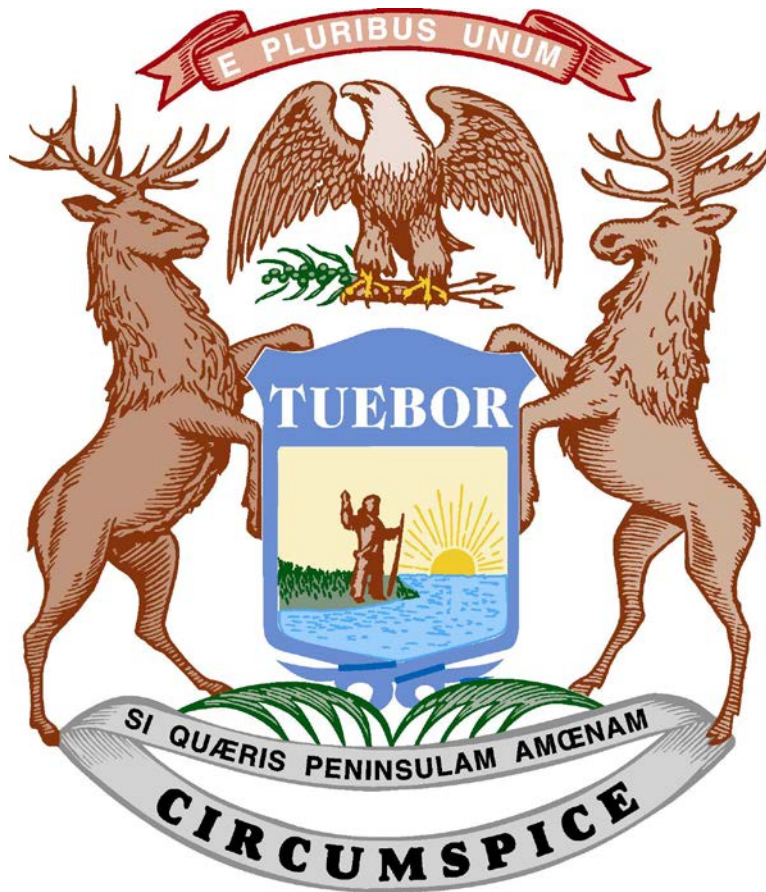
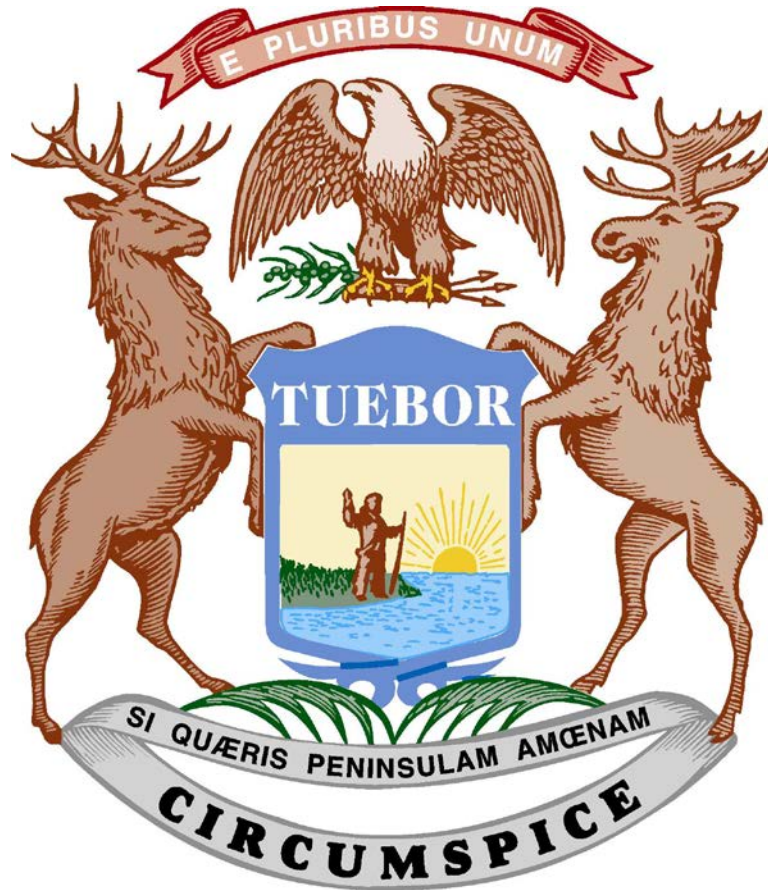


MICHIGAN'S INDIVIDUAL INCOME TAX 2015



**Michigan Department of Treasury
Office of Revenue and Tax Analysis
Tax Analysis Division
December 2017**

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I. EXECUTIVE SUMMARY

Returns and Revenue

For tax year 2015, Michigan's personal income tax generated \$8.0 billion in state revenues after all credits and refunds were paid. Net revenue increased \$589.7 million (7.9 percent) from 2014 levels, reflecting the increase in Adjusted Gross Income (AGI) from 2014 to 2015, and a slight decline in credits. About 4.7 million returns were filed for the 2015 tax year, or 53,400 more filers (1.2 percent) than the previous year.

Although the personal income tax was levied at a nominal flat rate of 4.25 percent in 2015, the average effective tax rate varied from negative 42.77 percent for filers with an AGI under \$2,000 to positive 3.39 percent for taxpayers with an AGI between \$190,001 and \$200,000. Including the impact of all refundable and nonrefundable credits, the overall effective tax rate was 2.39 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 (90.7 percent) of the \$8.0 billion in net revenue was paid by income groups with income over \$50,000.

Interstate Comparisons

For fiscal year 2015, Michigan's income tax revenue was twelfth lowest in the nation on a per capita basis, and thirteenth 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 33.1 percent below average on a per capita basis, and 24.3 percent below average as a percent of personal income.

Property Tax Credit

About 1.0 million Michigan homeowners, renters, and farmers received \$557.2 million in property tax credits, including farmland preservation credits, for 2015. The average property tax credit was \$547. Excluding farmland preservation credits, the average property tax credit for tax year 2015 was \$506. The total amount of property tax credits, including farmland preservation credits, decreased by \$0.7 million (-0.1 percent) with 28,400 fewer taxpayers benefiting compared to tax year 2014.

Senior citizens received about \$190.1 million in homestead property tax credits, an increase of \$0.8 million from tax year 2014. For about 314,000 senior citizens receiving homestead property tax credits, the average credit was \$605.

Home Heating Credit

Home heating credits totaled \$45.4 million for tax year 2015 with about 332,400 households qualifying for an average credit of \$134. Home heating credits decreased \$7.5 million for 2015, when approximately 47,500 fewer taxpayers claimed the credit.

Michigan Earned Income Tax Credit (EITC)

About 756,900 taxpayers claimed about \$109.5 million in Michigan EITC for 2015, resulting in an average credit of \$145 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 for tax year 2012 and after.

Historic Preservation Credit

For tax year 2015, about 200 taxpayers claimed \$266,900 in historic preservation credits. Compared with tax year 2014, this was a decrease of \$130,300 with 280 fewer taxpayers claiming a credit.

Credit for Income Paid to Another State

For tax year 2015, 51,500 taxpayers received a total of \$58.4 million credit for income tax paid to another state, resulting in an average credit of \$1,133. This represented an increase of \$4.9 million with 700 fewer taxpayers claiming a credit.

Use Tax Payments

Starting in tax year 1999, taxpayers were asked to remit use tax payments along with their personal income tax returns. For 2015, 105,400 taxpayers paid \$6.1 million in use tax. Compared to 2014, this was a decrease of \$579,800 on the total use tax paid, with 10,100 fewer taxpayers reporting the use tax.

Tax Law Changes in 2016

Public Act 158 amended the Income Tax Act to discontinue requirements that flow-through entities withhold tax for tax years that begin on or after July 1, 2016, revise the description of income that must be withheld, and amend the definition of taxpayer as any person subject to the tax imposed by

part 1 of the Act (provides for the individual income tax) or subject to the withholding requirements under part 3 of the Act (prescribes withholding requirements for flow-through entities, employers, and others).

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

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

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

II. INTRODUCTION

This report summarizes information regarding the Michigan individual income tax for tax year 2015. It is based on returns filed and processed in calendar year 2016.

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 2015 and 2016 and how those changes affect Michigan's income tax base. Section X summarizes the Michigan Public Acts (PA) in 2015 and 2016 that amended the Michigan Income Tax Act.

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

Section XII contains a summary of significant changes in federal income tax law since 2010 through changes in 2014, the Michigan personal income tax legislative history through 2014, 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 40 on page 59 for a complete list of average Michigan Individual Income tax rates since 1968.)

The starting point of the Michigan individual income tax is federal AGI. Therefore, changes in federal tax law can affect Michigan income tax collections. 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 92.

¹ For a complete Michigan personal income tax legislative history through 2014, see Appendix A, page 60.

For 2015, the following exemptions were available for taxpayers: \$4,000 personal exemption, \$2,600 special exemption for filers with certain disabilities, \$400 exemption for disabled veterans, and \$1,500 exemption for taxpayers claimed as dependent by another taxpayer. (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 87). Exhibit 1 depicts the average annual Michigan individual income tax rate and allowed exemptions since 2007.

Exhibit 1
Michigan Individual Income Tax Exemption Allowances

Tax Year	Average Rate	Personal Exemption	Claimed as Dependent Exemption	Special Exemptions			Unemployment Compensation	Child Age 18 and Under Exemption
				Blind, Deaf, or Disabled	Disabled Veteran	Senior		
2007	4.01%	\$3,400	\$1,500	\$2,200	n.a.	\$2,200	\$2,200	\$600
2008	4.35%	3,500	1,500	2,200	250	2,200	2,200	600
2009	4.35%	3,600	1,500	2,300	300	2,300	2,300	600
2010	4.35%	3,600	1,500	2,300	300	2,300	2,300	600
2011	4.35%	3,700	1,500	2,400	300	2,400	2,400	600
2012	4.33%	3,763	1,500	2,400	300	n.a.	n.a.	n.a.
2013	4.25%	3,950	1,500	2,500	300	n.a.	n.a.	n.a.
2014	4.25%	4,000	1,500	2,500	400	n.a.	n.a.	n.a.
2015	4.25%	4,000	1,500	2,600	400	n.a.	n.a.	n.a.
2016	4.25%	4,000	1,500	2,600	400	n.a.	n.a.	n.a.
2017	4.25%	4,000	1,500	2,600	400	n.a.	n.a.	n.a.

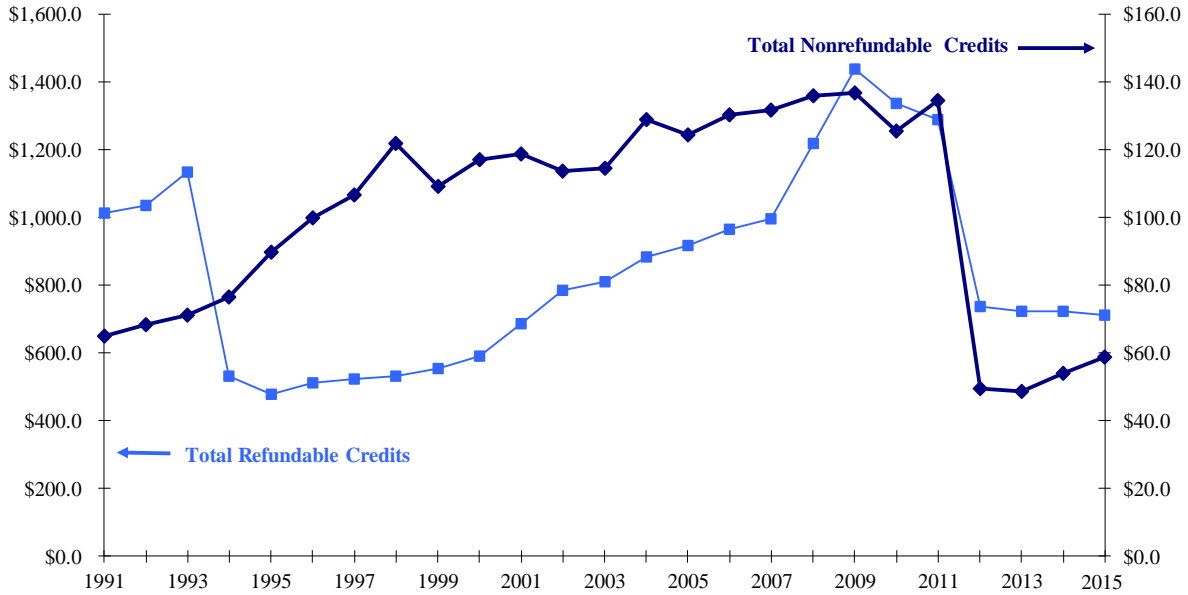
*Tax rate equals 3.9% through September 2007, then it increases to 4.35% thereafter.

**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 2015, a total of \$712.0 million was paid in refundable credits, and an additional \$58.6 million was paid in nonrefundable credits. For a complete list of credits available in tax year 2015 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 resulted in a steady increase of the earmarking percentage for tax years 2000 through 2006, from 24.1 to 25.95 percent, a decline on that percentage to 25.24 percent in 2007, followed by a period of intermittent increases. On tax year 2015, the earmarked percentage equaled 23.81, unchanged since 2013. 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. Prior to PA 553 of 2014, out-of-state businesses that did not have a store, warehouse, or employees in Michigan did

not have to register and collect Michigan use tax, even though many of those businesses voluntarily collected use tax for their customers².

In order to simplify the use tax compliance process for the taxpayers, starting in tax year 1999, Michigan taxpayers were able to remit use tax payments while filing their income tax return, instead of filing separate use tax forms. For tax year 2015, 105,400 taxpayers remitted \$6.1 million in use tax (see Exhibit 4 below).

Exhibit 3
Earmarking of Income Tax Gross Collections

Tax Years	Average Tax Rate	Earmarking Percentages		Tax Years	Average Tax Rate	Earmarking Percentages	
		SAF	GF/GP			SAF	GF/GP
1995	4.40%	14.00 %	86.00 %	2005 - 2006	3.90%	25.95 %	74.05 %
1996 - 1999	4.40%	23.00	77.00	2007	4.01%	25.24	74.76
2000 - 2001	4.20%	24.10	75.90	2008 - 2011	4.35%	23.26	76.74
2002	4.00%	25.30	74.70	2012	4.33%	23.40	76.60
2003	4.00%	25.30	74.70	2013 - 2015	4.25%	23.81	76.19
2004	3.95%	25.62	74.38				

Exhibit 4
Use Tax Liability Reported on Income Tax Returns

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

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

² Effective October 2015, PA 553 of 2014 provides additional presumptions to when an out-of-state company is engaged in the business of making sales at retail in the state, and therefore should register and collect sales taxes on those sales, lessening the burden of taxpayers to remit use taxes on such transactions.

IV. INCIDENCE OF THE INDIVIDUAL INCOME TAX

For tax year 2015, about 4.7 million MI-1040 returns were filed, 53,400 more than for 2014 (see Exhibit 5 below). An additional 73,000 “credit-only” returns were filed for 2015. 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, 17,500 claimed only a home heating credit, 16,700 claimed only a property tax credit, and 19,400 claimed both refundable credits.

The personal income tax generated \$8.0 billion in net revenue for tax year 2015, which is total revenue after all credits and refunds are paid. Income tax revenues increased \$589.7 million (7.9%) from 2014, reflecting the AGI increase from the prior year, and a slight decline in credits.

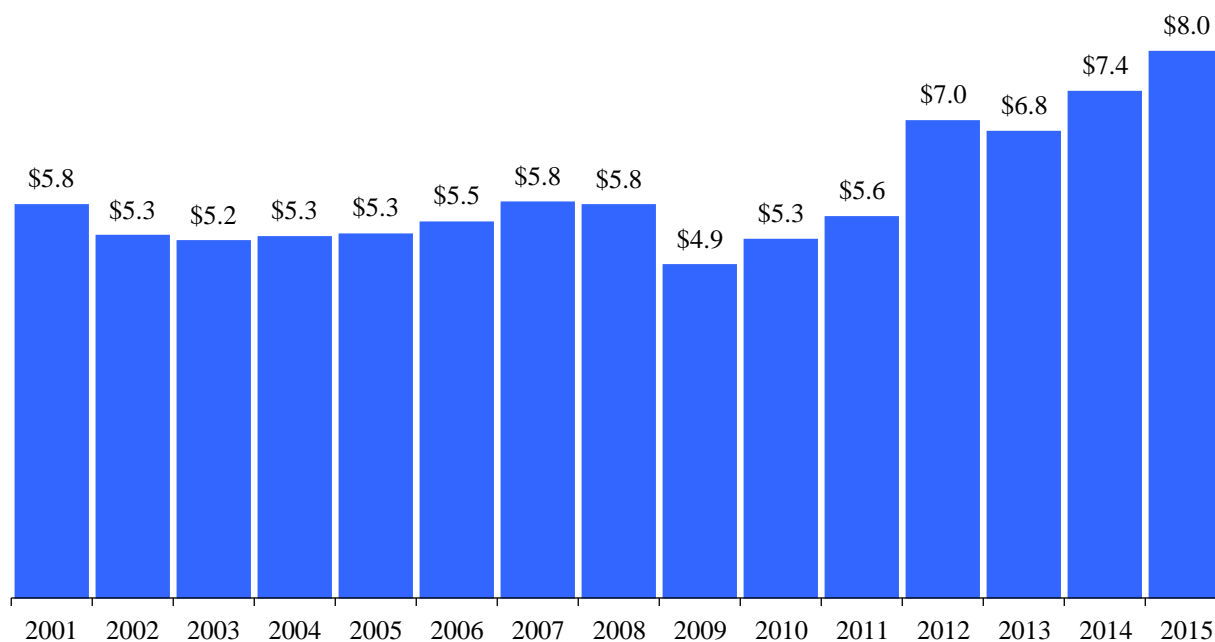
Exhibit 5
Fifteen-Year History of Income Tax Rates and Revenue

Year	Number of 1040s Filed	Adjusted Gross Income	Average AGI	Nominal Rate	Average Effective Rate	Revenue
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	69,895	4.25%	2.30%	7,419,330,100
2015	4,662,493	335,592,845,275	71,977	4.25%	2.39%	8,009,012,200

³The AGI above is reduced by returns reporting a negative AGI totaling a negative \$5.8 billion. The data for negative AGI returns are included throughout this report unless otherwise noted.

The number of income tax returns and tax revenues both generally increase when the economy expands and decrease during a recession. Changes in AGI reflect both economic growth and changes in the definition of federal AGI. Exhibit 6 below provides a graphical representation of Michigan individual income tax annual collections since 2001.

