number of tax years, and finally made permanent in 2015, and the \$250 limit was annually indexed for tax years after 2015.

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

- above-the-line deduction for or qualified higher education expenses (up to \$3,000 in expenses in tax year 2002, increased to \$4,000 in 2006 and was extended for many tax years through 2016.).

2003

An additional 50 percent first-year "bonus" depreciation for eligible property (in lieu of the 30 percent additional deduction provided in past years) became available for property acquired through 2006. In lieu of depreciation, small businesses could elect to deduct up to \$25,000 of the cost of qualifying property placed in service during the taxable year, where the expense amount was reduced by the amount by which the taxpayer's cost of qualifying property exceeded \$200,000.

The maximum amount small businesses could elect to deduct was increased from \$25,000 of the cost of qualifying property placed in service during the taxable year to \$100,000 for tax years beginning in 2003, 2004, and 2005. The expense amount was reduced by the amount by which the taxpayer's cost of qualifying property exceeded \$200,000, but that limit was increased to \$400,000. Both the deduction and phase-out threshold are indexed annually for inflation for 2004 and 2005.

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

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

- the new above-the-line deduction for overnight travel expenses of National Guard and Reserve members. Effective for tax years after 2002, reservists who stay overnight more than 100 miles away from home while in service may deduct non-reimbursed travel expenses (transportation, meals and lodging), limited to the rates for such expenses authorized for federal employees, including per diem in lieu of subsistence;
- the expansion of military death benefit: the military death benefit was increased to \$12,000 and made it not taxable (it was \$6,000, with \$3,000 tax-free), effective for deaths occurring after September 10, 2001; and
- the new special election regarding sale of principal residence available for members of the uniformed services or the Foreign Service, which applies retroactively for home sales after May 6, 1997. Under current law, all taxpayers may exclude up to \$250,000 of gain from the sale or exchange of their principal residence (\$500,000 of gain for married filing jointly), if the taxpayer owned and used the property as a principal residence for two years or more during the five-year period that ends on the date of sale of the property. The new law allows uniformed and foreign service personnel called to active duty away from home to elect to suspend for up to ten years of such duty time the running of the five-year ownership-and-use period before the sale of a residence. The election applies to only one property at a time, and was made permanent in 2009.

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

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

2004

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

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

Extension of the availability of Archer medical savings accounts through tax year 2006.

Extension of the increased expensing for small business (from \$25,000 to \$100,000 in 2003, and inflation indexed starting in 2004) through 2007.

Limitation of the exclusion for gain on the sale or exchange of a principal residence (exclusion will not apply if the principal residence was acquired in a like-kind exchange in which any gain was not recognized within the prior 5 years); and

Enactment of an above-the-line deduction for attorney's fees and court costs incurred in connection with an unlawful discrimination claim. (Prior to the law, itemized deductions of those costs were allowed.)

2005

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

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

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

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

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

- Special 5-year NOL carryback to the aggregate amount of the following deductions: qualified GO zone casualty losses, depreciation deductions with respect to qualified GO zone property for the taxable year the property is placed in service, and deductions for certain repair expenses resulting from Hurricane Katrina.

2006

Exclusion from gross income for otherwise taxable distributions from a traditional or a Roth IRA made directly to a qualified charitable organization. The exclusion may not exceed \$100,000 per taxpayer per taxable year, is applicable only to distributions made on or after the date the IRA owner attains age 70 ½, and is effective for distributions made in taxable years 2006 and 2007, and extended through 2009. This exclusion was extended for many tax years and made permanent in 2015.

Extension of the expiration of the reduced recovery period for qualified leasehold improvement property and qualified restaurant property, from 39 years to 15 years, for property placed in service by TY 2005, to property placed in service by TY 2007.

2007

The same treatment applied to depreciation recapture for tangible personal property is extended to section 197 intangible property. In this case, multiple qualified section 197 intangibles sold in a single transaction or in a series of transactions after August 8, 2007 will be treated as a single asset for the purpose of calculating the amount of gain to be recaptured as ordinary income. This netting requirement generally will result in a higher amount of recapture than previously observed.

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

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

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

Various provisions set to expire were made permanent or extended: permanent higher dollar amount for IRA contributions (\$4,000 starting in 2007, \$5,000 in 2009, inflation adjusted thereafter); permanent higher dollar limits on defined contribution plans (\$44,000 in 2007),

elective deferrals (including \$15,000 in 2007 for 401(k) plan deferrals, 457 plan deferrals (\$15,000 in 2007), SIMPLE plan contributions (\$10,000 in 2007) and compensation that may be taken into account under a plan; permanent catch-up contributions for older workers (\$1,000 after 2005 for IRAs, \$2,500 for SIMPLE plans, \$5,000 for 401(k) plans); permanent Roth 401(k) and 403(b)s; and extension of combat pay, which is otherwise excluded from gross income, to be treated as earned income for purposes of calculating the EITC.

2008

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

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

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

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

2009

Eligible small businesses may elect to increase the carryback period for applicable NOLs from two years to five years, while the percentage of exclusion from tax for capital gains realized on the sale of certain small business stock held for more than five years increases from 50 to 75 percent for

stock issues after February 17, 2009 through September 2011, and then 100 percent until December 2011.

