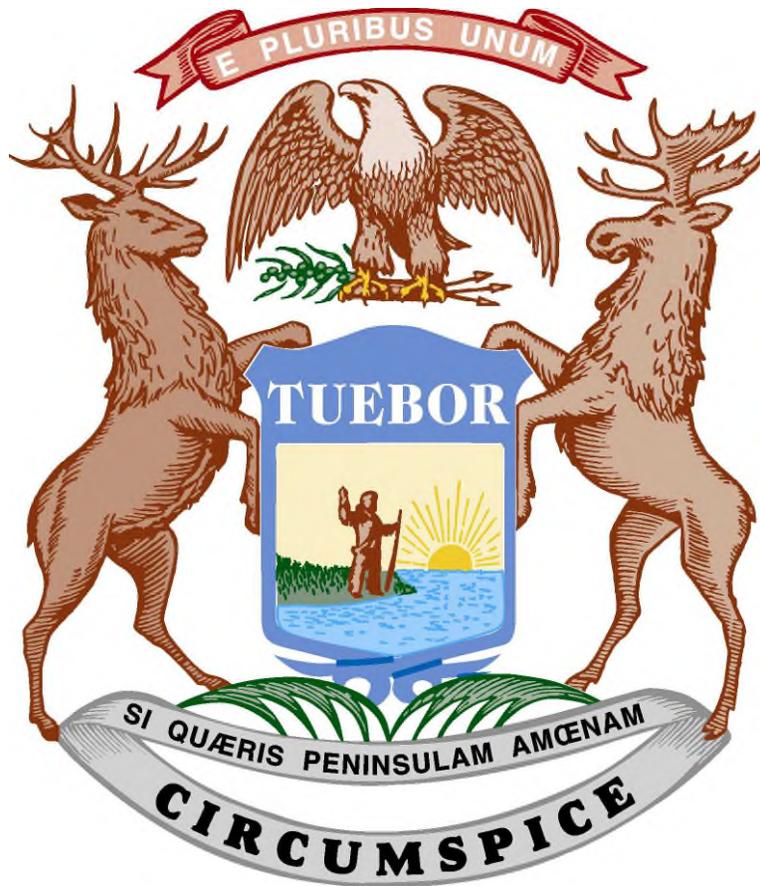
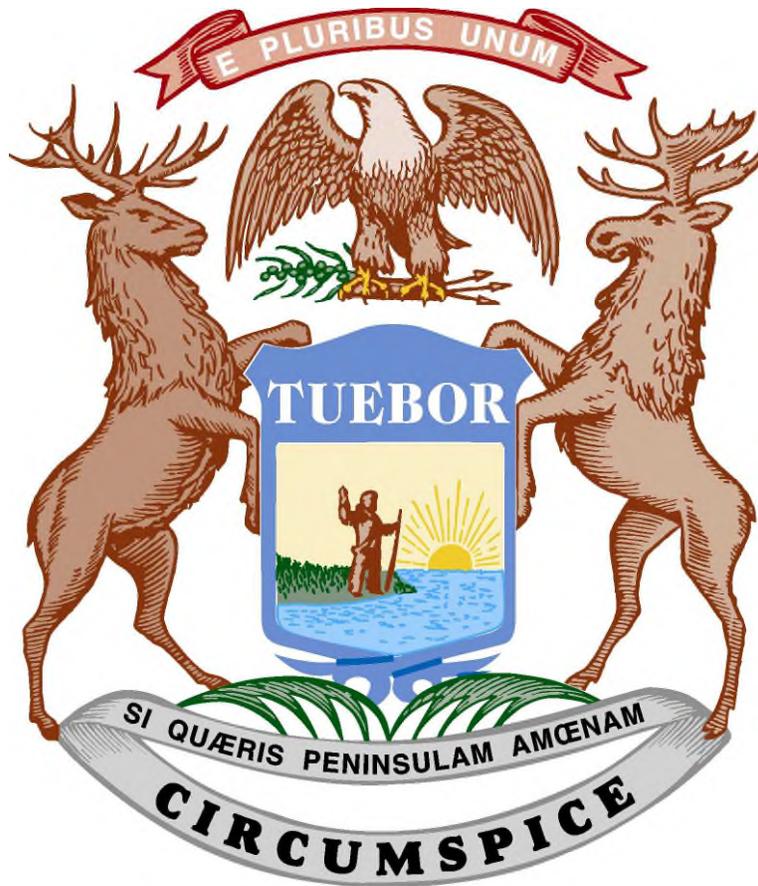


MICHIGAN'S INDIVIDUAL INCOME TAX 2018



**Michigan Department of Treasury
Office of Revenue and Tax Analysis
Tax Analysis Division
December 2020**

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I. EXECUTIVE SUMMARY

Returns and Revenue

For tax year 2018, Michigan's personal income tax generated \$9.1 billion in state revenues after all credits and refunds were paid. Net revenue increased \$323.6 million (3.7 percent) from 2017 levels, reflecting the increase in Adjusted Gross Income (AGI) from 2017 to 2018. Over 4.8 million returns were filed for the 2018 tax year, or 42,100 more filers than the previous year.

Although the personal income tax was levied at a nominal flat rate of 4.25 percent in 2018, the average effective tax rate varied from negative 64.18 percent for filers with an AGI under \$2,000 to positive 3.37 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 2.32 percent. The negative effective rates for lower income groups arise because some taxpayers receive net payments from the state, due principally to the refundable credits for property taxes, home heating expenses, and the Michigan Earned Income Tax Credit (EITC). Most (93.6 percent) of the \$9.1 billion in net revenue was paid by income groups with income over \$50,000.

Interstate Comparisons

For fiscal year 2018, Michigan's income tax revenue was fourteenth lowest in the nation on a per capita basis, and twelfth lowest as a percentage of personal income, among the 41 states with a general income tax. Compared to the average for those 41 states, Michigan's income tax revenue was 32.9 percent below average on a per capita basis, and 24.7 percent below average as a percent of personal income.