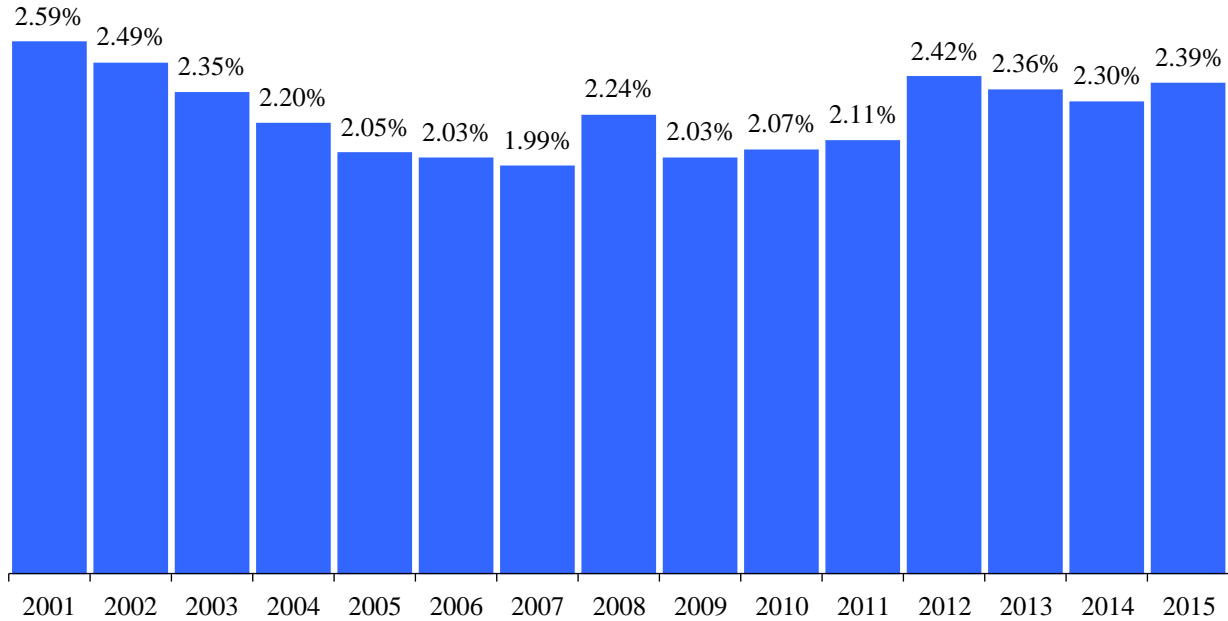
Exhibit 6
Annual Collections from Michigan Individual Income Tax
(billions of dollars)



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 2015 was 2.39 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 2001-2015 period, the highest average effective rate was 2.59 percent for 2001, and the lowest average was 1.99 percent for 2007. From 2001 through 2009, except for tax year 2008, which reflects the full year impact of the nominal rate increase from 3.9 percent to 4.35 percent, the overall decrease in the average effective rate over past years resulted from a combination of generalized increases in exemption amounts due to inflation indexing, expansion of refundable credits, and decreases in the nominal tax rate. Starting for tax year 2012, the treatment of retirement income was changed and several credits and special exemptions were either eliminated or reduced, resulting in a higher average effective rate.

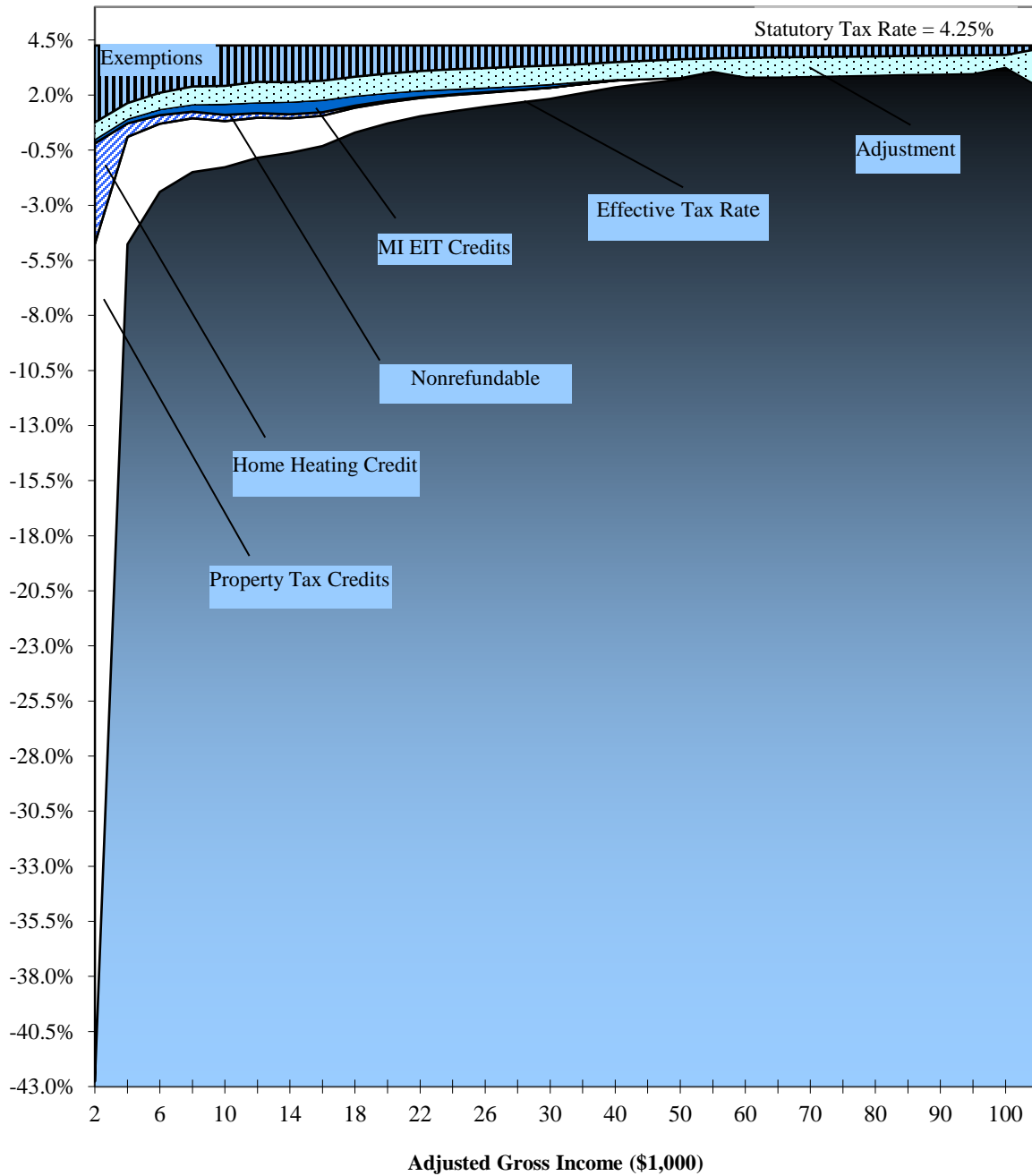
Exhibit 7
Individual Income Tax
Effective Tax Rate



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

As shown in Exhibits 8, 25 and 26 (see pages 12, 40 and 41, respectively), the effective tax rate for 2015 varied from negative 42.77 percent for taxpayers in the \$1 - \$2,000 AGI group, to positive 3.39 percent for taxpayers with an AGI between \$190,001 and \$200,000. Taxpayers with AGIs of less than \$16,000 on average received net payments from the state, mostly due to the refundable credits for property taxes, home heating expenses, and the Michigan EITC. The effective rate for taxpayers with an AGI above \$1,000,000 was 1.06 percent, lower than the peak of 3.39 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 2.39 percent rather than the nominal rate of 4.25 percent.

Exhibit 8 Effective Income Tax Rates, 2015



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 25 (see page 40). 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. Preliminary federal data for tax year 2015 show that 26.6 percent of Michigan taxpayers itemized deductions on their federal income tax returns⁴. 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 2015, 78.7 percent of Michigan taxpayers reporting an AGI of \$100,000 or more itemized their deductions, while 9.4 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 2015 (see Exhibit 28 on page 44). Since the total exemption amount for some taxpayers is greater than their income, not all exemptions were used at lower income levels. In the lowest income groupings, the exemptions offset all income. As noted in Exhibit 25 (see page 40), there were an estimated 7.5 million effective personal exemptions, i.e., exemptions that actually offset income. The effective exemptions for 2015 were calculated assuming all personal exemptions and special exemptions were equally likely to offset taxable income.

Michigan taxpayers claimed over about 254,800 special exemptions for tax year 2015 (see Exhibit 29 on page 46). Almost all of the special exemptions were claimed by deaf/blind/disabled filers (only 28,700 exemptions for disabled veterans were claimed for the tax year). Exhibits 28 and 29 (see pages 44 through 46) present distributions of all the exemptions claimed for tax year 2015 by income group. The number of special exemptions that actually offset taxable income for each income group can be estimated by dividing the number of effective exemptions listed for that income group in Exhibit 25 (see page 40) by the number of claimed exemptions, and then multiplying that quotient by the number of exemptions/deductions in Exhibit 29 (see page 46). For example, the number of effective deductions for disabled veterans in the \$30,001 to \$35,000 income group would be estimated by dividing 360,926 by 414,287 and then multiplying the result (0.8712) by 1,475. The result is an estimate of 1,285 effective exemptions.

⁴Data on itemized deductions was obtained from the Internal Revenue Service, Statistics of Income Division, Individual Master File System, August 2017.

The Michigan income tax is paid almost exclusively by Michigan residents. Non- or part-year residents pay about 4.4 percent of the income tax. Exhibit 9 below summarizes the distribution of Michigan returns and net tax liability by residency. While nonresidents report \$69.3 billion in AGI, they claim subtractions totaling \$64.1 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.

Exhibit 9
2015 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	4,423,660	\$259,309,828,699	\$7,660,417,406
Part-year resident	109,452	7,015,275,562	115,034,581
Nonresident	129,381	69,267,741,014	233,563,362
Totals	4,662,493	\$335,592,845,275	\$8,009,015,349

Married taxpayers filing jointly reported 68.7 percent of AGI and paid 70.7 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
2015 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	2,801,231	\$96,163,326,903	\$2,209,774,100
Married filing jointly	1,787,402	230,687,750,556	5,659,071,298
Married filing separately	73,859	8,741,756,042	140,170,247
Status not reported	n.a.	11,774	-296
Totals	4,662,493	\$335,592,845,275	\$8,009,015,349

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
2015 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⁾	68,397	(\$5,793.2)	\$5,525.0	-95.4%	\$1,157.2	-20.0%
\$ 1 - 50,000	2,812,025	\$57,908.1	\$434.0	0.7%	\$13,161.3	22.7%
50,001 - 100,000	1,039,574	\$74,629.4	\$335.9	0.5%	\$15,103.8	20.2%
100,001 - 150,000	415,877	\$50,130.9	\$246.5	0.5%	\$7,324.1	14.6%
150,001 - 200,000	149,163	\$25,517.6	\$185.3	0.7%	\$5,089.1	19.9%
200,001 - 300,000	92,754	\$22,138.4	\$201.6	0.9%	\$3,674.2	16.6%
300,001 - 400,000	30,041	\$10,306.4	\$128.4	1.2%	\$1,976.1	19.2%
400,001 - 500,000	15,184	\$6,760.4	\$98.4	1.5%	\$1,499.7	22.2%
500,001 - 750,000	16,884	\$10,191.1	\$168.8	1.7%	\$2,685.2	26.3%
750,001 - 1,000,000	6,838	\$5,881.6	\$112.3	1.9%	\$1,938.1	33.0%
Over \$1,000,000	15,755	\$77,922.1	\$997.8	1.3%	\$60,829.8	78.1%
Total	4,662,492	\$335,592.8	\$8,434.0	2.5%	\$114,438.5	34.1%

Notes:

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

For 2015, total additions represented about 2.5 percent of total AGI, varying from 0.5 percent for taxpayers with AGI between \$50,001 and \$150,000 to 1.9 percent for those in the \$750,001 and \$1 million AGI group (see Exhibit 11). Total subtractions represented about 34.1 percent of total AGI, and varied from 14.6 percent for taxpayers with AGI between \$100,001 and \$150,000 to 78.1 percent for those with AGI over \$1 million.

Exhibit 12 depicts the components of total additions. For tax year 2015, the largest components of total additions was the add back of losses attributable to other states (40.7 percent of total additions), and the federal NOL category (25.4 percent of total additions).

Exhibit 12
2015 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⁽¹⁾</u>
Less than \$1 ⁽²⁾	\$5,525.0	\$8.5	\$4.5	\$11.0	\$3,008.3	\$15.2	\$6.4	\$1,924.9	\$546.1
\$ 1 - 50,000	\$434.0	\$43.2	\$213.6	\$30.4	\$37.5	\$12.2	\$5.0	\$79.8	\$12.3
50,001 - 100,000	\$335.9	\$70.3	\$140.5	\$39.3	\$40.8	\$8.7	\$4.5	\$26.2	\$5.6
100,001 - 150,000	\$246.5	\$67.3	\$89.6	\$29.7	\$32.4	\$7.0	\$3.3	\$12.3	\$4.9
150,001 - 200,000	\$185.3	\$41.5	\$52.0	\$49.6	\$25.0	\$6.0	\$4.0	\$6.2	\$1.0
200,001 - 300,000	\$201.6	\$53.6	\$54.5	\$35.2	\$32.3	\$6.7	\$6.6	\$7.0	\$5.8
300,001 - 400,000	\$128.4	\$34.8	\$26.4	\$29.3	\$22.8	\$2.0	\$3.7	\$7.4	\$1.8
400,001 - 500,000	\$98.4	\$23.7	\$16.1	\$22.3	\$18.8	\$1.7	\$1.1	\$7.0	\$7.7
500,001 - 750,000	\$168.8	\$38.2	\$21.4	\$57.1	\$35.1	\$2.3	\$1.5	\$10.9	\$2.4
750,001 - 1,000,000	\$112.3	\$21.8	\$10.8	\$37.0	\$32.5	\$2.8	\$0.9	\$3.9	\$2.6
Over \$1,000,000	\$997.8	\$118.1	\$20.7	\$628.8	\$150.8	\$6.6	\$7.8	\$52.8	\$12.2
Total	\$8,434.0	\$521.0	\$650.2	\$969.7	\$3,436.3	\$71.2	\$44.8	\$2,138.4	\$602.4
% of Total Additions	100.0%	6.2%	7.7%	11.5%	40.7%	0.8%	0.5%	25.4%	7.1%

Notes:

1. In 2015, 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 for tax year 2015 were income attributable to other states (62.3 percent of total subtractions), and Social Security and active military benefits subtractions (14.1 percent of total subtractions, see Exhibit 13). The average AGI reduction for taxpayers with AGI up to \$100,000 was 23.2 percent, and 30.0 percent for taxpayers with AGI above \$100,000 (see Exhibit 13).

Beginning for 2012, pension and retirement benefits⁵ are taxed differently depending on the age of the benefit recipient and the age of the oldest filer on a joint return. For TY 2015, all taxable pension or retirement benefit income was exempted up to \$49,811 (single)/\$99,623 (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 in 1949 through 1952. Filers born during 1946 through 1948 no longer subtract retirement benefits but may claim the Michigan standard deduction against all income. The standard deduction amount is \$20,000 (single)/\$40,000 (joint) for most taxpayers. Filers born after 1952, generally, are not entitled to a pension subtraction.

⁵ 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 \$11,104 (single)/\$22,207 (joint) per return, and it was reduced by any pension income deducted by the taxpayer.

Exhibit 13
2015 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⁾	\$1,157.2	\$1.1	\$1.5	\$18.4	\$56.7	\$2.0	\$0.1	\$3.8	\$0.4
\$ 1 - 50,000	\$13,161.3	\$53.2	\$201.3	\$19.9	\$1,473.8	\$2,074.0	\$6.8	\$401.9	\$6.1
50,001 - 100,000	\$15,103.8	\$71.0	\$243.2	\$52.0	\$2,244.7	\$4,760.3	\$6.8	\$105.4	\$27.1
100,001 - 150,000	\$7,324.1	\$36.5	\$116.9	\$36.7	\$1,673.3	\$1,988.1	\$2.7	\$84.9	\$42.2
150,001 - 200,000	\$5,089.1	\$29.0	\$66.7	\$74.2	\$1,912.1	\$985.1	\$1.8	\$69.7	\$55.6
200,001 - 300,000	\$3,674.2	\$16.2	\$25.6	\$66.1	\$2,095.9	\$443.6	\$2.8	\$40.4	\$48.1
300,001 - 400,000	\$1,976.1	\$7.7	\$7.3	\$48.4	\$1,443.1	\$134.5	\$0.8	\$15.0	\$20.7
400,001 - 500,000	\$1,499.7	\$2.6	\$1.1	\$40.0	\$1,223.1	\$63.7	\$2.0	\$8.8	\$11.4
500,001 - 750,000	\$2,685.2	\$3.5	\$1.6	\$89.9	\$2,312.6	\$65.3	\$5.2	\$18.9	\$12.6
750,001 - 1,000,000	\$1,938.1	\$1.8	\$0.8	\$61.5	\$1,745.4	\$23.9	\$4.0	\$14.6	\$4.5
Over \$1,000,000	\$60,829.8	\$6.8	\$0.4	\$809.5	\$55,113.6	\$38.7	\$0.0	\$60.7	\$4.9
Total	\$114,438.5	\$229.5	\$666.3	\$1,316.6	\$71,294.4	\$10,579.0	\$33.1	\$824.2	\$233.6
% of Total Subtractions	100.0%	0.2%	0.6%	1.2%	62.3%	9.2%	0.0%	0.7%	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	\$9.0	\$824.4	\$0.2	\$133.9	\$66.7	\$16.6	\$22.4
\$ 1 - 50,000	\$1.6	\$10.9	\$36.6	\$88.4	\$2,677.9	\$5,580.1	\$336.7	\$192.0
50,001 - 100,000	\$5.0	\$10.8	\$21.4	\$119.5	\$1,607.4	\$5,497.8	\$115.7	\$215.6
100,001 - 150,000	\$7.0	\$7.7	\$9.2	\$33.9	\$648.0	\$2,488.0	\$46.8	\$102.3
150,001 - 200,000	\$9.7	\$9.5	\$4.5	\$17.4	\$332.7	\$1,415.9	\$32.5	\$72.7
200,001 - 300,000	\$8.3	\$10.7	\$8.3	\$7.7	\$151.5	\$674.2	\$23.1	\$51.8
300,001 - 400,000	\$3.1	\$6.9	\$5.9	\$1.9	\$49.3	\$198.2	\$10.1	\$23.1
400,001 - 500,000	\$1.6	\$2.2	\$2.0	\$0.7	\$26.6	\$87.6	\$5.2	\$21.2
500,001 - 750,000	\$2.6	\$4.9	\$6.8	\$0.7	\$28.7	\$84.1	\$8.2	\$39.5
750,001 - 1,000,000	\$0.5	\$1.4	\$5.8	\$0.8	\$13.4	\$30.0	\$2.7	\$27.0
Over \$1,000,000	\$1.2	\$5.2	\$41.7	\$1.2	\$32.3	\$37.7	\$8.9	\$4,666.9
Total	\$40.8	\$79.2	\$966.4	\$272.5	\$5,701.7	\$16,160.3	\$606.5	\$5,434.5
% of Total Subtractions	0.0%	0.1%	0.8%	0.2%	5.0%	14.1%	0.5%	4.7%

Notes:

- In 2015, 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 2014 to 2015 prepared by the U.S. Bureau of Economic Analysis. Personal income increased 4.6 percent overall in 2015, with strong growth in transfer payments (5.5 percent), and wage and salary disbursements (5.1 percent).