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

The limit of 50 percent exclusion from tax for capital gains realized on the sale of certain small business stock held for more than 5 years was increased to the greater of \$10 million or 10 times the taxpayer's basis in the stock. The exclusion is limited to individual investments (not corporate). The limit is increased to 100 percent for qualified small business stock issued in 2012. In 2015, the exclusion was made permanent for qualified stocks issued in any tax year.

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

2010

Starting with tax years beginning in 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;
- 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 IRA 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.

MICHIGAN PERSONAL INCOME TAX LEGISLATIVE HISTORY (1967 – 2013)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 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.

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

2004

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

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

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

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

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

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

PA 273 allowed taxpayers to exclude the portion of a parcel of real property that is unoccupied and classified as agricultural when calculating the taxable value of property for purposes of

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

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

eligibility for the homestead property tax credit (effective 2012, credit only applies to homesteads with a taxable value up to \$135,000).

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

2012

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

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

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

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

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

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

PA 597 exempted retirement or pension benefits received for services in the Michigan National Guard, effective January 1, 2012. The Public Act also increased the allowable deduction for retirement or pension benefits received by taxpayers through employment with a governmental agency that was not covered by the Social Security Act. The allowable deduction for taxpayers

born in 1946 through 1952 was increased by up to \$15,000 for each taxpayer receiving such benefits, effective January 1, 2013. Beginning in 2015, taxpayers who were born after 1952, have reached 62 years of age, and are receiving benefits from employment with governmental agency that was not covered under the Social Security Act would be eligible to deduct up to \$15,000 of those benefits.

2013

Public Act 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.

Public Acts 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.

Public Acts 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.

Public Acts 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.

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

Public Act 206 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.

**MICHIGAN INCOME TAX REQUIREMENTS
(1967 – 2015)**

<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)	206.315	GI	GI	GI	AGI	AGI	AGI	AGI	AGI	AGI	AGI
(Gross income (GI) or AGI above threshold)		Single Return	\$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	\$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	\$1,500	\$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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For notes, see page 121.

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)	206.315	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	
(Gross income (GI) or		Single Return	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,600	\$1,800
AGI above threshold)		Joint Return	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,200	\$3,600
. Reciprocity States		IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	
. Liability Threshold for Estimated Pmt	(3)	206.301	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$500	\$500
. Use Tax Return in MI-1040 Booklet			n.a.	n.a.	n.a.	n.a.	n.a.	Yes	Yes	No	No	Yes	Yes
. Tax Rate	206.51(1), 51(b)-51(h)	4.60%	4.60%	4.60%	4.60%	5.10%	6.35%	5.85%	5.33%	4.60%	4.60%	4.60%	

Exemptions Amounts:

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

Exemptions Amounts:

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

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

Exemptions Amounts:

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

For notes, see page 121.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

<u>General MI-IIT Information:</u>	<u>MCL Section</u>	<u>Form</u>	<u>TY 2009</u>	<u>TY 2010</u>	<u>TY 2011</u>	<u>TY 2012</u>	<u>TY 2013</u>	<u>TY 2014</u>	<u>TY 2015</u>	
. IRC compliance (*)	206.12(3)		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	
. Revenue Distribution:	(1)									
. To School Aid Fund:	206.51(2)		Formula	Formula	Formula	Formula	Formula	Formula	Formula	
. Filing Requirement:	(2)	206.315	MI-1040	AGI	AGI	AGI	AGI	AGI	AGI	
(Gross income (GI) or			Single Return	\$3,600	\$3,600	\$3,700	\$3,763	\$3,950	\$4,000	\$4,000
AGI above threshold)			Joint Return	\$7,200	\$7,200	\$7,400	\$7,526	\$7,900	\$8,000	\$8,000
. Reciprocity States			IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	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%	4.35%	4.35%	4.33%	4.25%	4.25%	4.25%

Exemptions Amounts:

. Personal Exemption:		206.30(2), 30a	MI-1040	\$3,600	\$3,600	\$3,700	\$3,763	\$3,950	\$4,000	\$4,000
. Special Exemptions:	(4)	206.30(3)	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Para/Hemi/Quadriplegic (**)(***)		206.30(3)		\$2,300	\$2,300	\$2,400	\$2,400	\$2,500	\$2,500	\$2,600
. Disabled		206.30(3)		\$2,300	\$2,300	\$2,400	\$2,400	\$2,500	\$2,500	\$2,600
. Blind (***)		206.30(3)		\$2,300	\$2,300	\$2,400	\$2,400	\$2,500	\$2,500	\$2,600
. Deaf (****)		206.30(3)		\$2,300	\$2,300	\$2,400	\$2,400	\$2,500	\$2,500	\$2,600
. Senior	(#)	206.30(3)		\$2,300	\$2,300	\$2,400	n.a.	n.a.	n.a.	n.a.
. Unemployed	(#)	206.30(3)		\$2,300	\$2,300	\$2,400	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	\$600	\$600	n.a.	n.a.	n.a.	n.a.
. Age 6 and Under				\$600	\$600	\$600	n.a.	n.a.	n.a.	n.a.
. Age 7 to 12				\$600	\$600	\$600	n.a.	n.a.	n.a.	n.a.
. Disabled Veteran		206.30(3)		\$300	\$300	\$300	\$300	\$300	\$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	No	Yes	Yes	Yes
	Single Return	n.a.	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.	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	No	Yes	Yes	Yes	Yes
	Single Return	n.a.	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.	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:	(6)												
. Nongame Wildlife Trust Fund		206.439	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Children's Trust Fund		206.440	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<u>Tax Base Adjustments Limits</u>													
. Maximum Private Pension Deduction (*****)	(7)	206.30(1)(i)(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>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>Check-Offs:</u>											
. State Campaign Fund	(5)	169.261(2)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Single Return			\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3
Joint Return			\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6
Other Voluntary Contributions:	(6)										
. Children of Veterans											
Tuition Grant		206.437	No	No	No	No	No	No	Yes	Yes	Yes
. Military Family Relief Fund		206.438	No	No	No	No	Yes	Yes	Yes	Yes	Yes
. Children's Trust Fund		206.440	No	No	No	No	No	Yes	Yes	Yes	Yes
. Prostrate Cancer Research Fund		206.435	No	No	No	No	No	No	No	No	Yes
. Amanda's Fund		206.435	No	No	No	No	No	No	No	No	Yes
. Animal Welfare Fund		206.435	No	No	No	No	No	No	No	No	Yes
. Michigan Housing and Community											
Development Fund		206.435	No	No	No	No	No	No	No	No	Yes
. Michigan Law Enforcement											
Memorial Monument Fund		206.435	No	No	No	No	No	No	No	No	Yes