Property Tax Credit

About 1.1 million Michigan homeowners, renters, and farmers received \$783.3 million in property tax credits, including farmland preservation credits, for 2018. The average property tax credit was \$686. Excluding farmland preservation credits, the average property tax credit for tax year 2018 was \$644. The total amount of property tax credits, including farmland preservation credits, increased by \$204.0 million (35.2 percent) with 141,300 additional taxpayers benefiting compared to tax year 2017. The significant increase in both the number of claimants and the credit amount was due to expansions that took effect for tax year 2018.

Senior citizens received about \$263.6 million in homestead property tax credits, an increase of \$69.0 million from tax year 2017. For about 363,300 senior citizens receiving homestead property tax credits, the average credit was \$726.

Home Heating Credit

Home heating credits totaled \$67.3 million (including supplemental credits) for tax year 2018, with about 303,900 households qualifying for an average credit of \$221. Home heating credits increased \$4.4 million for 2018, with approximately 15,700 fewer taxpayers claiming the credit.

Michigan Earned Income Tax Credit (EITC)

About 729,600 taxpayers claimed about \$109.5 million in Michigan EITC for 2018, resulting in an average credit of \$150 per taxpayer. In 2008, the first year the Michigan credit became effective, the state credit was 10 percent of the federal credit. It increased to 20 percent of the federal credit for tax years 2009 through 2011, and was reduced to 6 percent of the federal credit effective for tax year 2012 and after.

Historic Preservation Credit

For tax year 2018, about 100 taxpayers claimed \$89,700 in historic preservation credits. Compared with tax year 2017, this was a decrease of \$19,900 with 50 fewer taxpayers claiming a credit.

Credit for Income Paid to Another State

For tax year 2018, 54,900 taxpayers received a total of \$77.3 million credit for income tax paid to another state, resulting in an average credit of \$1,409. This represented an increase of \$6.1 million with 2,200 more taxpayers claiming a credit.

Use Tax Payments

Starting in tax year 1999, taxpayers were asked to remit use tax payments along with their personal income tax returns. For 2018, 85,600 taxpayers paid \$4.7 million in use tax. Compared to 2017, this was a decrease of \$921,300 on the total use tax paid, with 8,200 fewer taxpayers reporting use tax liability.

Tax Law Changes in 2019

For the first time since the Income Tax Act was enacted, there was no legislation that passed and was signed into law in the year that amended the portion of the Act that refers to individual income tax, or any other act that impacted the individual income tax.

II. INTRODUCTION

This report summarizes information regarding the Michigan individual income tax for tax year 2018. It is based on returns filed and processed in calendar year 2019.

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 2018 through 2019 and how those changes affect Michigan's income tax base. Section X summarizes the Michigan Public Acts (PA) in 2018 and 2019 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 2017, the Michigan personal income tax legislative history through 2017, and a table with chronological changes to the Michigan income tax requirements and limits since 1967.

III. HISTORY OF THE MICHIGAN INDIVIDUAL INCOME TAX¹

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

In response to the early 1980s economic recession that plagued Michigan with budget deficits, the state income tax rate was raised to 5.6 percent between April 1 and September 30, 1982, further increasing to 6.35 percent in 1983. As the Michigan economy improved, the income tax rate was rolled back to 5.85 percent in 1984, 5.33 percent in 1985, and 4.6 percent in 1986. On May 1, 1994, the rate was lowered to 4.4 percent, following the passage of the property tax reform package known as Proposal A. For the 1995 tax year only, the Headlee Amendment Refund reduced the income tax liability of all Michigan taxpayers by 2.0 percent. Legislation passed in 1999 reduced the income tax rate to 4.2 percent effective January 1, 2000, and further reduced the rate by 0.1 percentage point on January 2002, January 2003, and July 2004, bringing the rate to 3.9 percent, where it remained until September 2007. Renewed budgetary pressures led to legislation that increased the income tax rate to 4.35 percent effective October 1, 2007, and provided for a gradual reduction of the rate (0.1 percentage point) on each October 1 beginning in 2011, until the rate reached 3.95 percent, and finally dropped to 3.9 percent on October 1, 2015. However, PA 38 of 2011 and PA 223 of 2012 maintained the 4.35 percent rate through December 2012, and reduced the rate to 4.25 percent beginning October 2012. (See Exhibit 41 on page 60 for a complete list of average Michigan Individual Income tax rates since 1968.)

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

¹ For a complete Michigan personal income tax legislative history through 2017, see Appendix A, page 66.

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

For 2018, the following exemptions were available for taxpayers: \$4,050 personal exemption, \$2,700 special exemption for filers with certain disabilities, \$400 exemption for disabled veterans, and \$1,500 exemption for taxpayers claimed as dependent by another taxpayer. Effective in tax year 2012, PA 38 of 2011 eliminated exemptions for seniors, filers receiving at least 50 percent of their AGI from unemployment compensation, and children aged 18 years and under (for all changes resulting from that legislation, see page 88). Exhibit 1 depicts the average annual Michigan individual income tax rate and allowed exemptions since 2010.

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		
2010	4.35%	\$3,600	\$1,500	\$2,300	\$300	\$2,300	\$2,300	\$600
2011	4.35%	3,700	1,500	2,400	300	2,400	2,400	600
2012	4.33%	(a) 3,763	(b) 1,500	2,400	300	n.a.	n.a.	n.a.
2013	4.25%	3,950	1,500	2,500	300	n.a.	n.a.	n.a.
2014	4.25%	4,000	1,500	2,500	400	n.a.	n.a.	n.a.
2015	4.25%	4,000	1,500	2,600	400	n.a.	n.a.	n.a.
2016	4.25%	4,000	1,500	2,600	400	n.a.	n.a.	n.a.
2017	4.25%	4,000	1,500	2,600	400	n.a.	n.a.	n.a.
2018	4.25%	4,050	(c) 1,500	2,700	400	n.a.	n.a.	n.a.
2019	4.25%	4,400	(d) 1,500	2,700	400	n.a.	n.a.	n.a.
2020	4.25%	4,400	1,500	2,700	400	n.a.	n.a.	n.a.