Exhibit 14
Growth in Michigan Income from 2014 to 2015
(thousands)

		2014	2015	Percentage Change
Labor Earnings				
Wage and salary disbursements		\$204,332,655	\$214,703,159	5.1%
Other labor income		31,247,233	32,756,978	4.8%
Proprietors' income		27,319,260	28,370,018	3.8%
Total labor earnings	(A)	\$262,899,148	\$275,830,155	4.9%
Adjustments				
Personal contributions for social insurance		-\$17,616,917	-\$18,401,554	4.5%
Adjustment for residence		2,073,910	2,143,079	3.3%
Total adjustments	(B)	-\$15,543,007	-\$16,258,475	4.6%
Net Michigan labor earnings	(C)=(A)-(B)	\$247,356,141	\$259,571,680	4.9%
Dividends, interest, and rent	(D)	\$71,950,909	\$73,797,342	2.6%
Transfer payments	(E)	86,667,653	91,438,468	5.5%
Michigan Personal Income	(C)+(D)+(E)	\$405,974,703	\$424,807,490	4.6%

Source: Bureau of Economic Analysis, U.S. Department of Commerce, March 28, 2017 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 2016 results in an estimated elasticity of 0.947, suggesting that a 10 percent increase in income will increase tax revenue by, on average, 9.47 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).⁶

⁶ 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 2015, Michigan's personal income tax offered 6 different credits to taxpayers: four are refundable credits (homestead property tax, farmland preservation property tax, home heating, and the Michigan earned income tax (EITC)), two are nonrefundable credits (other state income tax, and the Michigan historic preservation tax credits). The credits convert the flat rate Michigan income tax into a more progressive tax structure.

REFUNDABLE CREDITS

Homestead Property Tax Credit

Michigan's property tax credit is designed to provide property tax relief through the income tax. When property taxes exceed specific income thresholds, the credit provides relief to taxpayers. 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 resources⁷, 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 87.

For tax year 2015, 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:

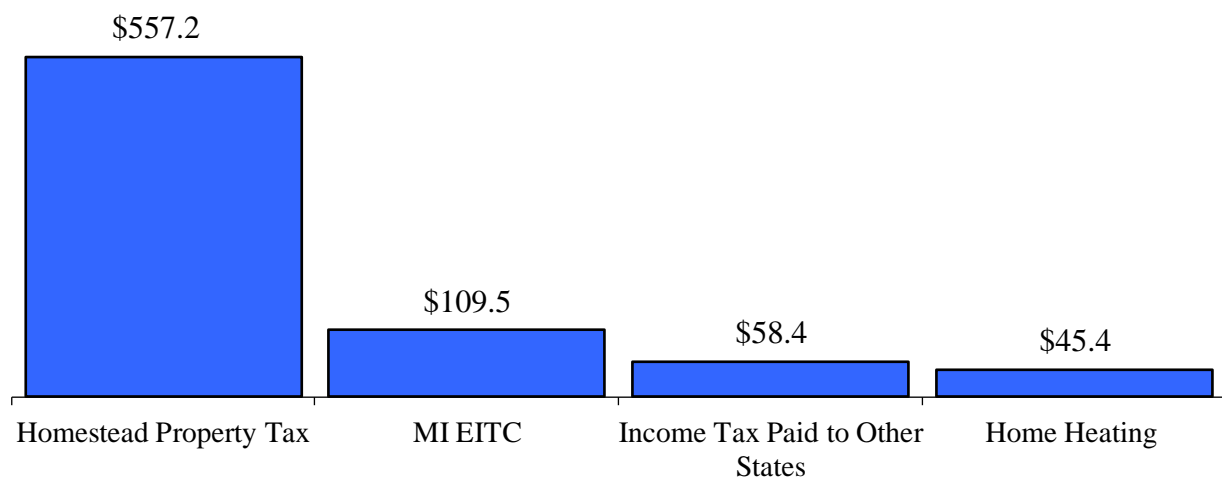
<u>Household Resources</u>	<u>Percent Not Refundable</u>
\$ 0 - \$3,000	0.0%
\$3,001 - \$4,000	1.0%
\$4,001 - \$5,000	2.0%
\$5,001 - \$6,000	3.0%
Over \$6,000	3.5%

⁷ 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 \$511.1 million of homestead property tax credits and \$46.1 million in farmland preservation property tax credits for tax year 2015. The \$557.2 million in total 2015 homestead property tax credits represented a decrease of \$698,800 (-0.1 percent) from the prior year, and 28,400 fewer taxpayers received assistance. Senior citizens received \$190.1 million of the credits, a \$791,800 increase from 2014. Exhibit 15 compares the amount of property tax credits paid to taxpayers compared to other credits.

Exhibit 15
2015 Individual Income Tax Credits
(millions of dollars)



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

The average 2015 homestead property tax credit was \$505.76 (excluding the farmland credit), a \$8.24 increase from the tax year 2014 average. Senior citizens' credits averaged \$605.33, a \$6.71 increase from 2014 (see Exhibit 30 on page 47). Exhibit 16, on page 22, provides a summary of the number of credits received by taxpayers, according to AGI levels.

Exhibits 16 and 27 (on pages 22 and 42) 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 3.2 percent of total AGI, taxpayers with incomes between \$10,001 and \$20,000 received 27.8 percent of the total homestead credits. On the other hand, taxpayers with AGIs over \$50,000 accounted for 84.5 percent of total 2015

Michigan AGI, but received only 0.3 percent of total homestead credits. Exhibits 31 through 34 (see pages 48 through 51) provide the distribution of property tax credits by income group.

Exhibit 16
2015 Homestead Property Tax Credits
(Excludes Farmland Credit)

AGI Range	Number of Credits Allowed	Dollar Amount of Credit	Average Credit
Under \$10,000	314,083	\$204,389,892	\$650.75
\$10,001 - \$20,000	275,860	141,851,749	514.22
\$20,001 - \$50,000	414,223	163,397,510	394.47
Over \$50,000	<u>6,360</u>	<u>1,449,135</u>	227.85
Total	1,010,526	\$511,088,286	\$505.76

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 7,500 farms in 2015, providing credits of \$46.0 million for an average credit of \$6,163.31. Including the farmland preservation credit, the average property tax credit was \$547.30 in tax year 2015. For 3,000 farmers claiming both a farmland credit and homestead property tax credit, the combined credits averaged about 93.3 percent of total property taxes paid. Those taxpayers paid \$16.4 million in property taxes, receiving \$12.4 million in farmland credits, and \$2.9 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 2015, 9,400 senior citizens claimed an additional \$2.4 million using this alternate homestead property tax credit calculation, representing a \$249.35 average credit. The amount of this credit is included in the senior citizens' homestead property tax credit statistics, but shown separately in Exhibit 30 (see page 47).

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 30 (see page 47).

Home Heating Credit

The home heating credit program, designed to help low-income taxpayers with the cost of heating their homes, is financed almost exclusively with federal funds. The credit is based both on the number of exemptions for which the household is eligible and on the household income level, which is measured by the household resources calculation effective for tax years after 2011. In tax year 2015, individuals who are disabled, deaf, blind, or qualified disabled veteran were entitled to extra exemptions.

Home heating credits for tax year 2015 totaled \$45.4 million, with 332,400 households qualifying. This represented a \$7.5 million decrease from the previous year regular credit amount, with 47,500 fewer households receiving assistance. Prior to 1991, recipients of Aid to Families with Dependent Children or General Assistance were not eligible for this credit, but were provided comparable benefits from other state and local programs. Senior citizens received \$4.1 million of the total home heating credits claimed for tax year 2015 (see Exhibit 17). Exhibit 35 (see page 52) provides information on the distribution of the home heating credit by household resources.

Exhibit 17 2015 Home Heating Credits

	Number of Credits Allowed	Dollar Amount of Credit	Average Credit
Senior Citizen	36,714	\$4,095,104	\$111.54
General	249,162	34,694,793	\$139.25
Disabled	46,177	6,576,863	\$142.43
Veteran	377	55,349	\$146.81
Totals	332,430	\$45,422,109	\$136.64

About 37,900 taxpayers used the alternative calculation based on energy consumption claiming credits worth \$11.9 million. The average credit under the standard calculation was \$109.56 compared to \$313.09 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 2011. PA 38 of 2011 reduced the Michigan EITC to 6 percent of the federal credit, effective for tax years beginning in 2012 or after.

About 756,900 taxpayers claimed \$109.5 million in Michigan EITC in 2015, resulting in an average credit of \$144.65 per taxpayer. Exhibit 18 provides information on the distribution of credit recipients by AGI⁸.

Exhibit 18
2015 Michigan Earned Income Tax Credits

AGI Range	Number of Credits Allowed	Dollar Amount of Credit	Average Credit
Under \$10,000	201,113	\$14,107,804	\$70.15
\$10,001 - \$15,000	168,793	26,442,892	\$156.66
\$15,001 - \$20,000	98,185	24,540,290	\$249.94
\$20,001 - \$25,000	74,124	17,332,067	\$233.83
\$25,001 - \$30,000	66,697	12,351,353	\$185.19
\$30,001 - \$40,000	103,061	12,047,190	\$116.89
Over \$40,000	44,961	2,666,110	\$59.30
Total	756,934	\$109,487,706	\$144.65

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 2015, 200 taxpayers claimed a total of \$266,900 in historic preservation credits (see Exhibit 30 on page 47). Starting in tax year 2012, this credit is no longer available for historic rehabilitation plans certified after December 31, 2011 (PA 38 of 2011).

⁸ 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 2015, 51,500 Michigan residents received a total of \$58.4 million in credits for income tax paid to another state on income also subject to tax in Michigan, resulting in an average credit of \$1,133.27. This credit was designed so that taxpayers were not taxed twice (in two states) for the same income (see Exhibit 30 on page 47).

VI. DESIGNATED CONTRIBUTIONS

For tax year 2015, Michigan taxpayers could make nine (9) 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, and the Alzheimer’s Association of Michigan Fund. Unlike contributions to the State Campaign Fund that result in a designated portion of the taxpayers’ tax liability to be deposited in the campaign fund, contributions to all other funds either reduce taxpayers’ refund or increase their tax liability.

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

State Campaign Fund

For the 2015 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 2015, 206,482 taxpayers contributed \$0.6 million to the State Campaign Fund (see Exhibit 19). On average, there was one designation for every 22 returns.

Children’s Trust Fund

The Children’s Trust Fund (CTF) was first created by PA 211 of 1982. Contributions to the fund are dedicated to the prevention of child abuse. PA 291 of 2000 appropriated amounts to fully fund both the Non-Game Wildlife Fund⁹ and the CTF, and both were removed from the tax form. However, PA 160 of 2005 reinstated the CTF checkoff on the income tax form in tax year 2005. For tax year 2015, 3,800 taxpayers contributed a total of \$47,400 to the fund (see Exhibit 19).

Military Family Relief Fund

The Military Family Relief Fund benefits qualifying families of military members in either the Michigan National Guard who are serving in the U.S. Armed Forces or those reserve forces called to active duty by the federal government. About \$63,200 was contributed by 3,700 taxpayers for 2015 to the Military Family Relief Fund (see Exhibit 19).

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

Exhibit 19
Returns Designating Contributions 1990 – 2015

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
2015	4,662,493	206,482	619,446	3,817	47,361	3,711	63,205	2,701	35,928

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 \$35,900 was contributed by 2,700 taxpayers to fund this program for tax year 2015 (see Exhibit 19).

Other Funds

Of the remaining funds available for taxpayer voluntary contributions on tax year 2015, the Animal Welfare Fund and the United Way Fund have been available for the longest time (since 2008 and 2009, respectively), followed by the Special Olympics of Michigan Fund (effective in 2012), while the remaining Funds became available in 2013 (see Exhibit 20). A number of other funds were available in past years, but failed to raise the minimum threshold to remain included on the Michigan income tax form (see Exhibit 21).

Exhibit 20 Returns Designating Additional Contributions 2008 – 2015

Tax Year	Animal Welfare Fund		United Way Fund		Special Olympics Michigan		ALS of Michigan Fund		Alzheimer's Association of Michigan	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2008	15,429	\$142,358	--	--	--	--	--	--	--	--
2009	7,982	103,162	5,934	\$256,740	--	--	--	--	--	--
2010	10,855	148,766	7,824	407,369	--	--	--	--	--	--
2011	13,080	159,168	7,101	246,514	--	--	--	--	--	--
2012	11,687	135,862	5,426	135,862	6,698	\$83,797	--	--	--	--
2013	9,690	115,215	4,679	115,215	5,470	78,719	3,343	\$41,504	6,161	\$75,982
2014	9,117	102,942	4,188	102,942	5,115	58,958	4,283	54,436	6,212	72,688
2015	4,287	52,792	1,992	57,430	2,658	38,963	2,163	27,494	3,373	46,239

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

Exhibit 21
Discontinued Returns Designating Additional Contributions 2008 – 2014

<u>Discontinued Contributions:</u>	TY 2008		TY 2009		TY 2010	
	Number	Amount	Number	Amount	Number	Amount
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>Discontinued Contributions:</u>	TY 2011		TY 2012		TY 2013	
	Number	Amount	Number	Amount	Number	Amount
Girl Scouts Fund	4,517	\$62,983	3,522	\$43,623	2,834	\$35,619
AMBER Alert Fund of Michigan	--	--	--	--	4,325	\$35,121
<u>Discontinued Contributions:</u>	TY 2014					
	Number	Amount				
AMBER Alert Fund of Michigan	3,804	\$31,204				

VII. INTERSTATE COMPARISONS

In 2015, Michigan along with seven other states (Colorado, Illinois, Indiana, Massachusetts, North Carolina, Pennsylvania, and Utah) had a flat rate income tax. Seven states (Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming) had no state personal income tax. Two states (New Hampshire and Tennessee) taxed only dividend and interest income. The remaining 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 22 (see page 31). Exhibits 23 and 24 (see page 32) compare Michigan's income tax to that of other states in the Great Lakes region.

Michigan ranked twelfth lowest in income taxes per person among the 41 states with a general income tax in fiscal year 2015, and Connecticut ranked highest. For fiscal year 2015, the average collections of \$890 per person in Michigan were lower than the average of \$975 in fiscal year 1999, when the tax rate was 4.4 percent (for Michigan income tax rates from 1968 to present, see Exhibit 40 on page 59). National average income tax collections per person were \$1,048, and for the 41 states with an income tax, average income tax collections per person were \$1,330.

For fiscal year 2015, Michigan ranked thirteenth lowest in state income taxes as a percent of personal income among the 41 states with a general income tax, with Oregon ranking highest. Michigan's income tax as a percent of personal income was 2.01 percent, 0.1 percentage point below the U.S. average, and 0.64 percentage point below the average of the 41 states with a general income tax. This represents an increase from the results in 2014, when Michigan's income tax as a percent of personal income was 1.97 percent. The above calculations use estimates of quarterly state personal income, released by the U.S. Bureau of Economic Analysis on March 2017, 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.

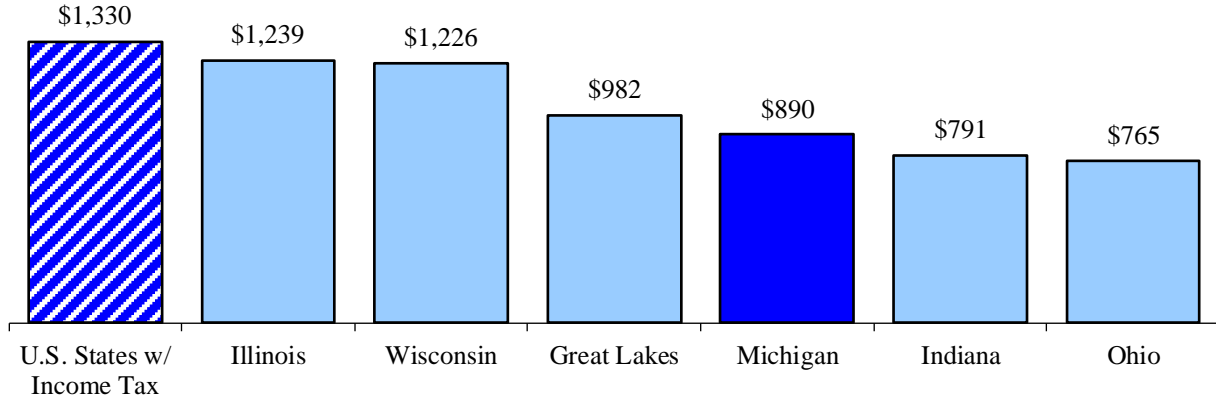
The income tax burden in Michigan has been declining relative to that in other states over the FY 1994-2015 period. In fiscal year 1994, Michigan ranked 11th highest in per capita income taxes and 14th highest in income taxes as a percent of personal income. For fiscal year 2015, Michigan ranked 30th and 29th highest in each category, respectively.