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>Section</u>		<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Check-Offs:</u>										
. State Campaign Fund	(5)	169.261(2)	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes
			Single Return	\$3	\$3	\$3	\$3	\$3	\$3	\$3
			Joint Return	\$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	Yes
. Military Family Relief Fund		206.438	Form 4642	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Children's Trust Fund		206.440	Form 4642	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Prostrate Cancer Research Fund		206.435	Form 4642	Yes	No	No	No	No	No	No
. Amanda's Fund		206.435	Form 4642	Yes	No	No	No	No	No	No
. Animal Welfare Fund		206.435	Form 4642	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Michigan Housing and Community										
Development Fund		206.435	Form 4642	Yes	No	No	No	No	No	No
. Michigan Law Enforcement										
Memorial Monument Fund		206.435	Form 4642	Yes	No	No	No	No	No	No
. Renewable Fuels Fund		206.435	Form 4642	Yes	Yes	No	No	No	No	No
. Foster Care Trust Fund		206.435	Form 4642	Yes	Yes	No	No	No	No	No
. Children's Miracle Network Fund		206.435	Form 4642	Yes	Yes	No	No	No	No	No
. MI Council for the Arts Fund		206.435	Form 4642	Yes	Yes	No	No	No	No	No
. Renewable Fuels Fund		206.435	Form 4642	Yes	Yes	No	No	No	No	No
. United Way Fund		206.435	Form 4642	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Girl Scout of Michigan Fund		206.435	Form 4642	No	No	Yes	Yes	Yes	No	No
. Special Olympics Michigan Fund		206.435	Form 4642	No	No	No	Yes	Yes	Yes	Yes
. AMBER Alert Fund of Michigan		206.435	Form 4642	No	No	No	No	Yes	Yes	No
. ALS of Michigan ("Lou Gehrig's										
Disease") Fund		206.435	Form 4642	No	No	No	No	Yes	Yes	Yes
. Alzheimer's Association of Michigan		206.435	Form 4642	No	No	No	No	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>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>Tax Base Adjustments Limits</u>										
. Maximum Private Pension Deduction (*****) (7)	206.30(1)(f)(iv)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Single Return	\$34,920	\$36,090	\$37,110	\$37,710	\$38,550	\$39,570	\$40,920	\$42,240	\$43,440
	Joint Return	\$69,840	\$72,180	\$74,220	\$75,420	\$77,100	\$79,140	\$81,840	\$84,480	\$86,880
. Political Contribution	206.30(1)(j)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Single Return	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
	Joint Return	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
. Maximum Senior Interest, Dividends, and Capital Gains Deduction (*****) (8)	206.30(1)(p)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Single Return	\$7,785	\$8,048	\$8,273	\$8,408	\$8,595	\$8,828	\$9,128	\$9,420	\$9,690
	Joint Return	\$15,570	\$16,095	\$16,545	\$16,815	\$17,190	\$17,655	\$18,255	\$18,840	\$19,380
. Maximum MESP Contribution	206.30(1)(t)(i)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Single Return	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	5000	\$5,000	\$5,000	\$5,000
	Joint Return	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	10000	\$10,000	\$10,000	\$10,000
. Federal Taxable Wage Base for FICA		\$76,200	\$80,400	\$84,900	\$87,000	\$87,900	\$90,000	\$94,200	\$97,500	\$102,000
. Federal Salary Elective Deferrals										
. 401(k)		\$10,500	\$10,500	\$11,000	\$12,000	\$13,000	\$14,000	\$15,000	\$15,500	\$15,500
. 403(b), or 457		\$8,000	\$8,500	\$11,000	\$12,000	\$13,000	\$14,000	\$15,000	\$15,500	\$15,500
. 50 and over		n.a.	n.a.	\$12,000	\$14,000	\$16,000	\$18,000	\$20,000	\$20,500	\$20,500
. Federal IRA Contribution Limit		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. General		\$2,000	\$2,000	\$3,000	\$3,000	\$3,000	\$4,000	\$4,000	\$4,000	\$5,000
. 50 and over		n.a.	n.a.	\$3,500	\$3,500	\$3,500	\$4,500	\$5,000	\$5,000	\$6,000

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For notes, see page 121.