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

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

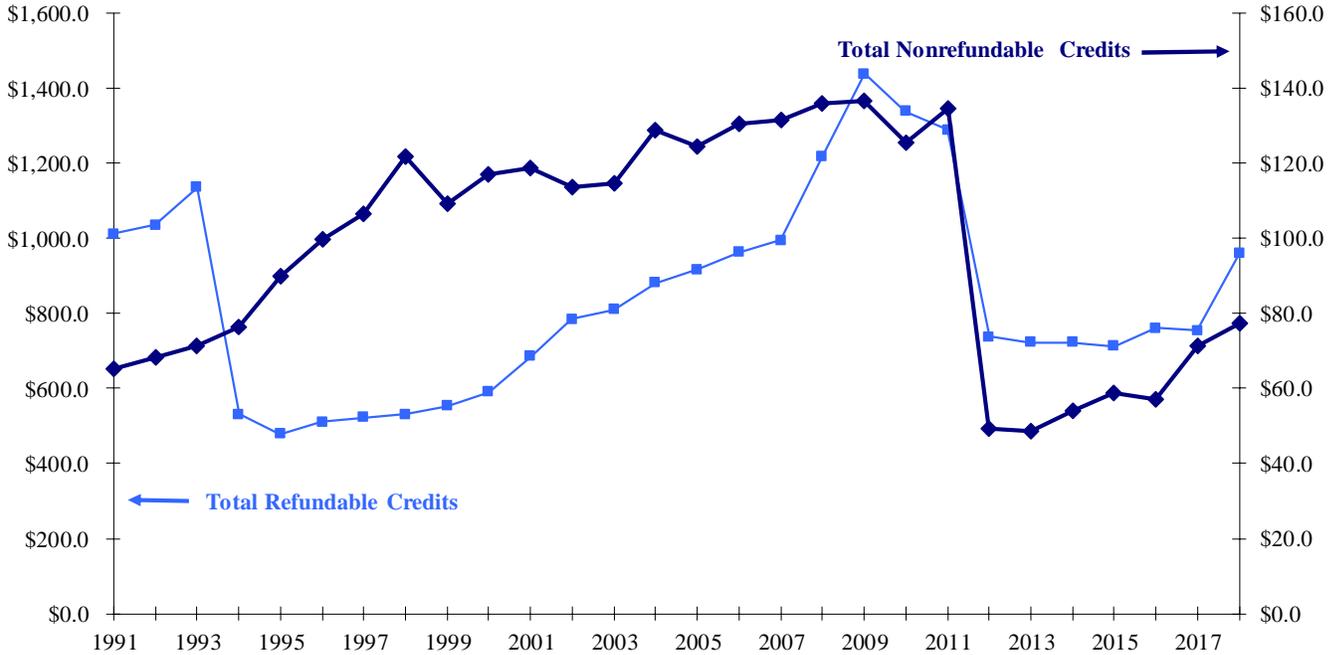
(c) Effective February 2018.

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

The Michigan individual income tax is a flat rate tax. The Michigan Constitution prohibits graduated income tax rates. Proposals to allow graduated rates were defeated by voters in 1968, 1972, and 1976. However, a degree of progressivity is achieved with exemptions and credits, such as the homestead property tax credit, the home heating credits, and the Michigan Earned Income Tax credit (EITC). These provisions help to make the tax less burdensome on low income taxpayers. Exhibit 2 provides information on the total amount of refundable and nonrefundable credits paid since 1991. Refundable and nonrefundable credits paid and claimed have gradually increased over the years, except in 1994 (when property tax reductions enacted as a part of school finance reform led to reduced property tax credits); in 2010 and 2011 (when falling property values depressed property tax credits), and in 2012 (when several nonrefundable credits were eliminated, and the EITC and homestead property tax credit were reduced). For tax year 2018, \$960.0 million

was paid in refundable credits, and an additional \$77.4 million was paid in nonrefundable credits. For a complete list of credits available in tax year 2018 see Chapter V on page 20.

Exhibit 2
Individual Income Tax Credits
(millions)



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

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

the new and reduced earmark percentage, the earmarked percentage beginning December 2018 is reduced to 22.45. Exhibit 3 summarizes the income tax revenue earmarking to the SAF and GF/GP since 1995.

Exhibit 3
Earmarking of Income Tax Gross Collections

<u>Tax Years</u>	<u>Average Tax Rate</u>	<u>Earmarking Percentages</u>		<u>Tax Years</u>	<u>Average Tax Rate</u>	<u>Earmarking Percentages</u>	
		<u>SAF</u>	<u>GF/GP</u>			<u>SAF</u>	<u>GF/GP</u>
1995	4.40 %	14.00 %	86.00 %	2007	4.01 %	25.24 %	74.76 %
1996 - 1999	4.40	23.00	77.00	2008 - 2011	4.35	25.24	74.76
2000 - 2001	4.10	24.68	75.32	2012	4.33	23.40	76.60
2002	3.95	25.62	74.38	2013 - 2015	4.25	23.81	76.19
2003	4.00	25.30	74.70	2016 - 2018	4.25	23.81	up to 76.19 ^(a)
2004	3.95	25.62	74.38	2019	4.25	22.45 ^(b)	up to 77.55 ^(c)
2005 - 2006	3.90	25.95	74.05	2020 - 2022	4.25	23.81 ^(b)	up to 76.19 ^(c)

(a) Starting on October 2016, GF/GP revenues refer to the remainder of IIT revenues after SAF and Agricultural Preservation Fund (APF) distributions based on amount of farmland credit claimed in the prior three fiscal years (2016 PA 266).

Starting on fiscal year 2017, besides the SAF and the APF, distributions are also provided to the Brownfield Redevelopment Fund (BDF) and the Good Jobs for Michigan Fund (GJMF) for eligible projects. The BDF refers to transformational Brownfield projects, while the GJMF refers to qualified withholding tax attributable to certified new jobs resulting from the Good Jobs for Michigan program (PAs 47 and 110 of 2017).