Exhibit 22
State Individual Income Taxes for FY 2015
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	\$687	37	1.75%	34
Alaska	No Tax	N/A	No Tax	N/A
Arizona	552	41	1.36%	40
Arkansas	895	28	2.27%	23
California	1,999	4	3.57%	4
Colorado	1,167	15	2.22%	27
Connecticut	2,282	1	3.22%	6
Delaware	1,208	13	2.48%	15
Florida	No Tax	N/A	No Tax	N/A
Georgia	949	25	2.26%	24
Hawaii	1,395	9	2.77%	8
Idaho	894	29	2.25%	25
Illinois	1,239	11	2.39%	18
Indiana	791	32	1.82%	31
Iowa	1,112	21	2.37%	19
Kansas	779	33	1.61%	38
Kentucky	920	26	2.33%	21
Louisiana	639	39	1.47%	39
Maine	1,153	16	2.60%	12
Maryland	1,392	10	2.41%	16
Massachusetts	2,136	3	3.29%	5
Michigan	890	30	2.01%	29
Minnesota	1,892	5	3.63%	3
Mississippi	597	40	1.67%	37
Missouri	964	24	2.21%	28
Montana	1,144	18	2.68%	9
Nebraska	1,183	14	2.37%	20
Nevada	No Tax	N/A	No Tax	N/A
New Hampshire	72	42	0.12%	42
New Jersey	1,483	7	2.40%	17
New Mexico	664	38	1.72%	35
New York	2,214	2	3.67%	2
North Carolina	1,116	20	2.64%	11
North Dakota	708	36	1.29%	41
Ohio	765	34	1.71%	36
Oklahoma	832	31	1.82%	32
Oregon	1,816	6	3.98%	1
Pennsylvania	898	27	1.77%	33
Rhode Island	1,151	17	2.24%	26
South Carolina	755	35	1.90%	30
South Dakota	No Tax	N/A	No Tax	N/A
Tennessee	46	43	0.11%	43
Texas	No Tax	N/A	No Tax	N/A
Utah	1,056	22	2.56%	14
Vermont	1,133	19	2.27%	22
Virginia	1,423	8	2.65%	10
Washington	No Tax	N/A	No Tax	N/A
West Virginia	1,050	23	2.83%	7
Wisconsin	1,226	12	2.60%	13
Wyoming	No Tax	N/A	No Tax	N/A
U.S. Average	\$1,048		2.12%	
U.S. Average for States W/ General Income Tax	\$1,330		2.66%	

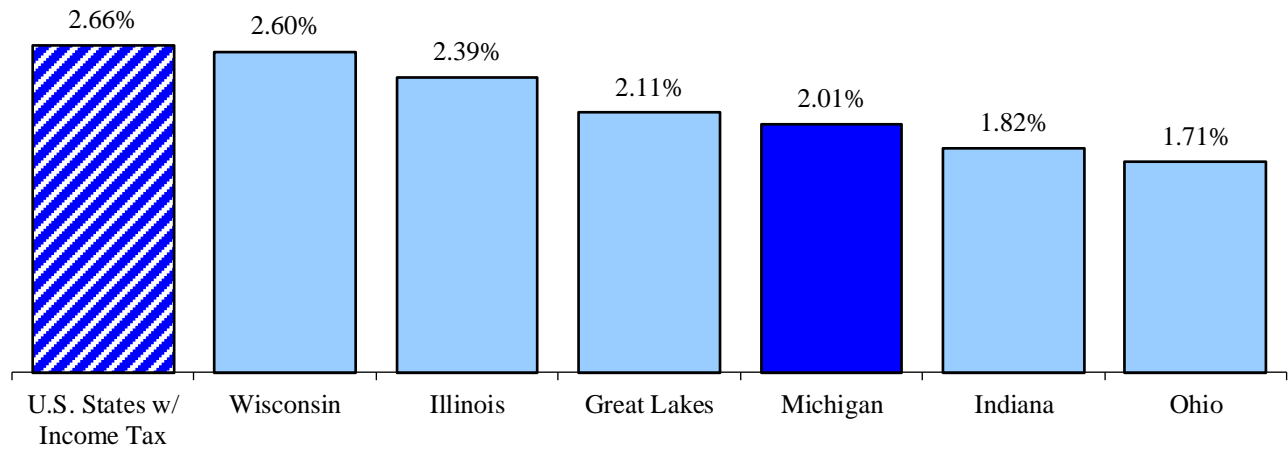
Sources: Census Bureau and Bureau of Economic Analysis, U.S. Department of Commerce.

Exhibit 23
State Income Taxes Per Person
Great Lakes Region – FY 2015



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

Exhibit 24
State Income Taxes
Percentage of Personal Income
Great Lakes Region – FY 2015



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

VIII. GEOGRAPHIC PATTERN OF TAX AND CREDITS

Exhibit 36 (see pages 53 and 54) reports the distribution of income tax collections, property tax and home heating credits, and the Michigan EITC by county. Since farms receive special treatment for the homestead property tax credit and the separate farmland credit, rural counties benefit substantially from these programs.

Exhibit 37 (see pages 55 and 56) 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 38 and 39 (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 2015 County Data Summary

	<u>State Average</u>	<u>Highest County</u>	<u>Lowest County</u>
Average AGI	\$71,977	\$87,093 Oakland	\$36,728 Lake
Average Income Tax Before Credits	\$1,946	\$3,023 Oakland	\$868 Montmorency
Average Income Tax After Credits	\$1,718	\$2,883 Oakland	\$763 Montmorency
Income Tax Credits as a Percent of Tax Before Credits	11.7%	36.2% Huron	3.9% Livingston
Ratio of Property Tax Credits to 1040s Filed	21.8%	30.7% Wayne	10.1% Keweenaw
Average Property Tax Credit	\$547	\$1,904 Huron	\$290 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 2015, the Michigan personal exemption was \$4,000, and Michigan special exemptions were \$2,600.

Summary of Federal Tax Law Changes Passed Before 2017

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 2015, see Appendix A on page 61.

2015

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

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

- The above-the-line \$250 deduction for qualified out-of-pocket classroom expenses was made permanent and the amount was annually indexed. The deduction was also expanded to apply to professional development expenses incurred after 2015;
- The exclusion from employee's income of qualified transportation fringe benefits received from employer provided transit passes and vanpooling and other qualified parking benefits was made permanent;
- The above-the-line deduction of up to \$4,000 for qualified higher education was extended to taxable year 2016;
- The exclusion from gross income of otherwise taxable distributions from traditional or Roth IRA made directly to a qualified charitable organization was made permanent in 2015;
- The exclusion from gross receipts of qualified discharges of indebtedness on principal residence of up to \$2 million was extended to apply for indebtedness discharged in 2015, and 2016;
- The placed-in-service deadline for certain longer-lived and transportation property eligible to the additional first-year depreciation deduction of 50 percent of the adjusted basis was extended through 2019;
- The annual expensing and investment limits for qualified property was made permanent in 2015. The \$250,000 cap on annual expensing was eliminated, and both the \$500,000 and \$2 million amounts were indexed annually for inflation starting in 2016. Qualifying property definition was expanded to include air conditioning and heating units;
- The immediate expensing of 50 percent of the cost of qualified underground mine safety equipment that is above and beyond existing safety equipment requirements was extended to taxable year 2016;
- The election to deduct up to \$15 million (\$20 million for productions in certain areas) of the aggregate costs of any qualifying film and television production was extended to apply to qualified film and television productions commencing before 2017. The provision was also extended to include qualified live theatrical productions;
- The domestic production activities deduction for activities in Puerto Rico was extended to apply for the first nine taxable years of a taxpayer beginning before 2017;
- The exclusion of 100 percent gain realized on certain small business stock held by an individual for more than five years was made permanent in 2015;
- The reduced recognition period of five-years (instead of ten) used by C corporations who convert to S corporation status, and is used as a basis to calculate net recognized built-in gain of the S corporation that arose prior to the status conversion was made permanent for any disposition of property in taxable year 2015 or after;
- The additional first-year depreciation deduction, equal to 50 percent of the adjusted basis of qualified second generation biofuel plant property for one year was extended, to apply to such property placed in service in 2016;
- The accelerated depreciation for qualified business property used in the active conduct of a trade or business within an Indian reservation was extended to 2016. After 2016, qualified taxpayers also may elect out of the accelerated depreciation rules.

2016

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

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

X. MICHIGAN PUBLIC ACTS – INCOME TAX

For changes prior to 2015, see Appendix A on page 65.

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 tax credit by making more filers eligible for a larger credit. It increased the maximum credit from \$1,200 per year to \$1,500 effective tax year 2018, and indexed the maximum credit amount to the increase in the US CPI of the previous calendar year starting in tax year 2021 (where the adjustment is rounded to the nearest \$100 increment). The Act also increased the amount of household resources above which the credit is phased out from \$41,000 to \$51,000 beginning in tax year 2018. Starting in tax year 2021, that amount is indexed to the US CPI for that year, and rounded to the nearest \$100 increment. Starting in tax year 2018, the credit for homeowners is to be based on property taxes that exceed 3.2 percent (rather than 3.5 percent) of total household resources, while the credit for filers who rent or lease a homestead is to be based on 23 percent (rather than 20 percent) of gross rent paid. The taxable value amount of the homestead eligible for the credit, currently \$135,000, is also indexed to the US CPI for the previous year and rounded to the nearest \$100 increment starting in tax year 2021.

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.

2016

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

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

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

Public Acts 266 amended the Income Tax Act to require an amount equal to 3.5 percent of the average amount of farmland tax credits claimed in the preceding three State fiscal years to be deposited into the Agricultural Preservation Fund, and allow a taxpayer to file a farmland preservation tax credit claim electronically starting with the 2016 tax year.

XI. EXHIBITS 25 THROUGH 40

Exhibit 25
Effective Rate of the Michigan Individual Income Tax, 2015

Adjusted Gross Income Group	Number of Returns Filed ⁽¹⁾	Adjusted Gross Income	Effective Personal Exemptions ⁽²⁾	Claimed Exemptions	Subtractions Minus Additions	Total Credits	Effective Tax	Effective Tax as a % of Income
Less than \$1 ⁽³⁾	141,390	(\$5,793,168,671)		97,205	(\$4,367,849,374)	\$65,811,796	(\$31,074,084)	
\$ 1 - 2,000	173,264	138,484,956	22,002	147,958	212,449,062	59,692,655	(59,230,602)	-42.77%
2,001 - 4,000	153,020	459,963,678	53,867	106,766	164,258,932	26,812,738	(21,984,992)	-4.78%
4,001 - 6,000	152,047	759,869,579	79,015	128,652	221,742,068	28,951,631	(18,168,643)	-2.39%
6,001 - 8,000	148,094	1,035,907,619	98,422	147,702	286,370,396	32,385,854	(15,475,535)	-1.49%
8,001 - 10,000	158,184	1,431,422,343	140,798	191,632	355,587,975	41,894,764	(18,275,631)	-1.28%
10,001 - 12,000	154,300	1,693,993,712	154,532	206,549	440,963,908	43,443,324	(14,409,169)	-0.85%
12,001 - 14,000	152,452	1,985,609,768	185,260	236,834	485,373,807	46,812,304	(12,356,832)	-0.62%
14,001 - 16,000	149,971	2,245,891,935	203,693	251,811	524,936,673	47,909,754	(7,061,424)	-0.31%
16,001 - 18,000	134,616	2,286,702,421	184,274	223,998	517,695,532	39,285,518	6,635,069	0.29%
18,001 - 20,000	125,411	2,381,715,951	173,257	209,140	536,476,715	33,794,413	16,986,022	0.71%
20,001 - 22,000	119,425	2,506,883,934	167,289	201,743	576,198,849	30,256,772	26,043,434	1.04%
22,001 - 24,000	114,261	2,627,544,799	164,070	196,452	591,295,309	27,692,455	33,210,195	1.26%
24,001 - 26,000	109,099	2,726,996,624	161,019	190,497	600,265,801	24,675,948	40,055,716	1.47%
26,001 - 28,000	104,045	2,808,294,091	156,334	183,094	598,137,777	22,288,081	46,439,121	1.65%
28,001 - 30,000	100,173	2,904,504,155	154,014	178,860	592,680,521	20,135,378	53,161,456	1.83%
30,001 - 35,000	228,320	7,408,232,415	360,926	414,287	1,789,857,616	40,956,186	154,882,761	2.09%
35,001 - 40,000	202,028	7,567,048,483	331,103	374,627	1,393,106,346	30,714,785	177,425,869	2.34%
40,001 - 45,000	175,804	7,463,055,892	296,889	335,220	1,415,748,582	19,565,099	188,529,554	2.53%
45,001 - 50,000	157,511	7,475,987,177	273,352	307,221	1,438,607,974	8,632,626	202,745,242	2.71%
Over 50,000	<u>1,782,071</u>	<u>283,477,904,414</u>	<u>4,114,513</u>	<u>4,464,679</u>	<u>97,648,720,280</u>	<u>78,989,814</u>	<u>7,260,934,707</u>	<u>2.56%</u>
Totals	4,735,486	\$335,592,845,275	7,474,629	8,794,927	\$106,022,624,749	\$770,701,895	\$8,009,012,234	2.39%

⁽¹⁾Includes 72,993 credit-only returns.

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

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

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

Exhibit 26
Breakdown of Upper Income Filers
Individual Income Tax, 2015

Adjusted Gross Income Group	Number of Returns Filed	Adjusted Gross Income	Effective			Subtractions Minus Additions	Total Credits	Effective Tax	Effective Tax as a % of Income ⁽²⁾
			Personal Exemptions ⁽¹⁾	Claimed Exemptions					
\$50,001 - 55,000	143,574	\$7,532,620,957	258,092	288,914	\$1,498,483,987	\$3,096,081	\$231,999,263	3.08%	
55,001 - 60,000	133,945	7,698,916,293	250,785	277,741	1,561,881,807	2,329,001	217,321,842	2.82%	
60,001 - 65,000	123,903	7,739,029,204	241,753	265,569	1,594,017,437	2,342,672	218,498,093	2.82%	
65,001 - 70,000	112,852	7,614,013,562	232,579	251,598	1,544,888,816	1,994,818	217,515,024	2.86%	
70,001 - 75,000	105,287	7,630,168,222	225,699	241,613	1,517,055,937	2,334,144	219,685,251	2.88%	
75,001 - 80,000	96,741	7,494,571,778	214,955	229,117	1,469,167,840	2,190,852	217,881,075	2.91%	
80,001 - 85,000	90,692	7,479,452,610	205,533	219,222	1,460,922,735	2,010,442	219,829,202	2.94%	
85,001 - 90,000	83,878	7,335,621,437	195,053	208,093	1,429,937,895	2,134,913	216,731,964	2.95%	
90,001 - 95,000	77,529	7,168,960,934	183,948	195,633	1,369,021,308	2,176,076	214,045,098	2.99%	
95,001 - 100,000	71,174	6,936,109,517	172,316	183,427	1,322,480,614	2,364,505	226,249,755	3.26%	
100,001 - 110,000	122,640	12,856,866,770	307,449	325,869	2,286,023,591	4,083,981	394,662,854	3.07%	
110,001 - 120,000	99,186	11,390,776,532	256,708	271,865	1,929,356,171	3,729,904	357,373,773	3.14%	
120,001 - 130,000	79,252	9,889,841,292	209,562	221,769	1,577,505,062	3,274,610	315,142,285	3.19%	
130,001 - 140,000	63,248	8,527,083,956	169,814	179,363	1,322,876,258	2,796,129	275,697,052	3.23%	
140,001 - 150,000	51,551	7,466,381,245	140,349	147,899	1,129,666,214	2,671,230	243,179,510	3.26%	
150,001 - 160,000	42,336	6,554,699,653	115,485	122,125	980,041,354	2,276,645	215,991,917	3.30%	
160,001 - 170,000	34,685	5,717,493,292	95,792	101,586	838,465,226	1,970,608	189,430,360	3.31%	
170,001 - 180,000	28,776	5,030,833,387	78,953	84,054	721,828,617	1,886,015	168,253,846	3.34%	
180,001 - 190,000	23,486	4,340,551,419	64,177	68,640	633,111,664	1,667,940	145,483,184	3.35%	
190,001 - 200,000	19,880	3,873,974,847	54,320	58,363	562,474,378	1,639,713	131,243,635	3.39%	
200,001 - 300,000	92,754	22,138,366,312	248,173	272,582	3,472,594,119	9,014,730	745,765,892	3.37%	
300,001 - 400,000	30,041	10,306,353,727	77,673	89,138	1,851,468,944	4,224,704	343,510,858	3.33%	
400,001 - 500,000	15,184	6,760,420,133	38,027	45,463	1,401,351,479	2,989,072	219,393,457	3.25%	
500,001 - 750,000	16,884	10,191,081,839	40,220	50,391	2,516,343,532	3,799,021	320,796,812	3.15%	
750,001 - 1,000,000	6,838	5,881,643,363	14,836	20,102	1,825,797,080	1,724,468	168,780,838	2.87%	
Over \$1,000,000	<u>15,755</u>	<u>77,922,072,133</u>	<u>22,263</u>	44,543	<u>59,831,958,215</u>	<u>8,267,540</u>	<u>826,471,867</u>	1.06%	
Totals for AGI over \$50,000	1,782,071	\$283,477,904,414	4,114,513	4,464,679	\$97,648,720,280	\$78,989,814	\$7,260,934,707	2.56%	

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

⁽²⁾For taxpayers with AGI over \$1 million, if Income Attributable to Another State were subtracted from AGI, the effective tax rate would be about 3.62%.

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

Exhibit 27
Tax Base Deductions as a Percentage of AGI
Individual Income Tax, 2015

Adjusted Gross Income Group	Total Effective Exemptions	Subtractions Minus Additions	Nonrefundable Credits⁽¹⁾	Property Tax Credits	Home Heating Credits	Michigan Earned Income Tax Credits
\$ 1 - 2,000	82.2%	153.4%	0.0%	894.6%	107.3%	4.5%
2,001 - 4,000	61.4%	35.7%	0.0%	114.7%	14.5%	4.9%
4,001 - 6,000	50.5%	29.2%	0.0%	72.6%	9.3%	6.3%
6,001 - 8,000	43.7%	27.6%	0.0%	57.5%	7.0%	7.8%
8,001 - 10,000	43.1%	24.8%	0.0%	49.3%	6.5%	11.8%
10,001 - 12,000	39.1%	26.0%	0.0%	42.8%	5.1%	11.4%
12,001 - 14,000	39.2%	24.4%	0.0%	36.8%	4.4%	13.3%
14,001 - 16,000	37.6%	23.4%	0.0%	32.4%	3.7%	13.2%
16,001 - 18,000	33.3%	22.6%	0.0%	26.8%	2.2%	10.6%
18,001 - 20,000	29.9%	22.5%	0.0%	22.7%	1.4%	8.6%
20,001 - 22,000	27.4%	23.0%	0.0%	19.6%	0.9%	7.0%
22,001 - 24,000	25.5%	22.5%	0.0%	17.2%	0.6%	6.0%
24,001 - 26,000	24.1%	22.0%	0.0%	15.0%	0.4%	5.2%
26,001 - 28,000	22.7%	21.3%	0.0%	13.3%	0.2%	4.2%
28,001 - 30,000	21.6%	20.4%	0.0%	11.8%	0.2%	3.6%
30,001 - 35,000	19.8%	24.2%	0.0%	9.7%	0.1%	2.5%
35,001 - 40,000	17.8%	18.4%	0.0%	7.4%	0.0%	1.3%
40,001 - 45,000	16.1%	19.0%	0.0%	4.9%	0.0%	0.6%
45,001 - 50,000	14.8%	19.2%	0.0%	1.8%	0.0%	0.2%
50,001 - 55,000	13.9%	19.9%	0.0%	0.3%	0.0%	0.0%
55,001 - 60,000	13.2%	20.3%	0.0%	0.1%	0.0%	0.0%
60,001 - 65,000	12.6%	20.6%	0.0%	0.0%	0.0%	0.0%
65,001 - 70,000	12.4%	20.3%	0.0%	0.0%	0.0%	0.0%
70,001 - 75,000	12.0%	19.9%	0.0%	0.0%	0.0%	0.0%
75,001 - 80,000	11.6%	19.6%	0.0%	0.0%	0.0%	0.0%

Exhibit 27 (cont.)