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>Section</u>		<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<u>Tax Base Adjustments Limits</u>		MI-1040							
. Maximum Private Pension Deduction (*****)	206.30(1)(f)(iv)	Form 4884	Yes	Yes	Yes	Yes	Yes	Yes	Yes
For those born before 1946	(7)	Single Return	\$45,120	\$45,120	\$45,842	\$47,309	\$48,302	\$49,027	\$49,811
		Joint Return	\$90,240	\$90,240	\$91,684	\$94,618	\$96,605	\$98,054	\$99,623
For those born after 1945 and before 1953	203.30(9)	Form 4884	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	(7)	Single Return	\$45,120	\$45,120	\$45,842	\$20,000	\$20,000	\$20,000	\$20,000
		Joint Return	\$90,240	\$90,240	\$91,684	\$40,000	\$40,000	\$40,000	\$40,000
For those born after 1952	203.30(9)	Form 4884	Yes	Yes	Yes	No	No	No	No
		Single Return	\$45,120	\$45,120	\$45,842	n.a.	n.a.	n.a.	n.a.
		Joint Return	\$90,240	\$90,240	\$91,684	n.a.	n.a.	n.a.	n.a.
. Political Contribution	(#)	206.30(1)(j)	Yes	Yes	Yes	No	No	No	No
		Single Return	\$50	\$50	\$50	n.a.	n.a.	n.a.	n.a.
		Joint Return	\$100	\$100	\$100	n.a.	n.a.	n.a.	n.a.
. Maximum Senior Interest, Dividends, and Capital Gains Deduction (*****)	206.30(1)(p)	Schedule 1	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	(8)	Single Return	\$10,058	\$10,058	\$10,218	\$10,545	\$10,767	\$10,929	\$11,104
		Joint Return	\$20,115	\$20,115	\$20,437	\$21,091	\$21,534	\$21,857	\$22,207
For those born after 1945	206.30(1)(p)	Schedule 1	Yes	Yes	Yes	No	No	No	No
	(8)	Single Return	\$10,058	\$10,058	\$10,218	n.a.	n.a.	n.a.	n.a.
		Joint Return	\$20,115	\$20,115	\$20,437	n.a.	n.a.	n.a.	n.a.
. Maximum MESP Contribution	206.30(1)(o)(i)	Schedule 1	Yes	Yes	Yes	Yes	Yes	Yes	Yes
		Single Return	\$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
. Federal Taxable Wage Base for FICA			\$106,800	\$106,800	\$106,800	\$110,100	\$113,700	\$117,000	\$118,500
. Federal Salary Elective Deferrals									
. 401(k)			\$16,500	\$16,500	\$16,500	\$17,000	\$17,500	\$17,500	\$18,000
. 403(b), or 457			\$16,500	\$16,500	\$16,500	\$17,000	\$17,500	\$17,500	\$18,000
. 50 and over			\$22,000	\$22,000	\$22,000	\$22,500	\$23,000	\$23,000	\$24,000
. Federal IRA Contribution Limit			Yes	Yes	Yes	Yes	Yes	Yes	Yes
. General			\$5,000	\$5,000	\$5,000	\$5,000	\$5,500	\$5,500	\$5,500
. 50 and over			\$6,000	\$6,000	\$6,000	\$6,000	\$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)
<hr/>													
<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
<hr/>													

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

<u>NonRefundable Credits</u>		<u>MCL</u> <u>Section</u>	<u>Form</u>	<u>TY</u> <u>2009</u>	<u>TY</u> <u>2010</u>	<u>TY</u> <u>2011</u>	<u>TY</u> <u>2012</u>	<u>TY</u> <u>2013</u>	<u>TY</u> <u>2014</u>	<u>TY</u> <u>2015</u>
. Taxes Paid to Another State Cr.	(10)	206.255(1)	MI-1040	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
. City Income Taxes Cr.	(12) (#)	206.257	MI-1040, Sch. 2	Yes	Yes	Yes	No	No	No	No
. Public Contribution Cr.	(13) (#)	206.260	MI-1040, Sch. 2	Yes (a')	Yes (a')	Yes (a')	No	No	No	No
. Community Foundation Cr.	(13) (#)	206.261	MI-1040, Sch. 2	Yes (a')	Yes (a')	Yes (a')	No	No	No	No
. Homeless Shelter/Foodbank Cr.	(13) (#)	206.261	MI-1040, Sch. 2	Yes (a')	Yes (a')	Yes (a')	No	No	No	No
. MI Historic Preservation Cr.	(16)	206.266	Form 3581	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Vehicle Donation Cr.	(17) (#)	206.269	MI-1040, Sch. 2	Yes	Yes	Yes	No	No	No	No
. College Tuition Cr.	(18) (#)	206.274	MI-1040, Sch. 2	Yes	Yes	Yes	No	No	No	No
. Individual or Family Development Account Cr.		206.276	MI-1040, Sch. 2	Yes	Yes	Yes	No	No	No	No
. Film Production Cr.	(19) (#)	206.367	MI-1040, Sch. 2	Yes	Yes	Yes	No	No	No	No
. Energy Cost Recovery Surcharge Cr.	(20) (#)	206.253(2)	MI-1040, Sch. 2	Yes	Yes	Yes	No	No	No	No
. Small Business Investment Tax Cr.	(21)	206.278	MI-1040	No	No	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
. Adoption Cr.	(23) (#)	206.267, 268	0	Yes	Yes	Yes	No	No	No	No
. Stillbirth Credit	(26) (#)	206.275	0	Yes	Yes	Yes	No	No	No	No
. Earned Income Tax Credit	(27)	206.272	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Energy Efficient Qualified	(28) (#)	206.253(1)	0	Yes	Yes	Yes	No	No	No	No
. MI Historic Preservation Cr.	(29)	206.266(8)	Form 3581	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), (i)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
. Taxpayer and Spouse blind	206.522(3)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$3,500	\$7,000	\$7,000	\$7,000	\$7,000
. Total HPTC Limit	206.520(15)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$500	\$500	\$500	\$1,200	\$1,200
. Cr. Availability/Calculation												
. General:	206.522(1)(a)	n.a.	Yes (b)	Yes (b)	Yes (b')	Yes (b'')	Yes (b''')	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)
. Special Credits:												
. Seniors												
. General	206.522(1)(b), (c)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. 1973 Homestead Exempt	206.522(5)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (f)	Yes (f)	Yes (f)	Yes (f)
. Para/hemi/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)(c)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (g)	Yes (g)	Yes (g)	Yes (g)
. Veterans	206.522(1)(d)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)
. Blind	206.522(1)(e)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)
. Farmland Preservation Credit	(31) 554.710(1)	No	No	No	No	No	No	No	No	No	Yes (j)	Yes (j)