No distributions to these two funds have yet been made since 2016.

(b) New SAF earmark begins on December 2018 through September 2019 (2018 PA 588, and 2020 PA 75).

(c) New GF/GP earmark begins on December 2018, and equals the remainder of IIT revenues after all of the following annual distributions: SAF, APF, BDF, GJMF, Michigan Transportation Fund (MTF) and Renew Michigan Fund (RMF). The MTF and RMF distributions are statutorily set at \$264 million in FY 2019, \$468 million in FY 2020, and \$600 million thereafter for the MTF, and \$69 million annually for the RMF.

If in any fiscal year from 2019 to 2022 the minimum foundation allowance amount falls below the established FY 2018 amount (\$7,631 per pupil), then for that fiscal year no money shall be deposited into the RMF, and the distribution to the MTF decreases to \$150 million in FY 2019, and \$325 million in FY 2020.

USE TAX PAYMENTS

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

collected use tax for their customers³. Since then, more and more out-of-state sellers (e.g. on-line sellers) are collecting sale taxes for their customers.

In order to simplify the use tax compliance process for the taxpayers, starting in tax year 1999, Michigan taxpayers were able to remit use tax payments while filing their income tax return, instead of filing separate use tax forms. For tax year 2018, 85,590 taxpayers remitted \$4.7 million in use tax (see Exhibit 4).

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

Beginning January 1, 2020, marketplace facilitators that meet the thresholds above for facilitated sales to Michigan purchasers are required to remit Michigan sales or use tax. As more sales are subject to tax at the point of sale fewer transactions will be reported on the income tax return.

Exhibit 4
Use Tax Liability Reported on Income Tax Returns

Tax Year	Number Of Returns	Use Tax Amount	Average Per Return	Tax Year	Number Of Returns	Use Tax Amount	Average Per Return
1999	64,650	\$2,895,475	\$44.79	2009	100,779	\$4,984,597	\$49.46
2000	79,627	2,976,223	37.38	2010	104,707	5,232,886	49.98
2001	72,913	2,877,459	39.46	2011	106,850	5,680,746	53.17
2002	70,619	2,872,252	40.67	2012	110,597	5,825,409	52.67
2003	79,684	3,302,217	41.44	2013	113,684	6,195,577	54.50
2004	86,774	4,041,439	46.57	2014	115,568	6,669,182	57.71
2005	82,691	3,409,451	41.23	2015	105,435	6,089,413	57.76
2006	81,360	3,346,874	41.14	2016	92,336	5,389,889	58.37
2007	104,836	4,086,157	38.98	2017	93,793	5,618,420	59.90
2008	103,637	\$4,056,857	39.14	2018	85,590	4,697,093	54.88

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

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

IV. INCIDENCE OF THE INDIVIDUAL INCOME TAX

For tax year 2018, about 4.8 million MI-1040 returns were filed, 42,100 more than for 2017 (see Exhibit 5 below). An additional 43,900 “credit-only” returns were filed for 2018. 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, 11,800 claimed only a home heating credit, 12,010 claimed only a property tax credit, and 10,040 claimed both refundable credits.

The personal income tax generated \$9.1 billion in net revenue for tax year 2018, which is total revenue after all credits and refunds are paid. Income tax revenues increased \$323.6 million (3.7%) from 2017, reflecting the AGI increase from the prior year.

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

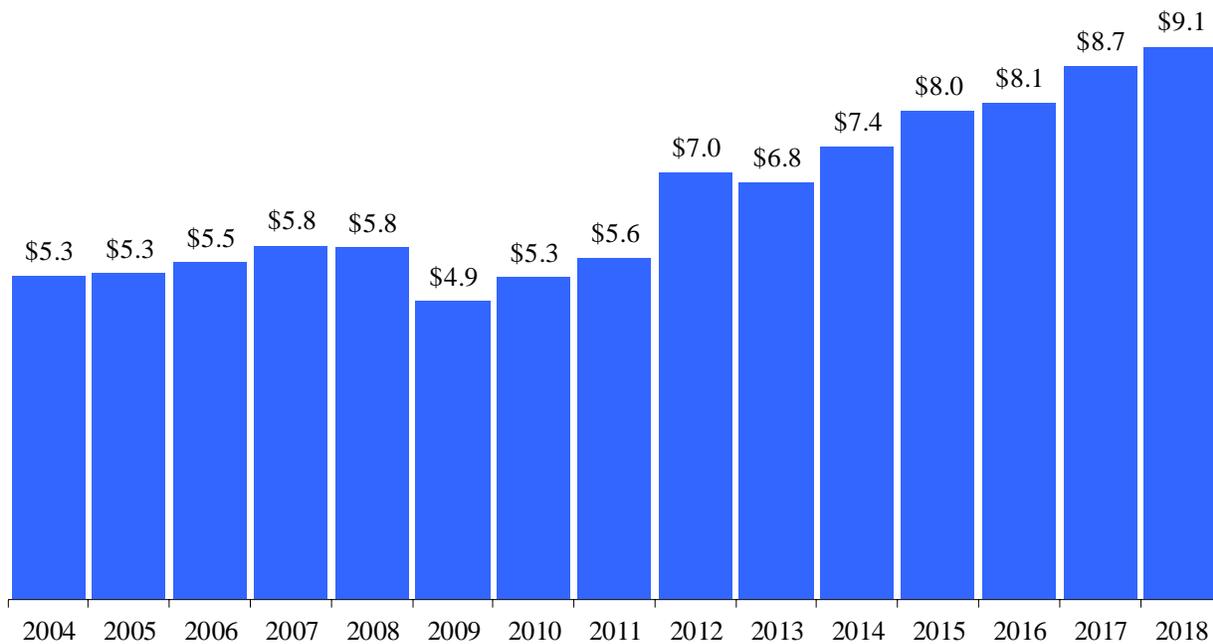
Year	Number of 1040s Filed	Adjusted Gross Income	Average AGI	Nominal Rate	Average Effective Rate	Revenue
2004	4,390,300	241,419,608,339	54,989	3.95%	2.20%	5,301,966,200
2005	4,424,662	260,604,722,102	58,898	3.90%	2.05%	5,341,831,700
2006	4,487,257	272,454,940,745	60,717	3.90%	2.03%	5,521,426,800
2007	4,560,672	292,321,301,678	64,096	4.01%	1.99%	5,803,415,000
2008	4,481,511	257,476,490,543	57,453	4.35%	2.24%	5,757,103,800
2009	4,395,979	240,741,775,266	54,268	4.35%	2.03%	4,883,682,400
2010	4,459,933	254,568,181,316	57,079	4.35%	2.07%	5,264,953,200
2011	4,491,741	264,777,026,191	58,948	4.35%	2.11%	5,594,565,100
2012	4,514,771	288,509,600,808	63,903	4.33%	2.42%	6,994,868,100
2013	4,560,975	289,850,295,303	63,550	4.25%	2.36%	6,840,270,600
2014	4,609,070	322,151,626,296	69,895	4.25%	2.30%	7,419,330,100
2015	4,662,493	335,592,845,275	71,977	4.25%	2.39%	8,009,012,200
2016	4,737,731	340,468,742,136	71,863	4.25%	2.39%	8,133,885,300
2017	4,775,673	369,384,403,541	77,347	4.25%	2.37%	8,738,816,000
2018	4,817,752	390,810,568,520	81,119	4.25%	2.32%	9,062,404,900