Adjusted Gross Income Group	Total Effective Exemptions	Subtractions Minus Additions	Nonrefundable Credits⁽¹⁾	Property Tax Credits	Home Heating Credits	Michigan Earned Income Tax Credits
80,001 - 85,000	11.1%	19.5%	0.0%	0.0%	0.0%	0.0%
85,001 - 90,000	10.7%	19.5%	0.0%	0.0%	0.0%	0.0%
90,001 - 95,000	10.4%	19.1%	0.0%	0.0%	0.0%	0.0%
95,001 - 100,000	10.0%	19.1%	0.0%	0.0%	0.0%	0.0%
100,001 - 110,000	9.6%	17.8%	0.0%	0.0%	0.0%	0.0%
110,001 - 120,000	9.1%	16.9%	0.0%	0.0%	0.0%	0.0%
120,001 - 130,000	8.5%	16.0%	0.0%	0.0%	0.0%	0.0%
130,001 - 140,000	8.0%	15.5%	0.0%	0.0%	0.0%	0.0%
140,001 - 150,000	7.6%	15.1%	0.0%	0.0%	0.0%	0.0%
150,001 - 160,000	7.1%	15.0%	0.0%	0.0%	0.0%	0.0%
160,001 - 170,000	6.7%	14.7%	0.0%	0.0%	0.0%	0.0%
170,001 - 180,000	6.3%	14.3%	0.0%	0.0%	0.0%	0.0%
180,001 - 190,000	5.9%	14.6%	0.0%	0.0%	0.0%	0.0%
190,001 - 200,000	5.6%	14.5%	0.0%	0.0%	0.0%	0.0%
200,001 - 300,000	4.5%	15.7%	0.0%	0.0%	0.0%	0.0%
300,001 - 400,000	3.0%	18.0%	0.0%	0.0%	0.0%	0.0%
400,001 - 500,000	2.3%	20.7%	0.0%	0.0%	0.0%	0.0%
500,001 - 750,000	1.6%	24.7%	0.0%	0.0%	0.0%	0.0%
750,001 - 1,000,000	1.0%	31.0%	0.0%	0.0%	0.0%	0.0%
Over \$1,000,000	0.1%	76.8%	0.0%	0.0%	0.0%	0.0%
Overall Percent	9.1%	31.6%	0.0%	3.6%	0.3%	0.8%

⁽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 2015 are: the Other State Tax credit, and the Michigan Historic Preservation credit.

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

Exhibit 28
Distribution of Personal Exemptions
Claimed on 2015 Individual Income Tax Returns⁽¹⁾

Adjusted Gross Income Group	Exemptions Claimed							Total Returns	Total Exemptions ⁽²⁾
	<u>Zero</u>	<u>One</u>	<u>Two</u>	<u>Three</u>	<u>Four</u>	<u>Five</u>	<u>Six or More</u>		
Zero Income	2,399	44,361	16,612	2,364	1,581	678	402	68,397	97,205
\$ 1 - 2,000	58,752	89,870	19,450	3,040	1,312	530	310	173,264	147,958
2,001 - 4,000	73,409	60,272	14,420	3,036	1,255	435	193	153,020	106,766
4,001 - 6,000	58,331	69,389	17,571	4,177	1,775	569	235	152,047	128,652
6,001 - 8,000	43,887	74,311	21,134	5,504	2,273	688	297	148,094	147,702
8,001 - 10,000	32,193	79,382	34,142	8,016	3,105	962	384	158,184	191,632
10,001 - 12,000	23,220	80,869	34,136	9,994	4,137	1,365	579	154,300	206,549
12,001 - 14,000	16,462	78,264	30,474	16,483	7,602	2,202	965	152,452	236,834
14,001 - 16,000	11,719	76,063	30,887	17,933	9,326	2,715	1,328	149,971	251,811
16,001 - 18,000	7,793	71,459	30,431	13,852	7,528	2,431	1,122	134,616	223,998
18,001 - 20,000	5,324	68,650	29,561	11,785	6,628	2,370	1,093	125,411	209,140
20,001 - 22,000	3,566	66,159	29,009	11,047	6,095	2,399	1,150	119,425	201,743
22,001 - 24,000	2,496	63,482	27,873	10,632	6,066	2,460	1,252	114,261	196,452
24,001 - 26,000	1,788	60,078	27,117	10,437	5,949	2,516	1,214	109,099	190,497
26,001 - 28,000	1,245	57,129	26,398	9,915	5,722	2,458	1,178	104,045	183,094
28,001 - 30,000	888	54,490	25,744	9,610	5,611	2,601	1,229	100,173	178,860
30,001 - 35,000	1,343	122,975	59,593	21,622	13,433	5,975	3,379	228,320	414,287
35,001 - 40,000	726	107,178	53,448	18,799	12,447	5,821	3,609	202,028	374,627
40,001 - 45,000	411	89,283	48,764	16,450	11,933	5,707	3,256	175,804	335,220
45,001 - 50,000	261	76,147	46,457	14,901	11,408	5,267	3,070	157,511	307,221
50,001 - 55,000	130	64,310	45,463	14,594	11,091	5,185	2,801	143,574	288,914
55,001 - 60,000	91	55,676	44,638	14,327	11,587	4,961	2,665	133,945	277,741
60,001 - 65,000	63	47,009	43,586	14,092	11,717	4,904	2,532	123,903	265,569
65,001 - 70,000	46	38,192	41,716	13,748	11,808	4,948	2,394	112,852	251,598
70,001 - 75,000	48	31,912	40,743	13,474	12,123	4,804	2,183	105,287	241,613
75,001 - 80,000	32	26,111	38,910	12,856	11,912	4,735	2,185	96,741	229,117

Exhibit 28 (cont.)

Adjusted Gross Income Group	Exemptions Claimed							Total Returns	Total Exemptions ⁽²⁾
	<u>Zero</u>	<u>One</u>	<u>Two</u>	<u>Three</u>	<u>Four</u>	<u>Five</u>	<u>Six or More</u>		
80,001 - 85,000	26	22,163	37,477	12,504	11,951	4,604	1,967	90,692	219,222
85,001 - 90,000	19	18,035	35,782	11,783	11,870	4,529	1,860	83,878	208,093
90,001 - 95,000	18	15,159	33,649	11,124	11,533	4,325	1,721	77,529	195,633
95,001 - 100,000	14	12,257	31,482	10,614	11,021	4,111	1,675	71,174	183,427
100,001 - 110,000	28	18,790	52,939	18,957	21,128	7,884	2,914	122,640	325,869
110,001 - 120,000	32	12,888	42,498	15,559	18,699	7,031	2,479	99,186	271,865
120,001 - 130,000	22	9,266	33,534	12,482	15,873	6,014	2,061	79,252	221,769
130,001 - 140,000	11	6,787	26,382	10,359	13,080	4,994	1,635	63,248	179,363
140,001 - 150,000	12	5,048	21,494	8,445	10,974	4,207	1,371	51,551	147,899
150,001 - 160,000	5	4,026	17,432	7,075	9,246	3,419	1,133	42,336	122,125
160,001 - 170,000	11	3,066	14,136	5,623	7,906	2,923	1,020	34,685	101,586
170,001 - 180,000	5	2,700	11,529	4,775	6,504	2,443	820	28,776	84,054
180,001 - 190,000	6	2,097	9,503	3,920	5,375	1,909	676	23,486	68,640
190,001 - 200,000	12	1,775	8,029	3,185	4,560	1,749	570	19,880	58,363
200,001 - 300,000	25	8,663	36,946	14,962	21,069	8,379	2,710	92,754	272,582
300,001 - 400,000	14	2,958	11,818	4,560	6,679	2,968	1,044	30,041	89,138
400,001 - 500,000	16	1,529	5,917	2,180	3,316	1,643	583	15,184	45,463
500,001 - 750,000	22	1,759	6,705	2,358	3,516	1,792	732	16,884	50,391
750,001 - 1,000,000	13	766	2,828	871	1,349	703	308	6,838	20,102
Over \$1,000,000	<u>16</u>	<u>2,266</u>	<u>6,620</u>	<u>1,935</u>	<u>2,706</u>	<u>1,538</u>	<u>674</u>	<u>15,755</u>	<u>44,543</u>
Totals	346,950	1,905,019	1,324,977	465,959	393,779	156,851	68,958	4,662,493	8,794,927

⁽¹⁾ Values in this table are based on 4,662,493 MI-1040 tax returns on file.

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

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

Exhibit 29
Distribution of Special Exemptions and Dependent Exemptions
Claimed on 2015 Individual Income Tax Returns⁽¹⁾

Adjusted Gross Income Group	Deaf/Blind/ Disabled Exemptions	Disabled Veteran Exemptions	Claimed as Dependent Exemptions	Total
Zero Income	12,685	944	2,219	15,848
\$ 1 - 2,000	32,624	964	58,752	92,340
2,001 - 4,000	8,580	693	73,456	82,729
4,001 - 6,000	8,399	651	58,378	67,428
6,001 - 8,000	8,448	679	43,901	53,028
8,001 - 10,000	9,139	701	32,200	42,040
10,001 - 12,000	8,814	709	23,226	32,749
12,001 - 14,000	8,499	776	16,480	25,755
14,001 - 16,000	7,524	688	11,736	19,948
16,001 - 18,000	6,572	725	7,805	15,102
18,001 - 20,000	5,753	708	5,335	11,796
20,001 - 22,000	5,651	730	3,579	9,960
22,001 - 24,000	5,290	627	2,505	8,422
24,001 - 26,000	4,921	726	1,787	7,434
26,001 - 28,000	4,440	646	1,256	6,342
28,001 - 30,000	4,239	604	893	5,736
30,001 - 35,000	9,619	1,475	1,379	12,473
35,001 - 40,000	8,095	1,316	744	10,155
40,001 - 45,000	6,934	1,137	427	8,498
45,001 - 50,000	5,884	1,146	276	7,306
50,001 - 55,000	5,375	1,045	153	6,573
55,001 - 60,000	5,185	1,003	111	6,299
60,001 - 65,000	4,849	915	76	5,840
65,001 - 70,000	4,523	855	63	5,441
70,001 - 75,000	4,085	857	60	5,002
75,001 - 80,000	3,654	738	43	4,435
80,001 - 85,000	3,271	700	30	4,001
85,001 - 90,000	2,895	629	29	3,553
90,001 - 95,000	2,472	609	26	3,107
95,001 - 100,000	2,154	531	18	2,703
Over \$100,000	15,463	4,212	317	19,992
Totals	226,036	28,739	347,260	602,035

⁽¹⁾ Values in this table are based on 4,662,473 MI-1040 tax returns on file.

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

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

	2012			2013			2014			2015		
	<u>Number</u>	<u>Amount</u>	<u>Average</u>	<u>Number</u>	<u>Amount</u>	<u>Average</u>	<u>Number</u>	<u>Amount</u>	<u>Average</u>	<u>Number</u>	<u>Amount</u>	<u>Average</u>
Property Tax Credits												
General	702.6	\$292,529.0	\$416.37	662.3	\$279,810.9	\$422.51	633.6	\$274,075.3	\$432.57	608.3	\$267,209.1	\$439.26
Senior Citizen ⁽¹⁾												
Total	330.1	\$194,074.8	\$587.95	316.7	\$186,504.7	\$588.97	316.2	\$189,265.4	\$598.62	314.0	\$190,057.2	\$605.33
Low Income Rent	8.4	\$2,244.3	\$265.79	9.3	\$2,386.5	\$257.03	9.4	\$2,368.3	\$252.35	9.4	\$2,352.1	\$249.35
Veteran	4.6	\$510.2	\$112.00	4.2	\$467.1	\$112.18	3.5	\$407.9	\$115.42	3.4	\$399.3	\$118.34
Blind	0.8	\$92.6	\$114.94	0.8	\$87.9	\$113.31	0.7	\$75.7	\$114.41	0.6	\$73.9	\$117.36
Disabled	92.8	\$56,456.4	\$608.49	94.0	\$57,347.0	\$609.87	85.2	\$53,195.8	\$624.20	84.2	\$53,348.8	\$633.35
Farmland	<u>7.6</u>	<u>\$39,979.7</u>	\$5,273.67	<u>7.5</u>	<u>\$40,226.4</u>	\$5,331.53	<u>7.2</u>	<u>\$40,831.4</u>	\$5,703.51	<u>7.5</u>	<u>\$46,064.6</u>	\$6,163.31
Total Property Tax Credits	1,138.4	\$583,642.7	\$512.70	1,085.4	\$564,444.0	\$520.01	1,046.4	\$557,851.6	\$533.14	1,018.0	\$557,152.9	\$547.30
Homeowners Total Credits ⁽²⁾	616.9	\$326,674.5	\$529.55	580.4	\$308,696.0	\$531.86	556.0	\$302,177.5	\$543.48	540.1	\$298,914.1	\$553.39
Renters Total Credits ⁽²⁾	508.5	\$216,385.7	\$425.50	492.6	\$214,966.6	\$436.44	479.0	\$214,359.1	\$447.52	466.4	\$211,700.9	\$453.93
Home Heating Credit Total	375.7	\$47,948.8	\$127.64	356.2	\$48,461.6	\$136.06	379.9	\$52,946.9	\$139.38	332.4	\$45,422.1	\$136.64
MI Earned Income Tax Credit	772.3	\$106,387.3	\$137.76	780.5	\$109,650.5	\$140.49	775.5	\$111,226.6	\$143.43	756.9	\$109,487.7	\$144.65
Credit for Income Tax Paid to Another State	48.9	\$48,569.5	\$993.26	49.8	\$48,240.6	\$968.51	52.2	\$53,506.8	\$1,025.90	51.5	\$58,372.3	\$1,133.27
Historic Preservation Credit	0.9	\$755.6	\$883.78	0.6	\$447.0	\$786.92	0.4	\$397.2	\$904.67	0.2	\$266.9	\$1,700.29

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

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

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

Exhibit 31
Distribution of Property Tax Credits Claimed
Individual Income Tax, 2015 ⁽¹⁾

Adjusted Gross Income Group	General			Senior Citizens ⁽²⁾			Veterans			Disabled ⁽³⁾		
	Number of Credits Allowed	% of Total Credits Allowed	Credit Amount	Number of Credits Allowed	% of Total Credits Allowed	Credit Amount	Number of Credits Allowed	% of Total Credits Allowed	Credit Amount	Number of Credits Allowed	% of Total Credits Allowed	Credit Amount
	Zero Income ⁽⁴⁾	10,493	1.7%	\$6,567,079	39,653	12.6%	\$29,518,592	265	7.9%	\$36,603	21,720	25.6%
\$ 1 - 2,000	11,731	1.9%	6,329,763	39,544	12.6%	31,001,729	229	6.8%	33,639	22,166	26.1%	15,284,684
2,001 - 4,000	10,240	1.7%	5,042,377	19,706	6.3%	14,778,810	118	3.5%	15,883	4,002	4.7%	2,583,925
4,001 - 6,000	13,736	2.3%	6,578,830	20,058	6.4%	14,465,915	123	3.6%	19,248	3,722	4.4%	2,378,351
6,001 - 8,000	18,053	3.0%	8,561,745	21,035	6.7%	14,467,103	151	4.5%	21,363	3,671	4.3%	2,283,691
8,001 - 10,000	28,685	4.7%	14,230,778	20,947	6.7%	13,287,068	139	4.1%	17,207	3,896	4.6%	2,469,962
10,001 - 12,000	31,724	5.2%	16,003,955	21,130	6.7%	12,589,613	149	4.4%	16,971	3,470	4.1%	2,183,134
12,001 - 14,000	36,290	6.0%	18,462,315	19,339	6.2%	10,621,968	190	5.6%	23,570	3,139	3.7%	1,986,580
14,001 - 16,000	39,678	6.5%	20,233,952	17,572	5.6%	9,119,039	153	4.5%	17,345	2,506	3.0%	1,567,626
16,001 - 18,000	35,945	5.9%	17,620,064	14,100	4.5%	7,099,419	187	5.5%	20,860	2,128	2.5%	1,279,729
18,001 - 20,000	34,039	5.6%	16,045,005	12,080	3.8%	5,887,282	163	4.8%	17,780	1,878	2.2%	1,055,542
20,001 - 22,000	32,417	5.3%	14,936,968	10,699	3.4%	4,945,418	156	4.6%	18,155	1,753	2.1%	964,448
22,001 - 24,000	31,377	5.2%	14,136,018	9,276	3.0%	4,158,180	153	4.5%	15,914	1,597	1.9%	865,005
24,001 - 26,000	30,100	4.9%	13,120,471	8,105	2.6%	3,558,204	154	4.6%	18,039	1,333	1.6%	665,299
26,001 - 28,000	28,484	4.7%	12,269,647	7,067	2.3%	2,988,435	110	3.3%	12,822	1,140	1.3%	566,790
28,001 - 30,000	27,649	4.5%	11,692,321	5,819	1.9%	2,353,997	108	3.2%	12,304	1,075	1.3%	515,530
30,001 - 35,000	61,416	10.1%	25,172,841	11,390	3.6%	4,265,018	244	7.2%	29,296	2,141	2.5%	1,028,591
35,001 - 40,000	51,463	8.5%	20,573,304	7,893	2.5%	2,611,412	238	7.1%	27,379	1,637	1.9%	713,894
40,001 - 45,000	39,867	6.6%	13,441,503	5,066	1.6%	1,517,305	163	4.8%	15,661	1,102	1.3%	418,737
45,001 - 50,000	29,636	4.9%	5,055,689	2,648	0.8%	573,353	144	4.3%	7,601	603	0.7%	131,961
50,001 - 55,000	3,965	0.7%	659,357	593	0.2%	124,553	25	0.7%	797	117	0.1%	28,824
55,001 - 60,000	683	0.1%	155,724	123	0.0%	38,030	4	0.1%	146	31	0.0%	10,550
60,001 - 65,000	200	0.0%	56,797	29	0.0%	15,725	4	0.1%	357	8	0.0%	3,525
65,001 - 70,000	92	0.0%	36,619	18	0.0%	11,335	n.a.	0.1%	223	4	0.0%	1,853
70,001 - 75,000	51	0.0%	31,251	14	0.0%	8,220	-	0.0%	-	n.a.	0.0%	1,330
75,001 - 80,000	37	0.0%	20,895	14	0.0%	10,237	-	0.0%	-	n.a.	0.0%	2,361
80,001 - 85,000	26	0.0%	14,014	11	0.0%	5,738	-	0.0%	-	n.a.	0.0%	2,791
85,001 - 90,000	37	0.0%	22,665	6	0.0%	3,406	n.a.	0.0%	101	-	0.0%	-
90,001 - 95,000	24	0.0%	14,637	n.a.	0.0%	1,632	-	0.0%	-	n.a.	0.0%	914
95,001 - 100,000	22	0.0%	15,300	5	0.0%	4,330	-	0.0%	-	-	0.0%	-
Over 100,000	154	0.0%	107,209	33	0.0%	26,155	n.a.	0.0%	22	14	0.0%	11,512
Totals	608,314	100.0%	\$267,209,093	313,975	100.0%	\$190,057,221	3,374	100.0%	\$399,286	84,863	100.0%	\$53,422,686

Notes:

- ⁽¹⁾Values in this table are based on a sample of the 4,735,486 MI-1040 and MI-1040CR returns.
- ⁽²⁾Includes Senior Citizen Low Income Rent Credits.
- ⁽³⁾Includes blind, blind/deaf, paraplegic, quadriplegic, and totally disabled.
- ⁽⁴⁾Represents those individuals who had no taxable income, but did receive a property tax credit.
- ⁽⁵⁾ Per Rule 205.1003, "n.a." was used to protect the confidentiality of filers in this income classification.