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), (i)	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
. Taxpayer and Spouse blind	206.522(3)	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
. Household Income Limit	206.520(8)	n.a.	n.a.	n.a.	n.a.	\$74,000	\$77,500	\$79,950	\$82,650	\$82,650	\$82,650	\$82,650
Credit phase out before limit		n.a.	n.a.	n.a.	n.a.	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000
. Total HPTC Limit	206.520(15)	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
. Cr. Availability/Calculation												
. General:	206.522(1)(a)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)
. Special Credits:												
. Seniors												
. General	206.522(1)(b), (c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Low Income Renters	206.520(9), (10)	n.a.	n.a.	n.a.	n.a.	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)
. 1973 Homestead Exempt	206.522(5)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)
. Para/hemi/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.)		<u>MCL</u> <u>Section</u>	<u>TY</u> <u>1989</u>	<u>TY</u> <u>1990</u>	<u>TY</u> <u>1991</u>	<u>TY</u> <u>1992</u>	<u>TY</u> <u>1993</u>	<u>TY</u> <u>1994</u>	<u>TY</u> <u>1995</u>	<u>TY</u> <u>1996</u>	<u>TY</u> <u>1997</u>	<u>TY</u> <u>1998</u>	<u>TY</u> <u>1999</u>
. <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)(e)	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
. <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''')
. Eligible Property Tax Paid Percent										
. Homeowners	206.520(1)	100%	100%	100%	100%	100%	100%	100%	100%	100%
. Renters	206.520(2)									
. Ad Valorem Taxes		20%	20%	20%	20%	20%	20%	20%	20%	20%
. Service Charges		10%	10%	10%	10%	10%	10%	10%	10%	10%
. Nursing Home Patient		share	share	share	share	share	share	share	share	share
. Homeowner Veterans Cr. Requirements:										
. Taxable Value Allowance	206.506	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500
. Income Limit	206.506	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
. Homeowner Blind Cr. Requirements:										
. Taxable Value Allowance										
. Taxpayer only blind	206.522(1)(e)(i), (f)	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
. Taxpayer and Spouse blind	206.522(3)	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
. Household Income Limit	206.520(8)	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650
Credit phase out before limit		10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000
. Total HPTC Limit	206.520(15)	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
. Cr. Availability/Calculation										
. General:	206.522(1)(a)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)
. Special Credits:										
. Seniors										
. General	206.522(1)(b), (c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Low Income Renters	206.520(9), (10)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)
. 1973 Homestead Exempt	206.522(5)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)
. Para/hemi/quadruplegic	206.522(1)(c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Disabled	206.522(1)(c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Deaf	206.522(1)(c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Veterans	206.522(1)(d)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)
. Blind	206.522(1)(e)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)
. Farmland Preservation Credit	(31) 554.710(1)	Yes (j)	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')

For notes, see page 121.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	MCL Section	Form	TY 2009	TY 2010	TY 2011	TY 2012	TY 2013	TY 2014	TY 2015
. <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''')
. Eligible Property Tax Paid Percent									
. Homeowners	206.520(1)		100%	100%	100%	100%	100%	100%	100%
. Renters	206.520(2)								
. Ad Valorem Taxes			20%	20%	20%	20%	20%	20%	20%
. Service Charges			10%	10%	10%	10%	10%	10%	10%
. Nursing Home Patient			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
. Income Limit	206.506		\$7,500	\$7,500	\$7,500	\$7,500 (b''')	\$7,500 (b''')	\$7,500 (b''')	\$7,500 (b''')
. Homeowner Blind Cr. Requirements:		0							
. Taxable Value Allowance									
. Taxpayer only blind	206.522(1)(e)(i), (ii)		\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
. Taxpayer and Spouse blind	206.522(3)		\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
. Homestead Taxable Value Limit	206.520(1)		n.a.	n.a.	n.a.	≤ \$135,000	≤ \$135,000	≤ \$135,000	≤ \$135,000
. Household Income Limit	206.520(8)		\$82,650	\$82,650	\$82,650	n.a.	n.a.	n.a.	n.a.
. Household Resources Limit	206.520(8)		n.a.	n.a.	n.a.	\$50,000 (b''')	\$50,000 (b''')	\$50,000 (b''')	\$50,000 (b''')
. Credit phase out before limit			10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000
. Total HPTC Limit	206.520(15)		\$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')
. Special Credits:									
. Seniors									
. General	206.522(1)(b), (c)		Yes (d)	Yes (d)	Yes (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)
. 1973 Homestead Exempt	206.522(5)		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)
. Disabled	206.522(1)(c)		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)
. Veterans	206.522(1)(d)		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)
. Farmland Preservation Credit	(31) 554.710(1)	MI-1040CR-5	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')