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

⁴The AGI above is reduced by returns reporting a negative AGI totaling a negative \$6.3 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 2004.

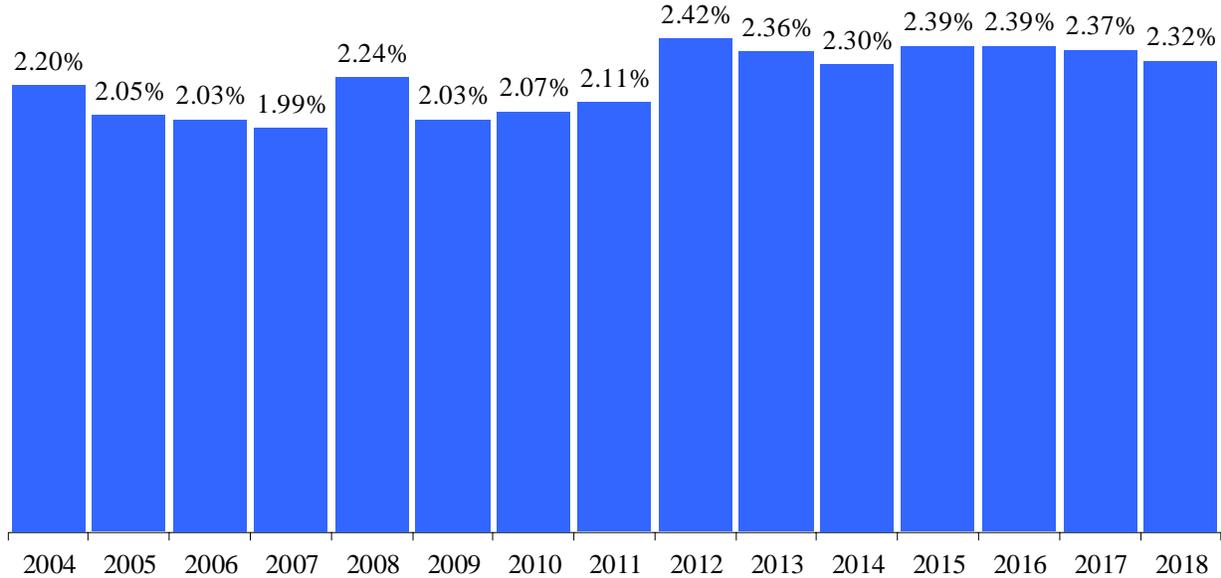
Exhibit 6
Annual Collections from Michigan Individual Income Tax
(billions of dollars)



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 2018 was 2.32 percent, lower than the calculated average of 2.88 percent for the 1995-1999 period, when the tax rate was 4.4 percent. Over the 2004-2018 period, the highest average effective rate was 2.42 percent for 2012, and the lowest average was 1.99 percent for 2007. The period is marked by the combination of generalized increases in exemption amounts due to inflation indexing, expansion of refundable credits, and decreases in the nominal tax rate through 2007. The increase in the effective rate for tax year 2008 reflects the full year impact of the nominal rate increase from 3.9 percent to 4.35 percent. Starting for tax year 2012, the treatment of retirement income was changed and several credits and special exemptions were either eliminated or reduced, resulting in higher average effective rates since then.