Exhibit 32
Distribution of Senior Citizen Property Tax Credits by Household Resources
Individual Income Tax, 2015

Household Resources	Number of Returns	Property Tax Paid	Property Tax Credit	Property Tax Paid After Credit
\$1,000 and below	507	\$800,874	\$398,014	\$402,860
1,001 - 2,000	197	289,030	158,963	130,067
2,001 - 3,000	259	353,544	212,745	140,799
3,001 - 4,000	423	514,832	342,141	172,691
4,001 - 5,000	610	795,836	494,843	300,993
5,001 - 6,000	921	1,158,055	747,183	410,872
6,001 - 7,000	1,406	1,798,938	1,143,496	655,442
7,001 - 8,000	2,178	2,683,691	1,745,782	937,909
8,001 - 9,000	5,841	6,450,316	4,653,721	1,796,595
9,001 - 10,000	5,846	6,776,062	4,466,930	2,309,132
10,001 - 11,000	5,017	6,342,359	3,968,012	2,374,347
11,001 - 12,000	5,921	7,860,769	4,634,260	3,226,509
12,001 - 13,000	6,541	8,974,024	5,153,498	3,820,526
13,001 - 14,000	7,934	11,386,050	6,323,832	5,062,218
14,001 - 15,000	7,733	11,286,386	6,062,796	5,223,590
15,001 - 16,000	8,148	12,338,883	6,426,032	5,912,851
16,001 - 17,000	8,226	12,728,043	6,466,097	6,261,946
17,001 - 18,000	8,636	13,731,626	6,724,604	7,007,022
18,001 - 19,000	8,699	14,050,195	6,766,600	7,283,595
19,001 - 20,000	9,006	14,877,320	6,967,935	7,909,385
20,001 - 21,000	9,181	15,447,923	7,076,285	8,371,638
21,001 - 22,000	9,078	15,607,251	6,840,759	8,766,492
22,001 - 23,000	9,240	16,194,498	6,764,561	9,429,937
23,001 - 24,000	9,115	16,358,532	6,459,415	9,899,117
24,001 - 25,000	9,172	16,653,663	6,330,384	10,323,279
25,001 - 26,000	8,948	16,749,390	5,954,816	10,794,574
26,001 - 27,000	8,832	16,530,546	5,589,495	10,941,051
27,001 - 28,000	8,833	16,706,950	5,339,521	11,367,429
28,001 - 29,000	8,715	16,906,725	5,088,591	11,818,134
29,001 - 30,000	8,593	16,825,374	4,752,875	12,072,499
30,001 - 35,000	40,563	83,991,602	21,246,054	62,745,548
35,001 - 40,000	35,709	80,105,725	18,427,899	61,677,826
40,001 - 45,000	30,107	72,635,316	12,488,981	60,146,335
45,001 - 50,000	23,828	61,448,404	3,831,221	57,617,183
50,001 - 60,000	7	39,163	3,740	35,423
60,001 - 70,000	n.a.	4,000	1,540	2,460
70,001 - 80,000	n.a.	6,691	1,200	5,491
Over 80,000	n.a.	2,268	2,400	-132
Totals	313,975	\$597,410,855	\$190,057,221	\$407,353,634

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

Exhibit 33
Distribution of General Property Tax Credits by Household Resources
Individual Income Tax, 2015

Household Resources	Number of Returns	Property Tax Paid	Property Tax Credit	Property Tax Paid After
\$1,000 and below	4,786	\$6,782,442	\$3,089,010	\$3,693,432
1,001 - 2,000	2,137	2,158,018	1,109,635	1,048,383
2,001 - 3,000	2,878	2,849,713	1,418,887	1,430,826
3,001 - 4,000	3,712	3,678,808	1,805,761	1,873,047
4,001 - 5,000	4,647	4,629,518	2,223,491	2,406,027
5,001 - 6,000	5,568	5,728,543	2,595,409	3,133,134
6,001 - 7,000	6,706	6,976,305	3,118,065	3,858,240
7,001 - 8,000	8,387	9,217,414	4,021,129	5,196,285
8,001 - 9,000	11,139	12,341,194	5,304,908	7,036,286
9,001 - 10,000	15,684	18,699,842	7,882,688	10,817,154
10,001 - 11,000	15,477	18,918,031	7,884,229	11,033,802
11,001 - 12,000	14,784	18,527,421	7,492,530	11,034,891
12,001 - 13,000	16,184	20,848,084	8,200,966	12,647,118
13,001 - 14,000	19,404	26,223,951	10,144,908	16,079,043
14,001 - 15,000	20,221	27,945,038	10,601,112	17,343,926
15,001 - 16,000	19,372	26,975,685	9,851,589	17,124,096
16,001 - 17,000	19,018	27,054,136	9,629,845	17,424,291
17,001 - 18,000	18,318	26,342,760	9,070,050	17,272,710
18,001 - 19,000	18,430	26,793,295	8,940,560	17,852,735
19,001 - 20,000	17,860	26,465,996	8,572,236	17,893,760
20,001 - 21,000	17,912	27,065,634	8,530,151	18,535,483
21,001 - 22,000	17,108	26,168,033	7,973,942	18,194,091
22,001 - 23,000	16,957	26,393,578	7,847,327	18,546,251
23,001 - 24,000	16,755	26,485,791	7,637,075	18,848,716
24,001 - 25,000	16,309	26,093,388	7,295,741	18,797,647
25,001 - 26,000	16,219	26,660,666	7,247,418	19,413,248
26,001 - 27,000	15,682	26,215,102	6,966,752	19,248,350
27,001 - 28,000	14,966	25,528,153	6,598,209	18,929,944
28,001 - 29,000	15,075	26,156,322	6,628,835	19,527,487
29,001 - 30,000	14,427	25,500,961	6,238,679	19,262,282
30,001 - 35,000	66,445	122,851,370	28,146,388	94,704,982
35,001 - 40,000	56,650	114,579,267	23,585,882	90,993,385
40,001 - 45,000	44,890	98,555,634	15,069,640	83,485,994
45,001 - 50,000	34,195	81,379,427	4,479,946	76,899,481
50,001 - 60,000	7	76,054	3,209	72,845
60,001 - 70,000	n.a.	9,099	840	8,259
70,001 - 80,000	n.a.	1,680	770	910
Over 80,000	n.a.	3,572	1,281	2,291
Totals	608,314	\$998,879,923	\$267,209,093	\$731,670,830

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

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

Exhibit 34
Distribution of Farmland Credit by Household Resources
Individual Income Tax, 2015

Household Resources	Farmland Credit		
	Number of Returns	Credit Amount	Average Credit
\$1,000 and below	131	\$873,923	\$6,671
1,001 - 2,000	15	55,597	3,706
2,001 - 3,000	13	57,555	4,427
3,001 - 4,000	21	122,530	5,835
4,001 - 5,000	11	37,368	3,397
5,001 - 6,000	29	98,893	3,410
6,001 - 7,000	28	98,745	3,527
7,001 - 8,000	30	213,601	7,120
8,001 - 9,000	36	149,200	4,144
9,001 - 10,000	46	159,208	3,461
10,001 - 11,000	36	205,582	5,711
11,001 - 12,000	45	174,913	3,887
12,001 - 13,000	55	145,340	2,643
13,001 - 14,000	46	219,775	4,778
14,001 - 15,000	60	271,500	4,525
15,001 - 16,000	62	220,560	3,557
16,001 - 17,000	59	161,206	2,732
17,001 - 18,000	74	287,675	3,888
18,001 - 19,000	64	200,338	3,130
19,001 - 20,000	82	333,433	4,066
20,001 - 21,000	75	335,170	4,469
21,001 - 22,000	77	317,724	4,126
22,001 - 23,000	76	285,409	3,755
23,001 - 24,000	97	340,577	3,511
24,001 - 25,000	83	276,213	3,328
25,001 - 26,000	84	371,030	4,417
26,001 - 27,000	82	308,693	3,765
27,001 - 28,000	94	366,370	3,898
28,001 - 29,000	94	435,394	4,632
29,001 - 30,000	87	349,835	4,021
30,001 - 35,000	410	1,830,915	4,466
35,001 - 40,000	466	2,096,939	4,500
40,001 - 45,000	462	2,165,451	4,687
45,001 - 50,000	390	1,766,100	4,528
50,001 - 60,000	672	3,391,339	5,047
60,001 - 70,000	564	2,961,737	5,251
70,001 - 80,000	445	2,521,728	5,667
80,001 - 90,000	362	2,321,010	6,412
90,001 - 100,000	310	2,009,608	6,483
100,001 - 125,000	587	4,291,334	7,311
125,001 - 150,000	300	2,622,087	8,740
150,001 - 200,000	320	3,422,916	10,697
Over \$200,000	<u>394</u>	<u>7,190,044</u>	18,249
Totals	7,474	\$46,064,565	\$6,163

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

Exhibit 35
Distribution of Home Heating Credits by Household Resources
Individual Income Tax, 2015

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	423	\$128,347	8,517	\$2,129,469	671	\$211,250	12	\$4,642
1,001 - 2,000	163	48,921	3,941	868,943	150	46,576	n.a.	472
2,001 - 3,000	203	50,981	4,701	989,896	195	59,339	n.a.	144
3,001 - 4,000	306	69,768	5,703	1,144,192	295	81,628	n.a.	335
4,001 - 5,000	445	95,803	6,643	1,255,906	392	104,932	6	2,148
5,001 - 6,000	710	138,752	7,612	1,340,964	530	126,083	n.a.	842
6,001 - 7,000	1,118	201,581	8,592	1,389,973	739	158,297	n.a.	1,291
7,001 - 8,000	1,817	282,591	10,009	1,608,759	1,234	237,761	10	2,010
8,001 - 9,000	5,170	656,805	16,961	2,453,548	8,422	1,304,520	10	1,695
9,001 - 10,000	5,041	583,349	19,396	2,677,259	5,632	843,512	16	3,875
10,001 - 11,000	4,063	379,391	16,633	2,187,771	3,494	506,140	13	2,668
11,001 - 12,000	4,685	372,878	15,566	1,819,313	3,407	463,753	13	1,542
12,001 - 13,000	4,441	287,304	15,872	1,785,791	3,137	396,842	29	4,069
13,001 - 14,000	2,224	291,342	13,308	2,133,442	3,102	413,121	21	2,635
14,001 - 15,000	1,150	118,716	13,115	1,970,151	2,514	271,978	12	1,703
15,001 - 16,000	1,113	96,903	11,974	1,586,974	2,330	229,328	13	1,438
16,001 - 17,000	1,171	75,363	11,577	1,345,645	1,947	186,027	19	1,652
17,001 - 18,000	725	51,366	8,952	1,060,105	1,434	167,416	20	1,860
18,001 - 19,000	316	36,141	6,779	863,088	902	130,115	8	910
19,001 - 20,000	302	24,907	6,358	716,942	827	106,666	21	3,514
Over 20,000	<u>1,128</u>	<u>103,895</u>	<u>36,953</u>	<u>3,366,662</u>	<u>4,823</u>	<u>531,579</u>	<u>141</u>	<u>15,904</u>
Totals	36,714	\$4,095,104	249,162	\$34,694,793	46,177	\$6,576,863	377	\$55,349
Average Credit		\$111.54		\$139.25		\$142.43		\$146.81

⁽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.

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

Exhibit 36
2015 Income Tax Collections by County

County	Property Tax Credits	Home Heating Credits	MI EITC Credits	Tax After Credits	Percent of Total Tax
ALCONA	\$283,746	\$72,115	\$89,492	\$3,887,512	0.0%
ALGER	266,943	44,095	65,347	4,316,244	0.1%
ALLEGAN	4,933,415	330,784	937,052	74,331,617	0.9%
ALPENA	1,078,087	188,908	308,899	15,208,400	0.2%
ANTRIM	878,712	119,607	248,699	14,134,019	0.2%
ARENAC	750,648	100,645	156,146	6,661,804	0.1%
BARAGA	171,053	39,870	85,068	3,177,116	0.0%
BARRY	2,466,083	153,030	419,958	36,548,463	0.5%
BAY	6,558,242	516,798	1,095,923	64,210,318	0.8%
BENZIE	594,602	82,117	171,687	8,948,412	0.1%
BERRIEN	7,554,275	846,031	2,069,497	113,188,247	1.4%
BRANCH	2,541,639	170,306	504,812	21,155,353	0.3%
CALHOUN	7,618,086	687,683	1,669,406	76,650,022	1.0%
CASS	2,117,413	177,933	469,586	24,812,020	0.3%
CHARLEVOIX	1,226,233	107,259	279,381	20,738,884	0.3%
CHEBOYGAN	773,710	171,231	296,558	10,635,051	0.1%
CHIPPEWA	1,050,524	185,678	395,784	14,128,532	0.2%
CLARE	1,018,369	301,208	403,225	12,958,254	0.2%
CLINTON	3,167,177	135,371	387,718	51,677,707	0.6%
CRAWFORD	340,963	88,465	133,350	4,763,856	0.1%
DELTA	1,458,508	191,151	358,967	22,711,142	0.3%
DICKINSON	1,075,250	108,737	242,599	16,870,816	0.2%
EATON	6,716,673	318,089	984,897	83,965,461	1.0%
EMMET	1,532,298	140,926	333,379	33,023,265	0.4%
GENESEE	18,367,194	2,663,114	5,955,076	253,174,038	3.2%
GLADWIN	850,589	174,949	273,051	12,003,267	0.1%
GOGEBIC	451,994	116,554	147,225	6,689,083	0.1%
GRAND TRAVERSE	5,326,772	268,063	803,941	89,388,268	1.1%
GRATIOT	3,786,261	223,263	490,977	21,290,911	0.3%
HILLSDALE	2,148,789	265,893	506,406	23,659,653	0.3%
HOUGHTON	855,515	184,216	277,976	17,774,577	0.2%
HURON	8,147,463	162,060	303,043	15,137,506	0.2%
INGHAM	17,477,620	1,252,608	3,006,860	210,947,903	2.6%
IONIA	2,864,920	231,033	621,131	37,079,865	0.5%
IOSCO	798,575	183,570	302,990	10,775,093	0.1%
IRON	344,497	74,340	109,538	5,226,205	0.1%
ISABELLA	2,849,626	258,605	511,285	30,928,396	0.4%
JACKSON	7,102,862	755,681	1,695,892	97,708,849	1.2%
KALAMAZOO	13,804,065	1,030,129	2,436,650	238,319,403	3.0%

Exhibit 36 (cont.)

County	Property Tax Credits	Home Heating Credits	MI EITC Credits	Tax After Credits	Percent of Total Tax
KALKASKA	\$522,050	\$104,991	\$219,095	\$9,109,496	0.1%
KENT	31,974,666	2,159,517	6,611,392	568,205,310	7.1%
KEWEENAW	32,433	11,533	14,369	1,101,953	0.0%
LAKE	341,986	118,112	119,792	2,865,876	0.0%
LAPEER	2,870,728	273,420	772,667	61,131,592	0.8%
LEELANAU	637,849	50,896	103,883	15,565,967	0.2%
LENAWEE	6,938,086	362,076	997,914	55,997,040	0.7%
LIVINGSTON	5,699,369	234,342	755,026	176,469,197	2.2%
LUCE	75,192	39,155	57,021	2,589,603	0.0%
MACKINAC	374,517	64,708	106,218	5,463,932	0.1%
MACOMB	64,428,366	3,340,819	9,123,743	666,740,957	8.3%
MANISTEE	994,334	120,007	231,946	11,786,126	0.1%
MARQUETTE	2,095,339	238,595	483,767	42,647,008	0.5%
MASON	1,732,286	169,511	333,150	15,290,042	0.2%
MECOSTA	1,342,988	225,249	383,564	18,841,341	0.2%
MENOMINEE	771,504	103,166	211,294	13,255,753	0.2%
MIDLAND	3,438,801	312,084	652,036	82,557,703	1.0%
MISSAUKEE	1,021,250	81,872	156,166	5,904,932	0.1%
MONROE	5,455,630	405,503	1,148,901	105,778,219	1.3%
MONTCALM	3,544,198	390,554	783,097	30,763,896	0.4%
MONTMORENCY	285,665	70,214	107,806	3,559,460	0.0%
MUSKEGON	8,926,696	919,919	2,419,143	94,559,548	1.2%
NEWAYGO	1,903,084	241,537	482,749	20,964,074	0.3%
OAKLAND	63,243,365	2,812,117	7,875,833	1,691,188,665	21.1%
OCEANA	1,378,356	187,224	358,199	13,058,311	0.2%
OGEMAW	791,498	185,857	274,695	8,606,954	0.1%
ONTONAGON	167,846	37,547	45,462	2,458,862	0.0%
OSCEOLA	1,011,173	192,700	316,746	11,666,226	0.1%
OSCODA	134,022	48,109	76,873	2,933,204	0.0%
OTSEGO	800,468	120,227	278,979	13,862,362	0.2%
OTTAWA	12,893,702	497,012	1,997,733	262,739,605	3.3%
PRESQUE ISLE	476,117	118,058	131,845	6,259,090	0.1%
ROSCOMMON	878,179	178,293	287,105	10,562,074	0.1%
SAGINAW	10,127,669	1,209,451	2,598,529	109,177,952	1.4%
ST. CLAIR	7,638,102	701,269	1,651,940	111,424,740	1.4%
ST. JOSEPH	3,053,735	248,236	705,260	32,570,035	0.4%
SANILAC	3,880,880	251,788	466,790	19,238,355	0.2%
SCHOOLCRAFT	180,144	60,168	80,132	4,028,810	0.1%
SHIAWASSEE	4,056,129	341,256	766,507	44,527,338	0.6%
TUSCOLA	5,581,091	298,561	624,649	26,739,543	0.3%
VAN BUREN	4,148,590	453,060	964,879	48,587,802	0.6%
WASHTENAW	18,574,060	975,295	2,137,682	387,166,136	4.8%
WAYNE (excludes Detroit)	70,071,040	4,593,215	10,988,672	740,792,984	9.2%
WEXFORD	1,417,362	231,586	463,015	17,252,796	0.2%
OUTSIDE OF MICHIGAN	4,030,137	504,828	2,359,864	334,515,551	4.2%
DETROIT	<u>55,862,778</u>	<u>8,016,357</u>	<u>18,212,107</u>	<u>289,700,282</u>	<u>3.6%</u>
TOTAL	\$557,152,851	\$45,422,109	\$109,487,706	\$8,009,012,234	100.0%