For notes, see page 121.

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	MCL Section	Form	TY 2009	TY 2010	TY 2011	TY 2012	TY 2013	TY 2014	TY 2015
. <u>Home Heating Credit</u>	(32) 206.527a(1)	MI-1040CR-7	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Federal Poverty Income Limit	206.527a(1)(b)		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")
. Maximum Credit:	206.527a(1)(a)								
. 0 or 1 Exemption			\$418	\$418	\$420	\$431	\$443	\$450	\$454
. 2 Exemptions			\$562	\$562	\$567	\$584	\$598	\$607	\$614
. 3 Exemptions			\$706	\$706	\$714	\$736	\$753	\$763	\$774
. 4 Exemptions			\$850	\$850	\$861	\$888	\$908	\$919	\$935
. 5 Exemptions			\$994	\$994	\$1,009	\$1,041	\$1,062	\$1,076	\$1,095
. 6 Exemptions			\$1,138	\$1,138	\$1,156	\$1,193	\$1,217	\$1,232	\$1,255
. more than 6 exemp.			+\$144/exemp.	+\$144/exemp.	+\$147/exemp.	+\$152/exemp.	+\$155/exemp.	+\$156/exemp.	+\$160/exemp.
. Maximum Income Limit Requirement:									
. 0 or 1 Exemption			\$11,929	\$11,929	\$11,986	\$12,299	\$12,642	\$12,842	\$12,956
. 2 Exemptions			\$16,043	\$16,043	\$16,186	\$16,671	\$17,071	\$17,329	\$17,528
. 3 Exemptions			\$20,158	\$20,158	\$20,387	\$21,014	\$21,500	\$21,786	\$22,099
. 4 Exemptions			\$24,272	\$24,272	\$24,587	\$25,357	\$25,929	\$26,243	\$26,699
. 5 Exemptions			\$28,387	\$28,387	\$28,815	\$29,728	\$30,328	\$30,728	\$31,270
. 6 Exemptions			\$32,500	\$32,500	\$33,014	\$34,071	\$34,757	\$35,186	\$35,842
. more than 6 exemp.			+\$4,114/exemp.	+\$4,114/exemp.	+\$4,200/exemp.	+\$4,343/exemp.	+\$4,429/exemp.	+\$4,457/exemp.	+\$4,571/exemp.
. Alternative Credit	206.527a(1)(c)(ii)		Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')	Yes (l''')
. Heating Fuel Cost Limit	206.527a(1)(d)		\$2,430	\$2,506	\$2,506	\$2,598	\$2,642	\$2,642	\$2,642
. Maximum Income:									
. 0 or 1 Exemptions			\$12,590	\$12,691	\$12,973	\$13,317	\$13,576	\$13,727	\$13,727
. 2 Exemptions			\$16,942	\$17,078	\$17,458	\$17,920	\$18,269	\$18,472	\$18,472
. 3 or more			\$21,298	\$21,469	\$21,946	\$22,527	\$22,967	\$23,222	\$23,222
. Credit Proration (%)	206.527a(18)		65%	52%	52%	48%	49%	50%	50%

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Notes:

General Information:

- .(*) Starting tax year 1970, per taxpayer preference, the IRC effective in tax year may be used instead.
 - .(**) Unlike exemption for paraplegic and quadriplegic, special exemption for hemiplegics starts in TY 1977.
 - .(***) Starting TY 1987, taxpayers who are blind, or quadriplegic, hemiplegic, or paraplegic are considered to be disabled.
 - .(****) Starting TY 2000, taxpayers who are deaf are considered disabled.
 - .(*****) Limits adjusted by percentage increase of the US CPI for the immediately preceding calendar year.
 - .(#) Repealed by PA 38 of 2011.
-
- .(1) Revenue distribution for local units was based on percent from net collections through TY 1986, and from gross collections thereafter. Revenue distribution for Revenue Sharing is based on percent from gross collections. Starting TY 2001, School Aid Fund share calculated by formula: 1.012% divided by IIT tax rate.
 - .(2) Filing requirement applies to any person whose gross income or federal AGI is in excess of the personal exemptions and additional (special) exemptions allowed. Filing threshold listed does not take into account special exemptions allowed.
 - .(3) Taxpayers with liability after credits and tax withheld above threshold must make estimated payments. Threshold equaled to \$100 until TY 1986, and \$500 thereafter.
 - .(4) Except for claimed as a dependent exemption (which applies only to the taxpayer), special exemptions applied to taxpayer or spouse only through TY 1999; and to taxpayers, spouse, or dependents of taxpayer, thereafter.
 - .(5) Contributions to the fund do not increase liability.
 - .(6) Contributions to those funds increase/reduce taxpayers' liability/refund.