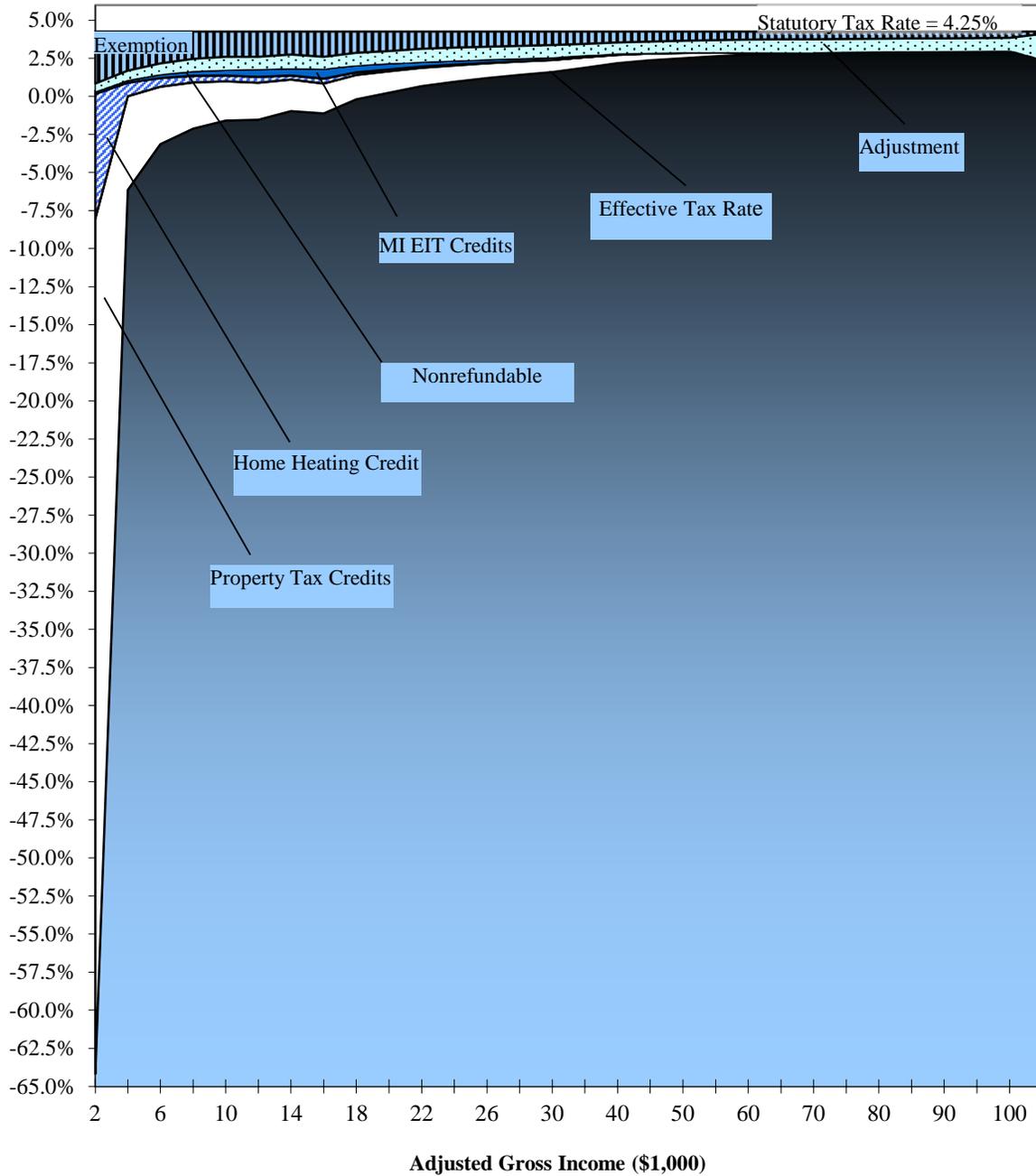
Exhibit 7
Individual Income Tax
Effective Tax Rate



As shown in Exhibits 8, 25 and 26 (see pages 12, 40 and 41, respectively), the effective tax rate for 2018 varied from negative 64.18 percent for taxpayers in the \$1 - \$2,000 AGI group, to positive 3.37 percent for taxpayers with an AGI between \$190,001 and \$200,000. Taxpayers with AGIs of less than \$18,000 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 1.08 percent, lower than the peak of 3.37 percent. The reason for this lower rate is because the above \$1,000,000 AGI group includes a large number of nonresidents with relatively low Michigan income compared to their total AGI, affording them large subtractions for income not taxable in Michigan and consequently lower taxable income and effective rate. Resident taxpayers included in that AGI group are also more likely than resident taxpayers in other AGI groups to have part of their income from business activities outside of Michigan, resulting in their Michigan tax base being lower than their AGI. For resident filers across all AGI groups, the effective rate was 2.95 percent. Overall, the effective tax rate for all filers was 2.32 percent rather than the nominal rate of 4.25 percent.

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

**Exhibit 8
Effective Income Tax Rates, 2018**



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

Exhibit 8 reveals the influence of the various exemptions and credits on the effective tax rate and illustrates the data in Exhibit 27 (see page 42). Exhibit 27 details the effects of the personal exemption, various adjustments, and credits on the distribution of the Michigan income tax burden.

As a percentage of income, the \$4,050 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 2018 show that 7.6 percent of Michigan taxpayers itemized deductions on their federal income tax returns⁵. It is a sharp decline from tax year 2017, when 27.4 percent of Michigan taxpayers itemized deductions on their federal income tax returns, and it reflects the impact of the higher federal standard deduction and the limit on the deduction for state and local taxes that became effective in tax year 2018, which made less attractive for taxpayers to itemize deductions federally. 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 2018, 24.4 percent of Michigan taxpayers reporting an AGI of \$100,000 or more itemized their deductions, while 2.1 percent of taxpayers with an AGI up to \$50,000 itemized. For 2017, more Michigan taxpayers reporting AGI of \$100,000 or more itemized their federal deductions (78.0 percent) than taxpayers reporting AGI up to \$50,000 (9.5 percent).

Michigan taxpayers claimed about 8.9 million personal exemptions for 2018 (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 7.7 million effective personal exemptions, i.e., exemptions that actually offset income. The effective exemptions for 2018 were calculated assuming all personal exemptions and special exemptions were equally likely to offset taxable income.

Michigan taxpayers claimed about 27,400 special exemptions for tax year 2018 (see Exhibit 29 on page 46). Almost all of the special exemptions were claimed by deaf/blind/disabled filers (only 34,000 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 2018 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 367,560 by 419,385 and then multiplying the result (0.8764) by 1,631. The result is an estimate of 1,429 effective exemptions.

⁵Data on itemized deductions was obtained from the Internal Revenue Service, Statistics of Income Division, Individual Master File System, August 2020.

The Michigan income tax is paid almost exclusively by Michigan residents. Non- or part-year residents pay about 4.0 percent of the income tax. Exhibit 9 below summarizes the distribution of Michigan returns and net tax liability by residency. While nonresidents report \$83.4 billion in AGI, they claim subtractions totaling \$82.2 billion, mostly for income not taxable in Michigan. Note that the total tax liability amount in Exhibits 9 and 10 is not reduced by refundable credits claimed by taxpayers who do not file a Michigan income tax return.