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

Exhibit 37 2015 Income Tax Data by County

County	2015	2015		Income Tax		Average		Average		Credits as a		Ratio of Property		Average	
	AGI (Millions)	AGI	Rank	Before	Rank	Before	Rank	After	Rank	Before	Rank	to 1040s Filed	Rank	Credit ⁽¹⁾	Rank
ALCONA	\$183.6	\$40,672	76	\$4,335,954	76	\$961	81	\$861	81	10.3%	36	16.8%	71	\$374	70
ALGER	172.4	45,297	49	4,688,848	74	1,232	59	1,134	52	7.9%	63	17.7%	67	395	61
ALLEGAN	2,501.2	54,078	19	80,563,952	21	1,742	16	1,607	14	7.7%	65	19.1%	44	559	20
ALPENA	603.4	43,767	58	16,802,979	50	1,219	60	1,103	55	9.5%	46	20.8%	33	376	69
ANTRIM	563.0	52,063	22	15,458,925	53	1,430	37	1,307	31	8.6%	55	17.8%	64	456	47
ARENAC	261.8	41,546	70	7,643,377	67	1,213	61	1,057	61	12.8%	13	21.0%	30	567	18
BARAGA	138.3	42,594	68	3,458,660	78	1,066	75	979	71	8.1%	61	13.4%	81	392	63
BARRY	1,248.5	55,517	16	39,551,745	30	1,759	15	1,625	13	7.6%	67	18.4%	56	596	12
BAY	2,371.9	47,637	39	72,118,971	22	1,448	35	1,290	34	11.0%	24	24.5%	8	537	26
BENZIE	365.2	46,716	42	9,878,895	65	1,264	56	1,145	50	9.4%	47	18.8%	51	404	59
BERRIEN	4,059.9	55,564	15	125,227,745	11	1,714	17	1,549	18	9.6%	43	22.0%	22	471	42
BRANCH	824.2	46,096	44	24,463,347	40	1,368	43	1,183	47	13.5%	10	20.9%	31	679	7
CALHOUN	2,846.5	49,308	32	86,290,900	20	1,495	30	1,328	30	11.2%	23	24.4%	9	542	23
CASS	962.3	53,550	21	28,669,179	36	1,595	23	1,381	26	13.5%	11	18.1%	59	653	9
CHARLEVOIX	788.2	58,819	12	22,693,619	44	1,693	19	1,548	19	8.6%	54	20.0%	37	458	46
CHEBOYGAN	446.6	43,856	56	11,811,746	63	1,160	65	1,044	64	10.0%	39	21.2%	29	359	78
CHIPPEWA	642.7	42,228	69	15,843,255	52	1,041	76	928	76	10.8%	30	17.8%	63	388	67
CLARE	537.2	39,816	79	14,699,090	56	1,089	73	960	74	11.8%	19	18.9%	46	399	60
CLINTON	1,719.4	63,687	8	55,462,662	25	2,054	7	1,914	7	6.8%	71	18.0%	61	653	8
CRAWFORD	201.2	41,144	72	5,343,583	73	1,093	72	974	72	10.8%	27	18.9%	47	369	74
DELTA	843.5	48,450	35	24,771,984	39	1,423	38	1,305	32	8.3%	57	19.9%	38	420	54
DICKINSON	633.3	49,983	28	18,374,308	48	1,450	34	1,331	29	8.2%	59	20.3%	36	418	57
EATON	2,981.4	54,298	18	91,906,728	18	1,674	20	1,529	20	8.6%	53	22.1%	19	555	21
EMMET	1,126.6	61,800	9	35,186,100	33	1,930	11	1,812	11	6.1%	76	19.2%	43	437	49
GENESEE	9,247.3	49,453	30	279,831,299	6	1,497	29	1,354	28	9.5%	45	22.9%	12	430	51
GLADWIN	486.4	43,518	59	13,297,229	58	1,190	63	1,074	57	9.7%	41	19.3%	42	395	62
GOGEBIC	281.4	43,045	63	7,378,182	68	1,129	68	1,023	67	9.3%	48	19.7%	40	351	79
GRAND TRAVERSE	2,992.1	60,706	11	96,335,515	17	1,955	10	1,814	10	7.2%	69	21.3%	27	508	35
GRATIOT	829.8	47,182	41	25,689,376	38	1,461	32	1,211	41	17.1%	5	21.8%	24	987	3
HILLSDALE	886.7	45,334	47	26,748,470	37	1,368	44	1,210	42	11.5%	20	18.9%	49	582	14
HOUGHTON	667.1	45,274	50	19,167,158	47	1,301	48	1,206	43	7.3%	68	15.6%	75	371	72
HURON	779.0	47,946	37	23,742,247	42	1,461	31	932	75	36.2%	1	26.3%	2	1,904	1
INGHAM	7,325.1	58,422	14	232,543,226	9	1,855	12	1,682	12	9.3%	50	26.0%	3	537	27
IONIA	1,293.7	48,831	33	40,714,132	29	1,537	27	1,400	24	8.9%	52	18.6%	54	582	15
IOSCO	486.2	40,071	78	12,095,316	61	997	80	888	80	10.9%	26	18.0%	60	365	75
IRON	219.2	41,076	75	5,848,007	72	1,096	71	979	70	10.6%	32	17.9%	62	360	76
ISABELLA	1,193.9	48,734	34	34,688,151	34	1,416	40	1,262	39	10.8%	28	20.7%	34	562	19
JACKSON	3,457.3	51,340	24	106,754,693	15	1,585	24	1,451	23	8.5%	56	22.3%	17	474	41
KALAMAZOO	7,260.8	63,919	7	255,923,615	8	2,253	5	2,098	5	6.9%	70	23.8%	10	510	34
KALKASKA	348.6	44,216	55	10,042,872	64	1,274	54	1,155	49	9.3%	49	17.8%	66	373	71
KENT	18,434.0	61,717	10	608,674,229	4	2,038	8	1,902	8	6.6%	72	22.5%	16	476	40
KEWEENAW	45.5	49,353	31	1,165,633	83	1,266	55	1,196	45	5.5%	80	10.1%	83	349	80
LAKE	131.3	36,728	83	3,394,204	79	950	82	802	82	15.6%	6	24.9%	7	385	68
LAPEER	2,066.9	53,957	20	65,141,372	24	1,701	18	1,596	15	6.2%	75	16.2%	73	463	44

Exhibit 37 (cont.)

County	2015	2015	Income Tax		Average		Average		Credits as a		Ratio of Property		Average		
	AGI	Average	Rank	Before	Rank	Income Tax	Rank	Income Tax	Rank	Rank	to 1040s Filed	Rank	Credit ⁽¹⁾	Rank	
	(Millions)	AGI		Credits		Before Credits		After Credits		Before Credits					
LEELANAU	\$561.0	\$68,504	5	\$16,543,863	51	\$2,020	9	\$1,901	9	5.9%	78	15.4%	76	\$506	36
LENAWEE	2,172.3	49,942	29	65,665,202	23	1,510	28	1,287	35	14.7%	7	23.5%	11	680	6
LIVINGSTON	5,494.4	73,378	3	183,646,685	10	2,453	3	2,357	3	3.9%	83	14.1%	80	539	25
LUCE	103.5	42,662	66	2,772,777	81	1,142	66	1,067	58	6.6%	73	10.7%	82	290	83
MACKINAC	237.0	44,351	53	6,018,664	71	1,126	69	1,022	68	9.2%	51	16.8%	72	418	56
MACOMB	23,064.2	54,640	17	742,983,134	3	1,760	14	1,580	16	10.3%	37	25.7%	5	594	13
MANISTEE	482.0	43,246	62	13,088,686	60	1,174	64	1,058	60	10.0%	40	21.2%	28	422	52
MARQUETTE	1,529.1	52,045	23	45,529,493	28	1,550	26	1,452	22	6.3%	74	18.3%	58	389	65
MASON	604.3	45,196	51	17,405,389	49	1,302	47	1,144	51	12.2%	18	25.3%	6	512	33
MECOSTA	737.2	45,881	46	20,868,784	45	1,299	49	1,173	48	9.7%	42	18.4%	55	453	48
MENOMINEE	487.9	46,387	43	14,350,034	57	1,364	45	1,260	40	7.6%	66	16.8%	70	436	50
MIDLAND	2,651.4	71,047	4	87,176,900	19	2,336	4	2,212	4	5.3%	81	19.0%	45	486	39
MISSAUKEE	239.9	42,671	65	7,163,449	69	1,274	53	1,050	63	17.6%	4	18.8%	53	967	4
MONROE	3,921.5	58,448	13	123,194,480	12	1,836	13	1,577	17	14.1%	8	16.1%	74	505	37
MONTCALM	1,180.8	42,919	64	35,325,700	32	1,284	51	1,118	53	12.9%	12	22.6%	15	570	17
MONTMORENCY	174.4	37,377	82	4,052,154	77	868	83	763	83	12.2%	17	17.0%	69	360	77
MUSKEGON	3,442.9	45,983	45	106,050,344	16	1,416	39	1,263	38	10.8%	29	26.0%	4	459	45
NEWAYGO	789.2	44,668	52	23,456,285	43	1,328	46	1,187	46	10.6%	33	22.0%	21	490	38
OAKLAND	51,092.8	87,093	1	1,773,528,515	1	3,023	1	2,883	1	4.6%	82	17.8%	65	606	11
OCEANA	518.6	43,777	57	14,948,298	55	1,262	57	1,102	56	12.6%	14	21.7%	25	535	29
OGEMAW	361.4	38,118	81	9,805,213	66	1,034	77	908	79	12.2%	16	19.8%	39	421	53
ONTONAGON	108.5	40,539	77	2,719,557	82	1,016	79	919	77	9.6%	44	15.2%	77	411	58
OSCEOLA	451.7	41,110	74	13,180,086	59	1,200	62	1,062	59	11.5%	21	17.7%	68	519	32
OSCODA	113.5	39,560	80	3,192,625	80	1,113	70	1,022	69	8.1%	62	15.1%	78	309	82
OTSEGO	513.8	47,480	40	15,090,937	54	1,394	41	1,281	36	8.1%	60	18.9%	50	392	64
OTTAWA	8,433.3	64,878	6	278,510,694	7	2,143	6	2,021	6	5.7%	79	18.3%	57	541	24
PRESQUE ISLE	267.9	41,258	71	6,965,704	70	1,073	74	964	73	10.1%	38	18.9%	48	388	66
ROSCOMMON	474.5	41,122	73	11,857,526	62	1,028	78	915	78	10.9%	25	20.5%	35	371	73
SAGINAW	4,109.1	48,000	36	122,964,162	13	1,436	36	1,275	37	11.2%	22	22.6%	14	522	30
ST. CLAIR	3,878.8	51,038	25	121,416,181	14	1,598	22	1,466	21	8.2%	58	21.6%	26	466	43
ST. JOSEPH	1,232.6	45,303	48	37,225,602	31	1,368	42	1,197	44	12.5%	15	19.5%	41	575	16
SANILAC	801.4	43,321	61	23,854,561	41	1,290	50	1,040	65	19.4%	3	22.0%	20	955	5
SCHOOLCRAFT	169.4	44,258	54	4,371,775	75	1,142	67	1,052	62	7.8%	64	14.4%	79	326	81
SHIAWASSEE	1,637.7	47,847	38	49,680,800	27	1,452	33	1,301	33	10.4%	35	22.1%	18	537	28
TUSCOLA	1,128.7	43,391	60	33,235,156	35	1,278	52	1,028	66	19.5%	2	20.8%	32	1029	2
VAN BUREN	1,744.6	50,015	27	54,334,308	26	1,558	25	1,393	25	10.6%	34	22.8%	13	521	31
WASHTENAW	12,212.4	78,011	2	412,477,515	5	2,635	2	2,473	2	6.1%	77	18.8%	52	632	10
WAYNE (including Detroit)	37,478.2	50,142	26	1,196,642,058	2	1,601	21	1,379	27	13.9%	9	30.7%	1	549	22
WEXFORD	658.3	42,604	67	19,346,277	46	1,252	58	1,117	54	10.8%	31	21.9%	23	418	55
OUTSIDE MICHIGAN	74,878.1	352,167		346,095,125		1,628		1,573		3.3%		3.6%		528	
DETROIT	11,710.9	39,745		368,449,789		1,250		983		21.4%		38.3%		495	
TOTALS	\$335,592.8	\$71,977		\$9,075,083,001		\$1,946		\$1,718		11.7%		21.8%		\$547	

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

Exhibit 38
Average Adjusted Gross Income by County
2015

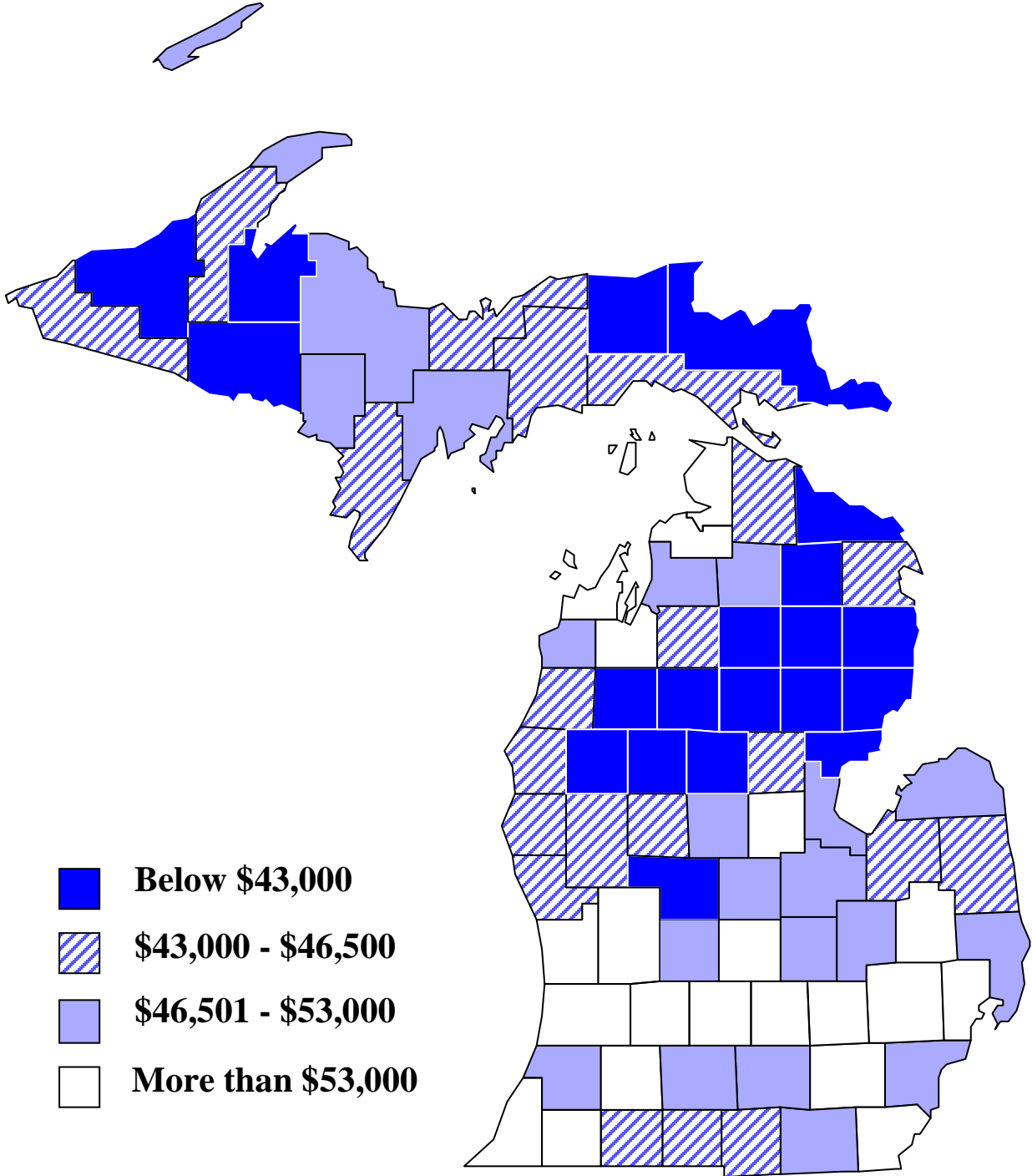


Exhibit 39
Average Property Tax Credits by County
2015

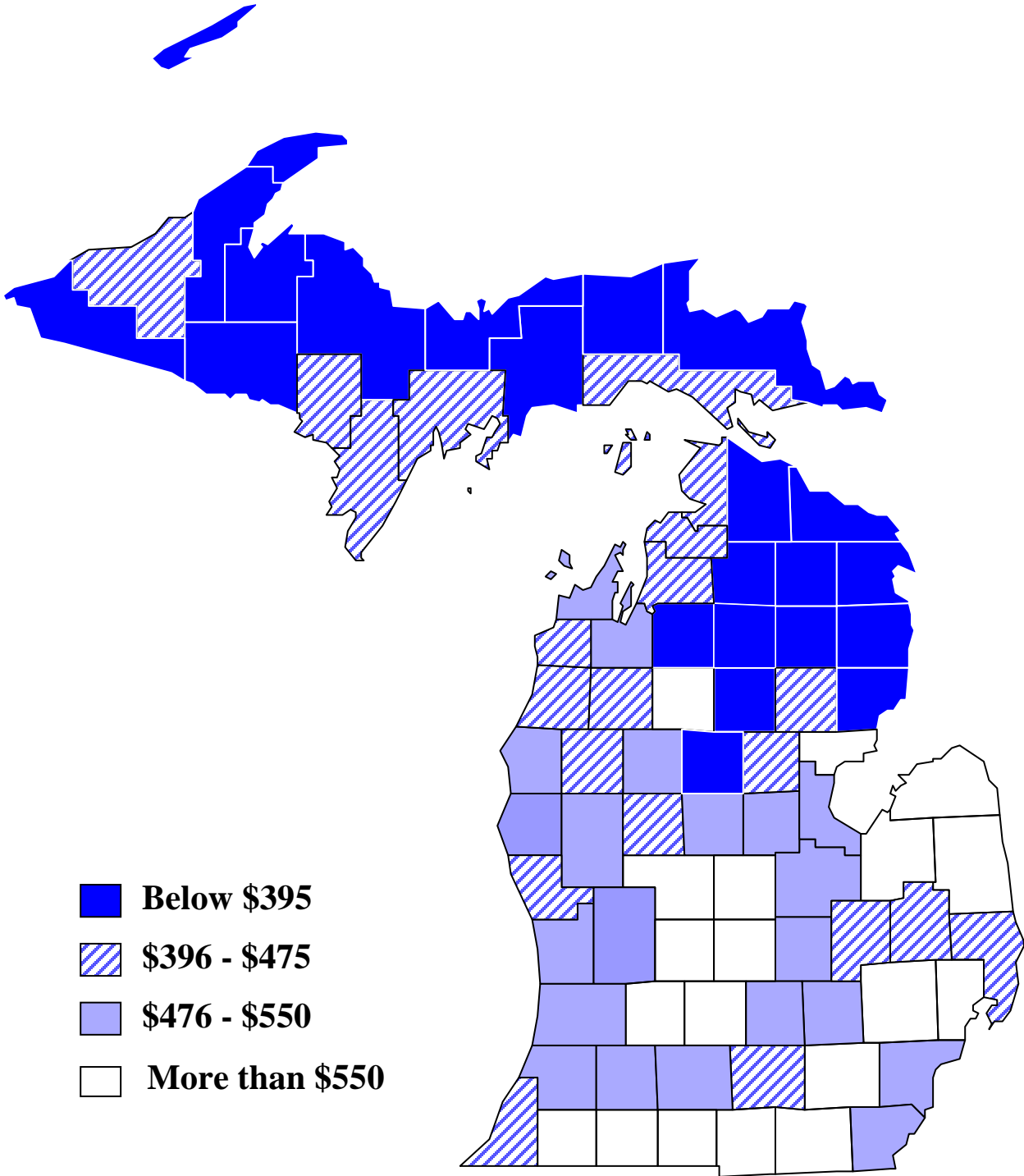


Exhibit 40
Average Annual Individual Income Tax Rates

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
1968	2.60%	1993	4.60%
1969	2.60%	1994	4.47%
1970	2.60%	1995	4.40%
1971	3.14%	1996	4.40%
1972	3.90%	1997	4.40%
1973	3.90%	1998	4.40%
1974	3.90%	1999	4.40%
1975	4.37%	2000	4.20%
1976	4.60%	2001	4.20%
1977	4.60%	2002	4.10%
1978	4.60%	2003	4.00%
1979	4.60%	2004	3.95%
1980	4.60%	2005	3.90%
1981	4.60%	2006	3.90%
1982	5.10%	2007	4.01%
1983	6.35%	2008	4.35%
1984	5.85%	2009	4.35%
1985	5.33%	2010	4.35%
1986	4.60%	2011	4.35%
1987	4.60%	2012	4.33%
1988	4.60%	2013	4.25%
1989	4.60%	2014	4.25%
1990	4.60%	2015	4.25%
1991	4.60%	2016	4.25%
1992	4.60%	2017	4.25%