Taxbase Adjustments Limits:

- .(7) Until TY 1988, the maximum private pension deduction amount applied to the total of private, federal, and other states public retirement system pension and retirement benefits. Starting TY 1989, retirement and pension benefits from federal public system no longer were subjected to the limit. Starting TY 1994, the maximum also applies to benefits paid to seniors from a retirement annuity policy which are paid for life. In TY 1994, the maximum private pension deduction amount must be reduced by 25% of the total public (federal and MI) and federal military retirement benefits deduction claimed. Starting TY 2012, pension deduction is reduced only for those born after 1945. See footnote (7').
- .(7') Starting TY 2012, those born after 1945 and before 1953 are entitled to lower maximum pension deduction limit. Once taxpayers reach the age of 67, this deduction may offset all types of income, and is not restricted to retirement and pension income. For those born after 1952, however, there is no deduction until age 67 is reached, when filers may take only the greater of this deduction or the sum of the social security deduction and the personal exemption. For all filers born after 1945, once age 67 is reached, when taxpayer takes the greater of this deduction or the deduction for compensation or retirement received for services in the armed forces of the US, or retirement under the railroad retirement act.
- .(8) From TY 1994 through TY 1996, seniors were allowed deduction only from interest and dividends income, and this exemption could only be taken if taxpayer did not take a deduction for retirement and pension benefits. Starting TY 1997, senior deduction also includes capital gains income, where the senior maximum interest, dividend, and capital gain deduction amount shall be reduced by the total amount of retirement/pension benefit deduction claimed. Starting TY 2012, this deduction is no longer available for those born after 1945.

Non Refundable Credits:

- .(9) Headlee Credit: equaled to 2% of 1995 tax liability computed before taking into account any credit. Credit was effective only for TY 1995.
- .(10) Taxes Paid to Another State Credit: for TY 1967, credit equaled the amount of income tax paid in other states, limited to taxpayer liability. Starting TY 1968, credit was limited further to the proportion of the MI IIT due that the amount of the taxpayer's out-of-state income bears to the taxpayer's AGI.
- .(11) Nonresident Credit for Reciprocal State Income Tax exemption applies to the MI IIT paid by nonresident taxpayers from the following states: Reciprocal States (IN, WI, KY, IL, OH, MN), Idaho (TY 1970-82), Maryland (TY 1970-91), New Mexico (TY 1970-75), Virginia (TY 1968 on), West Virginia (TY 1970-91), and Canadian Provinces (TY 1978 on).
- .(12) City Income Tax Credit Calculation:
 - For TY 1968 and 1969:

If City Income Tax is:	Credit
. <=\$100	20% of city income taxes
. >\$100, <=\$150	\$20 + 15% of excess over \$100
. >\$150, <=\$200	\$27.50+ 10% of excess over \$150
. > \$200	min { \$32.50 + 5% of excess over \$200, \$10,000 }
 - . For TY 1970, credit equals to min { 12% of eligible city income tax paid, \$15 }.
 - . For TY 1971 - 1985:

If City Income Tax is:	Credit
. <=\$100	20% of city income taxes
. >\$100, <=\$150	\$20 + 10% of excess over \$100
. >\$150, <=\$200	\$25 + 5% of excess over \$150
. > \$200	min { \$27.50 + 5% of excess over \$200, \$10,000 }
 - . Starting TY 1986:

If City Income Tax is:	Credit
. <=\$100	20% of city income taxes
. >\$100, <=\$150	\$20 + 10% of excess over \$100
. >\$150	min { \$25 + 5% of excess over \$150, \$10,000 }
- .(13) Contribution Credit Calculation:
 - (a). From TY 1968 through 1987, credit was limited to min. { 50% of contribution, 10% of liability, \$5,000 } for estates, trusts, or min. { \$100, 20% of liability, 50% of contribution } for other returns.
 - (a'). Starting TY 1988, credit limited to min. { 50% contribution, \$100 for single returns, \$200 for joint returns } or min. { 50% contribution, \$5,000, 10% of tax liability } for estate and trust returns.
- .(14) Renewable/Solar Energy Credit equaled to a percentage of the first \$2,000 of eligible cost and a percentage of the next \$8,000 (or \$3,000 in TY 1983 - 1991, for single family dwelling) / \$13,000 (or \$7,000 in TY 1983-1991, for multiple dwelling) eligible cost. Percentages ranged from: 25% and 15% for TY 1979-1980; 20% and 10% for TY 1981; 15% and 5% for TY 1982; and 30% and 15% in TY 1983 - 1991.
- .(15) Medical Care Savings Account Credit calculation: credit equals min { 3.3% of eligible net contribution, \$3,000 (single), \$6,000 (joint) }, where \$3,000 and \$6,000 were indexed by inflation.