Exhibit 9
2018 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	4,552,216	\$299,300,067,004	\$8,721,691,074
Part-year resident	111,378	7,867,908,682	134,340,596
Nonresident	149,897	83,432,404,827	223,275,389
Residency not reported	<u>4,261</u>	<u>210,188,007</u>	<u>6,248,990</u>
Totals	4,817,752	\$390,810,568,520	\$9,085,556,049

Married taxpayers filing jointly reported 67.7 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
2018 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	2,935,110	\$117,567,876,477	\$2,507,372,581
Married filing jointly	1,798,203	264,409,413,423	6,421,702,471
Married filing separately	<u>84,439</u>	<u>8,833,278,620</u>	<u>156,480,997</u>
Totals	4,817,752	\$390,810,568,520	\$9,085,556,049

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

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

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

Exhibit 11
2018 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⁾	69,095	(\$6,270.8)	\$6,238.8	-99.5%	\$1,684.4	-26.9%
\$ 1 - 50,000	2,763,627	\$59,289.6	\$417.2	0.7%	\$13,679.2	23.1%
50,001 - 100,000	1,102,372	\$79,174.7	\$332.0	0.4%	\$16,126.9	20.4%
100,001 - 150,000	472,604	\$57,158.6	\$266.6	0.5%	\$8,620.5	15.1%
150,001 - 200,000	184,386	\$31,580.7	\$180.2	0.6%	\$6,287.0	19.9%
200,001 - 300,000	119,177	\$28,476.6	\$238.4	0.8%	\$4,740.6	16.6%
300,001 - 400,000	39,676	\$13,597.3	\$152.3	1.1%	\$2,628.5	19.3%
400,001 - 500,000	18,751	\$8,333.6	\$111.2	1.3%	\$1,783.7	21.4%
500,001 - 750,000	20,840	\$12,575.2	\$202.1	1.6%	\$3,156.3	25.1%
750,001 - 1,000,000	8,421	\$7,245.9	\$128.5	1.8%	\$2,212.3	30.5%
Over \$1,000,000	<u>18,803</u>	<u>\$99,649.3</u>	<u>\$1,395.6</u>	1.4%	<u>\$75,440.2</u>	75.7%
Total	4,817,752	\$390,810.6	\$9,662.9	2.5%	\$136,359.5	34.9%

Notes:

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

For 2018, total additions represented about 2.5 percent of total AGI, varying from 0.4 percent for taxpayers with AGI between \$50,001 and \$100,000 to 1.8 percent for those with AGI over \$750,000 (see Exhibit 11). Total subtractions represented about 34.9 percent of total AGI, and varied from 15.1 percent for taxpayers with AGI between \$100,001 and \$150,000 to 75.7 percent for those with AGI over \$1 million.

Exhibit 12 depicts the components of total additions. For tax year 2018, the largest components of total additions was the add back of losses attributable to other states (43.4 percent of total additions), and the federal NOL category (27.7 percent of total additions).

Exhibit 12
2018 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⁾	\$6,238.8	\$7.9	\$4.7	\$28.5	\$3,654.7	\$11.1	\$0.8	\$2,500.0	\$31.1
\$ 1 - 50,000	\$417.2	\$34.4	\$218.1	\$15.8	\$39.6	\$8.4	\$3.0	\$85.2	\$12.7
50,001 - 100,000	\$332.0	\$63.0	\$145.7	\$32.7	\$39.9	\$8.8	\$3.1	\$28.5	\$10.3
100,001 - 150,000	\$266.6	\$61.9	\$98.1	\$37.7	\$37.7	\$5.1	\$2.9	\$14.4	\$8.8
150,001 - 200,000	\$180.2	\$48.1	\$59.4	\$30.3	\$24.0	\$2.7	\$1.6	\$8.3	\$5.8
200,001 - 300,000	\$238.4	\$65.6	\$62.3	\$42.7	\$41.4	\$3.3	\$3.5	\$11.6	\$8.1
300,001 - 400,000	\$152.3	\$44.2	\$31.3	\$35.3	\$25.6	\$4.0	\$1.4	\$5.4	\$5.1
400,001 - 500,000	\$111.2	\$31.6	\$18.8	\$30.9	\$20.1	\$1.8	\$0.7	\$2.6	\$4.6
500,001 - 750,000	\$202.1	\$50.9	\$24.3	\$68.6	\$47.3	\$1.9	\$0.6	\$3.3	\$5.3
750,001 - 1,000,000	\$128.5	\$29.6	\$12.0	\$47.4	\$30.8	\$1.3	\$0.6	\$3.1	\$3.8
Over \$1,000,000	\$1,395.6	\$166.9	\$29.2	\$879.5	\$237.0	\$7.5	\$16.6	\$14.6	\$44.3
Total	\$9,662.9	\$604.1	\$704.0	\$1,249.4	\$4,198.2	\$55.8	\$34.8	\$2,676.9	\$139.8
% of Total Additions	100.0%	6.3%	7.3%	12.9%	43.4%	0.6%	0.4%	27.7%	1.4%

Notes:

1. In 2018, "Others" included non-qualified withdrawals from Michigan Education Savings Program (MESP) accounts that were not included in AGI, refunds received from a Michigan Education Trust (MET) contract, and Domestic Production Activities Deduction included in AGI attributable to business activity located in another state.
2. The less than \$1 category includes tax returns reporting a negative AGI.

The largest components of total subtractions for tax year 2018 were income attributable to other states (67.5 percent of total subtractions), and Social Security and active military benefits subtractions (9.4 percent of total subtractions, see Exhibit 13). The average AGI reduction for taxpayers with AGI up to \$100,000 was 23.8 percent, and 40.5 percent for taxpayers with AGI above \$100,000 (see Exhibit 13).