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

XII. APPENDIX A

FEDERAL TAX LAW CHANGES¹⁰ (from 2010 through 2014)

2010

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

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

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

2011

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

2012

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

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

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

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

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

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

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

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

2013

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

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

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

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

the expenses are incurred, in lieu of capitalizing the cost and recovering it through depreciation allowances was extended to apply to qualified film and television productions commencing in 2014;

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

2014

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

MICHIGAN PERSONAL INCOME TAX LEGISLATIVE HISTORY (1967 – 2014)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

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

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

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

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

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

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

2014

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

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

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

**MICHIGAN INCOME TAX REQUIREMENTS
(1967 – 2016)**

<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	Yes	Yes	Yes	Yes
. Para/Hemi/Quadriplegic (**)(***)	206.30(3)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$1,500	\$1,500	\$1,500	\$1,500

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>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>
. IRC compliance (*)	206.12(3)	1976 IRC	1976 IRC	1979 IRC	1979 IRC	1982 IRC	1982 IRC	1984 IRC	1984 IRC	1984 IRC	1987 IRC	1987 IRC
. Exemption from MI - IIT:	206.201	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT
. Revenue Distribution:	(1)											
. To Local Units:	206.481	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	12.1%	6.9%	6.9%
. Filing Requirement:	(2)											
(Gross income (GI) or	206.315	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI
AGI above threshold)	Single Return	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,600	\$1,800
	Joint Return	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,200	\$3,600
. Reciprocity States		IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN
. Liability Threshold for Estimated Pmt	(3)	206.301	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$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
. 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.	\$1,400	\$1,200
. Unemployed	(#)	206.30(3)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$1,400	\$1,200
. Claimed as Dependent	206.30(4)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$500

For notes, see page 118.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

<u>General MI-IIT Information:</u>	<u>MCL Section</u>	<u>TY 1989</u>	<u>TY 1990</u>	<u>TY 1991</u>	<u>TY 1992</u>	<u>TY 1993</u>	<u>TY 1994</u>	<u>TY 1995</u>	<u>TY 1996</u>	<u>TY 1997</u>	<u>TY 1998</u>	<u>TY 1999</u>
. IRC compliance (*)	206.12(3)	1987 IRC	1987 IRC	1987 IRC	1987 IRC	1987 IRC	1987 IRC	1987 IRC	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)											
(Gross income (GI) or AGI above threshold)	206.315	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI
Single Return		\$2,000	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,400	\$2,400	\$2,500	\$2,800	\$2,800
Joint Return		\$4,000	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,800	\$4,800	\$5,000	\$5,600	\$5,600
. Reciprocity States		IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN
. Liability Threshold for Estimated Pmt	(3)	206.301	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
. Use Tax Return in MI-1040 Booklet			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)											
. Para/Hemi/Quadriplegic (**) (***)	206.30(3)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. 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
. Unemployed	(#)	206.30(3)	\$1,000	\$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
. Child	(#)	206.30d(2)										
. Age 6 and Under			n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$600	\$600
. Age 7 to 12			n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$300	\$300

For notes, see page 118.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

Exemptions Amounts:

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

<u>General MI-IIT Information:</u>	<u>MCL</u>	<u>Form</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>
	<u>Section</u>		<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
. IRC compliance (*)	206.12(3)		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
. Revenue Distribution:	(1)							
. To School Aid Fund:	206.51(2)		Formula	Formula	Formula	Formula	Formula	Formula
. Filing Requirement:	(2)	206.315	MI-1040	AGI	AGI	AGI	AGI	AGI
(Gross income (GI) or AGI above threshold)			Single Return	\$3,700	\$3,763	\$3,950	\$4,000	\$4,000
			Joint Return	\$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
. Liability Threshold for Estimated Pmt	(3)	206.301	MI-1040	\$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
. Tax Rate	206.51(1), 51(b)-51(h)	MI-1040		4.35%	4.33%	4.25%	4.25%	4.25%
<hr/>								
<u>Exemptions Amounts:</u>								
. Personal Exemption:	206.30(2), 30a	MI-1040		\$3,700	\$3,763	\$3,950	\$4,000	\$4,000
. Special Exemptions:	(4)	206.30(3)	MI-1040	Yes	Yes	Yes	Yes	Yes
. Para/Hemi/Quadriplegic (**) (***)		206.30(3)		\$2,400	\$2,400	\$2,500	\$2,500	\$2,600
. Disabled		206.30(3)		\$2,400	\$2,400	\$2,500	\$2,500	\$2,600
. Blind (***)		206.30(3)		\$2,400	\$2,400	\$2,500	\$2,500	\$2,600
. Deaf (****)		206.30(3)		\$2,400	\$2,400	\$2,500	\$2,500	\$2,600
. Senior	(#)	206.30(3)		\$2,400	n.a.	n.a.	n.a.	n.a.
. Unemployed	(#)	206.30(3)		\$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
. Child		206.30d(2)		\$600	n.a.	n.a.	n.a.	n.a.
. Age 6 and Under	(#)			\$600	n.a.	n.a.	n.a.	n.a.
. Age 7 to 12				\$600	n.a.	n.a.	n.a.	n.a.
. Disabled Veteran		206.30(3)		\$300	\$300	\$300	\$400	\$400

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		<u>MCL</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>
		<u>Section</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
<u>Check-Offs:</u>													
. State Campaign Fund	(5)	169.261(2)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
		Single Return	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2
		Joint Return	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4
Other Voluntary Contributions:													
. Nongame Wildlife Trust Fund	(6)	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
<hr/>													
<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	\$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
<hr/>													
<u>Tax Base Adjustments Limits</u>													
. Maximum Private Pension Deduction (*****)	(7)	206.30(1)(f)(iv)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Single Return			\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$13,125	\$30,945	\$31,920	\$32,880	\$33,630	\$34,170
Joint Return			\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$22,500	\$61,890	\$63,840	\$65,760	\$67,260	\$68,340
. Political Contribution		206.30(1)(j)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Single Return			\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
Joint Return			\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
. Maximum Senior Interest, Dividends, and Capital Gains Deduction (*****)	(8)	206.30(1)(p)	No	No	No	No	No	Yes	Yes (*****)	Yes (*****)	Yes	Yes	Yes
Single Return			n.a.	n.a.	n.a.	n.a.	n.a.	\$1,000	\$1,032	\$1,064	\$3,500	\$7,500	\$7,620
Joint Return			n.a.	n.a.	n.a.	n.a.	n.a.	\$2,000	\$2,064	\$2,128	\$7,000	\$15,000	\$15,240
. Federal Taxable Wage Base for FICA			\$48,000	\$51,300	\$53,400	\$55,500	\$57,600	\$60,600	\$61,200	\$62,700	\$65,400	\$68,400	\$72,600
. Federal Salary Elective Deferrals													
. 401(k)			\$7,627	\$7,979	\$8,475	\$8,728	\$8,994	\$9,240	\$9,240	\$9,500	\$9,500	\$10,000	\$10,000
. 403(b), or 457			n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$7,500	\$8,000	\$8,000
. Federal IRA Contribution Limit			No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
. General			n.a.	n.a.	n.a.	n.a.	n.a.	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000

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MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

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For notes, see page 118.

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>Section</u>		<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Check-Offs:</u>									
. State Campaign Fund	(5)	169.261(2)	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes
			Single Return	\$3	\$3	\$3	\$3	\$3	\$3
			Joint Return	\$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
. Military Family Relief Fund		206.438	Form 4642	Yes	Yes	Yes	Yes	Yes	Yes
. Children's Trust Fund		206.440	Form 4642	Yes	Yes	Yes	Yes	Yes	Yes
. Prostrate Cancer Research Fund		206.435	Form 4642	No	No	No	No	No	No
. Amanda's Fund		206.435	Form 4642	No	No	No	No	No	No
. Animal Welfare Fund		206.435	Form 4642	Yes	Yes	Yes	Yes	Yes	Yes
. Michigan Housing and Community									
Development Fund		206.435	Form 4642	No	No	No	No	No	No
. Michigan Law Enforcement									
Memorial Monument Fund		206.435	Form 4642	No	No	No	No	No	No
. Renewable Fuels Fund		206.435	Form 4642	No	No	No	No	No	No
. Foster Care Trust Fund		206.435	Form 4642	No	No	No	No	No	No
. Children's Miracle Network Fund		206.435	Form 4642	No	No	No	No	No	No
. MI Council for the Arts Fund		206.435	Form 4642	No	No	No	No	No	No
. Renewable Fuels Fund		206.435	Form 4642	No	No	No	No	No	No
. United Way Fund		206.435	Form 4642	Yes	Yes	Yes	Yes	Yes	Yes
. Girl Scout of Michigan Fund		206.435	Form 4642	Yes	Yes	Yes	No	No	No
. Special Olympics Michigan Fund		206.435	Form 4642	No	Yes	Yes	Yes	Yes	Yes
. AMBER Alert Fund of Michigan		206.435	Form 4642	No	No	Yes	Yes	No	No
. ALS of Michigan ("Lou Gehrig's									
Disease") Fund		206.435	Form 4642	No	No	Yes	Yes	Yes	Yes
. Alzheimer's Association of Michigan		206.435	Form 4642	No	No	Yes	Yes	Yes	Yes
. Michigan Junior Achievement		206.435	Form 4642	No	No	No	No	No	Yes
. American Red Cross Michigan		206.435	Form 4642	No	No	No	No	No	Yes

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

	MCL Section	TY 2000	TY 2001	TY 2002	TY 2003	TY 2004	TY 2005	TY 2006	TY 2007	TY 2008	TY 2009	TY 2010
<u>Tax Base Adjustments Limits</u>												
. Maximum Private Pension Deduction (*****) (7)	206.30(1)(f)(iv)	Yes	Yes	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	\$45,120	\$45,120
	Joint Return	\$69,840	\$72,180	\$74,220	\$75,420	\$77,100	\$79,140	\$81,840	\$84,480	\$86,880	\$90,240	\$90,240
. 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)	Yes	Yes	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	\$10,058	\$10,058
	Joint Return	\$15,570	\$16,095	\$16,545	\$16,815	\$17,190	\$17,655	\$18,255	\$18,840	\$19,380	\$20,115	\$20,115
. Maximum MESP Contribution	206.30(1)(t)(i)	Yes	Yes	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	\$5,000	\$5,000
	Joint Return	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	10000	\$10,000	\$10,000	\$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	\$106,800	\$106,800
. Federal Salary Elective Deferrals												
. 401(k)		\$10,500	\$10,500	\$11,000	\$12,000	\$13,000	\$14,000	\$15,000	\$15,500	\$15,500	\$16,500	\$16,500
. 403(b), or 457		\$8,000	\$8,500	\$11,000	\$12,000	\$13,000	\$14,000	\$15,000	\$15,500	\$15,500	\$16,500	\$16,500
. 50 and over		n.a.	n.a.	\$12,000	\$14,000	\$16,000	\$18,000	\$20,000	\$20,500	\$20,500	\$22,000	\$22,000
. Federal IRA Contribution Limit		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. General		\$2,000	\$2,000	\$3,000	\$3,000	\$3,000	\$4,000	\$4,000	\$4,000	\$5,000	\$5,000	\$5,000
. 50 and over		n.a.	n.a.	\$3,500	\$3,500	\$3,500	\$4,500	\$5,000	\$5,000	\$6,000	\$6,000	\$6,000

For notes, see page 118.

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

For notes, see page 118.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

<u>NonRefundable Credits</u>		<u>MCL</u> <u>Section</u>	<u>Form</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>	<u>TY</u> <u>2016</u>
. Taxes Paid to Another State Cr.	(10)	206.255(1)	MI-1040	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
. City Income Taxes Cr.	(12) (#)	206.257	MI-1040, Sch. 2	Yes	No	No	No	No	No
. Public Contribution Cr.	(13) (#)	206.260	MI-1040, Sch. 2	Yes (a')	No	No	No	No	No
. Community Foundation Cr.	(13) (#)	206.261	MI-1040, Sch. 2	Yes (a')	No	No	No	No	No
. Homeless Shelter/Foodbank Cr.	(13) (#)	206.261	MI-1040, Sch. 2	Yes (a')	No	No	No	No	No
. MI Historic Preservation Cr.	(16)	206.266	Form 3581	Yes	Yes	Yes	Yes	Yes	Yes
. Vehicle Donation Cr.	(17) (#)	206.269	MI-1040, Sch. 2	Yes	No	No	No	No	No
. College Tuition Cr.	(18) (#)	206.274	MI-1040, Sch. 2	Yes	No	No	No	No	No
. Individual or Family Development Account Cr.		206.276	MI-1040, Sch. 2	Yes	No	No	No	No	No
. Film Production Cr.	(19) (#)	206.367	MI-1040, Sch. 2	Yes	No	No	No	No	No
. Energy Cost Recovery Surcharge Cr.	(20) (#)	206.253(2)	MI-1040, Sch. 2	Yes	No	No	No	No	No
. Small Business Investment Tax Cr.	(21)	206.278	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes
<hr/>									
<u>Refundable Credits</u>									
. Sec. 1341 of IRC Cr.		206.265	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes
. Adoption Cr.	(23) (#)	206.267, 268	0	Yes	No	No	No	No	No
. Stillbirth Credit	(26) (#)	206.275	0	Yes	No	No	No	No	No
. Earned Income Tax Credit	(27)	206.272	MI-1040	Yes	Yes	Yes	Yes	Yes	Yes
. Energy Efficient Qualified	(28) (#)	206.253(1)	0	Yes	No	No	No	No	No
. MI Historic Preservation Cr.	(29)	206.266(8)	Form 3581	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), (f)	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.)	<u>MCL</u> <u>Section</u>	<u>TY</u> <u>1978</u>	<u>TY</u> <u>1979</u>	<u>TY</u> <u>1980</u>	<u>TY</u> <u>1981</u>	<u>TY</u> <u>1982</u>	<u>TY</u> <u>1983</u>	<u>TY</u> <u>1984</u>	<u>TY</u> <u>1985</u>	<u>TY</u> <u>1986</u>	<u>TY</u> <u>1987</u>	<u>TY</u> <u>1988</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%	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 Section</u>	<u>TY 1989</u>	<u>TY 1990</u>	<u>TY 1991</u>	<u>TY 1992</u>	<u>TY 1993</u>	<u>TY 1994</u>	<u>TY 1995</u>	<u>TY 1996</u>	<u>TY 1997</u>	<u>TY 1998</u>	<u>TY 1999</u>
. <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),	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
. Taxpayer and Spouse blind	206.522(3)	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
. Household Income Limit	206.520(8)	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650
Credit phase out before limit		10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000
. Total HPTC Limit	206.520(15)	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
. Cr. Availability/Calculation												
. General:	206.522(1)(a)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)
. Special Credits:												
. Seniors												
. General	206.522(1)(b), (c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Low Income Renters	206.520(9), (10)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)
. 1973 Homestead Exempt	206.522(5)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)
. Para/hemi/quadruplegic	206.522(1)(c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Disabled	206.522(1)(c)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)
. Deaf	206.522(1)(c)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Veterans	206.522(1)(d)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)
. Blind	206.522(1)(e)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)
. Farmland Preservation Credit (31)	554.710(1)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)

For notes, see page 118.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	MCL Section	Form	TY 2011	TY 2012	TY 2013	TY 2014	TY 2015	TY 2016
. <u>Homestead Property Tax Cr.</u> (30)	206.520, 522	MI-1040CR	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%
. Renters	206.520(2)							
. Ad Valorem Taxes			20%	20%	20%	20%	20%	20%
. Service Charges			10%	10%	10%	10%	10%	10%
. Nursing Home Patient			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
. Income Limit	206.506		\$7,500	\$7,500 (b''')	\$7,500 (b''')	\$7,500 (b''')	\$7,500 (b''')	\$7,500 (b''')
. Homeowner Blind Cr. Requirements:		MI-1040CR-2						
. Taxable Value Allowance								
. Taxpayer only blind	206.522(1)(e)(i), (ii)		\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
. Taxpayer and Spouse blind	206.522(3)		\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
. Homestead Taxable Value Limit	206.520(1)		n.a.	≤ \$135,000	≤ \$135,000	≤ \$135,000	≤ \$135,000	≤ \$135,000
. Household Income Limit	206.520(8)		\$82,650	n.a.	n.a.	n.a.	n.a.	n.a.
. Household Resources Limit	206.520(8)		n.a.	\$50,000 (b''')	\$50,000 (b''')	\$50,000 (b''')	\$50,000 (b''')	\$50,000 (b''')
. 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
. Total HPTC Limit	206.520(15)		\$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')
. Special Credits:								
. Seniors								
. General	206.522(1)(b), (c)		Yes (d)	Yes (d) (d')	Yes (d) (d')	Yes (d) (d')	Yes (d) (d')	Yes (d) (d')
. Low Income Renters	206.520(9), (10)		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)
. Para/hemi/quadruplegic	206.522(1)(c)		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)
. Deaf	206.522(1)(c)		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)
. 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)
. Farmland Preservation Credit (31)	554.710(1)	MI-1040CR-5	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

For notes, see page 118.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

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 (joing) 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.