- (16) MI Historical Preservation Credit equals to 25% of qualified expenses, reduced by the amount of federal historic credit received. Starting TY 2009, instead of carrying forward the cr amount that exceeds liability (10 yrs), taxpayer may elect to have 90% of the excess credit amount refunded.
- (17) Vehicle Donation Credit equals to 50% fair market value of donated auto, limited to \$50 (single), \$100 (joint).
- (18) College Tuition and Fees Credit available for MI resident taxpayers with household income up to \$200,000, who paid undergraduate tuition and fees on behalf of a student who attends an eligible school. Eligible school refers to school that has certified that tuition will not increase by more than the rate of inflation. Credit may be taken for up to 4 years, per student.
From TY 1995-97, the credit was limited to min {4% of tuition and fees paid per student, \$250 per student per year}.
Starting TY 1998, the credit was limited to min {8% of tuition and fees paid per student, \$375 per student per year}.
- (19) Film Production Credit is available for MBT taxpayers who are eligible for the MBT credit but instead, elect to claim the credit against IIT liability.
- (20) Energy Cost Recovery Surcharge Credit is restricted to eligible taxpayers with AGI up to \$65,000 (single), or \$130,000 (joint), and the equals a percentage of the additional utility charges paid that were imposed, so that electric utilities would meet newly enacted energy standards.
- (21) Small Business Investment Tax Credit (Venture credit) equals to 25 percent of a qualified investment made in a qualified business during tax years 2011 and 2012. Taxpayers may not claim a credit of more than \$250,000 in any one year, and shall be taken by the taxpayer in equal installments over 2 years beginning with the tax year i which the certification was approved.

Refundable Credits:

- (22) Inventory tax credit equaled a percent (25% in TY 1973, 32% in TY 1974, 39% in TY 1975) of qualified personal property taxes on inventory deductible on the federal return. Franchise Fee Credit equaled to 20% of qualified franchise fees paid.
- (23) Adoption Credit equals to min {qualified adoption expenses per child, \$1,200 per child}.
Credit is limited to eligible filers who claimed the federal adoption credit.
- (24) Prescription Drug credit was limited to seniors with household income up to 150% of federal poverty standard.
Credit equaled to min {\$600, qualified expenses over 5% of taxpayer's household income}.
- (25) Credit for Sales Tax Paid on Food and Prescription Drugs was inversely proportioned to household income, as follows:
- | Household Income | Credit per Person |
|-----------------------|-------------------|
| <=\$5,000 | \$10 |
| >\$5,000, <=\$7,000 | \$9 |
| >\$7,000, <=\$9,000 | \$8 |
| >\$9,000, <=\$11,000 | \$7 |
| >\$11,000, <=\$15,000 | \$6 |
| >\$15,000 | \$0 |
- (26) Stillbirth Credit: credit equals to 4.5% of the personal exemption amount for the tax year allowed for a single exemption, rounded up to the nearest \$10 increment
- (27) Earned Income Tax Credit: equals 10% of federal EITC claimed for TY 2008, 20% of federal EITC claimed for TY 2009 through TY 2011 and 6% for TY 2012 and after.
- (28) Energy Star Equipment Credit: credit available for taxpayers with AGI up to \$37,500 (single), or \$75,000 (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 $\min \{ 12\% \text{ of eligible property taxes paid, } \$15 \}$.

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

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

(b'''). Starting TY 1973, credit became refundable, based only on homestead property taxes paid and was calculated based on taxpayer's household income.

For mobile home owners, property taxes include the \$3.00 / month specific tax plus statutorily allowed percentage of rent.

(b'''). Starting in TY 2012, the credit became subject no longer to household income, but to household resources. Household resources refer to total household income plus any net business loss after netting all business income and loss, plus any net rental or royalty loss, plus any deduction from federal adjusted gross income for a carryback or carryforward of a net operating loss as defined in IRC sec. 172 (b) (2).

(c). Through TY 2011, General Credit (for homeowners or renters) equals to 60% of property tax amount paid in excess of 3.5% of household income.

(c'). Starting TY 2012, General Credit (for homeowners or renters) equals to 60% of property tax amount paid in excess of 3.5% of household resources.

(d). Through TY 2011, credit for homeowners or renters who are: Seniors (General Credit); Para/Quadriplegic (starting TY 1974); Hemiplegic (starting TY 1984); Blind (starting TY 2000), or Deaf (starting TY 2000).

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

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

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

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

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

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

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

(h). Veteran homeowners may claim a credit equal to eligible homestead property taxes paid multiplied by min. {percent of taxable value allowance (former State equalized value allowance) bears to the homestead taxable value (former State equalized value), 100% }. Veteran renters (starting TY 1978) may claim a credit equal to eligible homestead property taxes paid multiplied by min. {percent of eligible rent by the property tax rate on the property, 100% }.

(i). Homeowner Blind taxpayers may claim a credit equal to eligible property tax paid multiplied by min. {percentage that the taxable value allowance (former State equalized value allowance) bears to the homestead taxable value (former State equalized value), 100% }, for TY 1973 through 1999.

Renters who are blind may claim a credit as disabled.

.(31) Farmland Preservation Credit:

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

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

.(32) Home Heating Credit:

General Credit:

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

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

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

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

Alternate Credit:

- (l). From TY 1984 - TY 1986, credit equaled to total heating fuel cost amount reduced by 13 percent of claimant household income, the result multiplied by 50 percent.
- (l'). From TY 1987 - TY 1988, credit equaled to total heating fuel cost amount reduced by 13 percent of claimant household income, the result multiplied by 70 percent.
- (l''). From TY 1989 on, credit equals to total heating fuel cost amount reduced by 11 percent of claimant's household income, the result multiplied by 70 percent.
- (l'''). Starting TY 2012, credit calculation remains the same as before, but becomes subject to household resources, and not household income.