Beginning for 2012, pension and retirement benefits⁶ are taxed differently depending on the age of the benefit recipient and the age of the oldest filer on a joint return. For TY 2018, all taxable pension or retirement benefit income was exempted up to \$51,570 (single)/\$103,140 (joint) per return for filers with a birth date prior to 1946. For filers born in 1946 through 1952, all taxable pension or retirement benefit income is exempted up to \$20,000 (single)/\$40,000 (joint) per return, but once age 67 is reached, filers no longer subtract retirement benefits but may claim the Michigan standard deduction against all income. The standard deduction amount is \$20,000 (single)/\$40,000

⁶ Benefits include income distributions from all private sources, and from qualifying public sources (the State of Michigan, Michigan local governmental units, and Federal civil service). Military and Michigan National Guard pensions, Social Security benefits and railroad retirement benefits remain exempt from Michigan income tax for filers of all ages. For more information on tax year 2018 limits see https://www.michigan.gov/taxes/0,4676,7-238-43513_73446-488306--,00.html

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

Filers born before 1946 may also deduct interest, dividend and capital gains income up to the statutory limits. For 2018 this exclusion was for up to \$11,495 (single)/\$22,991 (joint) per return, and it was reduced by any pension income deducted by the taxpayer.

Exhibit 13
2018 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⁾	\$1,684.4	\$3.7	\$1.7	\$105.8	\$152.7	\$1.4	\$0.0	\$5.4	\$0.4
\$ 1 - 50,000	\$13,679.2	\$42.1	\$181.6	\$20.0	\$1,538.0	\$2,149.0	\$5.3	\$44.6	\$6.1
50,001 - 100,000	\$16,126.9	\$68.0	\$230.7	\$44.8	\$2,449.2	\$5,329.7	\$4.4	\$90.8	\$24.6
100,001 - 150,000	\$8,620.5	\$45.7	\$118.8	\$42.3	\$1,873.8	\$2,540.8	\$2.3	\$84.1	\$42.6
150,001 - 200,000	\$6,287.0	\$37.8	\$75.5	\$62.2	\$2,197.9	\$1,375.8	\$1.3	\$81.3	\$66.5
200,001 - 300,000	\$4,740.6	\$29.0	\$35.6	\$77.2	\$2,575.2	\$643.0	\$2.0	\$53.6	\$61.8
300,001 - 400,000	\$2,628.5	\$13.1	\$9.1	\$67.2	\$1,833.2	\$206.3	\$1.5	\$21.3	\$27.7
400,001 - 500,000	\$1,783.7	\$8.7	\$2.4	\$51.2	\$1,362.1	\$94.9	\$1.9	\$12.5	\$14.9
500,001 - 750,000	\$3,156.3	\$10.1	\$2.7	\$116.9	\$2,676.1	\$93.5	\$2.4	\$24.2	\$16.6
750,001 - 1,000,000	\$2,212.3	\$4.8	\$0.7	\$80.6	\$1,969.0	\$37.9	\$1.7	\$20.1	\$6.0
Over \$1,000,000	\$75,440.2	\$44.7	\$1.3	\$1,451.1	\$73,470.5	\$61.6	\$0.0	\$140.5	\$7.7
Total	\$136,359.5	\$307.7	\$660.1	\$2,119.4	\$92,097.8	\$12,534.1	\$22.7	\$578.4	\$274.9
% of Total Subtractions	100.0%	0.2%	0.5%	1.6%	67.5%	9.2%	0.0%	0.4%	0.2%

<u>AGI Group</u>	<u>MET Subtraction</u>	<u>Oil & Gas Income Subtraction</u>	<u>NOL Subtraction</u>	<u>Resident Tribal Income Subtraction</u>	<u>Standard Deduction Based on Yr</u>	<u>Social Security & Active Military Benefits</u>	<u>Dividend/ Interest/ Capital Gain Exemption</u>	<u>Miscellaneous Subtraction⁽¹⁾</u>
Less than \$1 ⁽²⁾	\$0.1	\$1.0	\$965.6	\$0.2	\$259.2	\$43.2	\$13.1	\$130.8
\$ 1 - 50,000	\$1.9	\$6.4	\$36.2	\$94.6	\$4,978.6	\$3,916.8	\$273.1	\$385.0
50,001 - 100,000	\$3.9	\$7.0	\$17.1	\$87.6	\$3,088.5	\$4,114.6	\$102.5	\$463.5
100,001 - 150,000	\$5.0	\$5.1	\$6.5	\$27.0	\$1,412.5	\$2,106.9	\$41.5	\$265.7
150,001 - 200,000	\$7.6	\$4.4	\$8.1	\$17.4	\$775.0	\$1,354.6	\$28.4	\$193.2
200,001 - 300,000	\$7.3	\$6.1	\$9.0	\$8.1	\$367.8	\$707.0	\$20.4	\$137.6
300,001 - 400,000	\$3.3	\$3.1	\$2.4	\$1.9	\$123.5	\$235.2	\$10.2	\$69.6
400,001 - 500,000	\$1.5	\$1.1	\$1.5	\$0.3	\$61.0	\$102.8	\$5.2	\$61.7
500,001 - 750,000	\$1.7	\$1.4	\$4.6	\$1.3	\$66.7	\$102.7	\$7.0	\$28.5
750,001 - 1,000,000	\$0.8	\$1.0	\$4.4	\$0.0	\$29.0	\$34.7	\$3.2	\$18.3
Over \$1,000,000	\$1.0	\$29.7	\$50.4	\$2.7	\$69.4	\$49.6	\$8.6	\$51.4
Total	\$33.9	\$66.5	\$1,105.6	\$241.0	\$11,231.2	\$12,768.3	\$513.0	\$1,805.2
% of Total Subtractions	0.0%	0.0%	0.8%	0.2%	8.2%	9.4%	0.4%	1.3%

Notes:

- In 2018, miscellaneous subtractions included: any portion of a qualified withdrawal from an MESP account (including the MAP, or ABLE accounts) benefits from a discriminatory self-insured medical expense amount used to determine the federal credit for elderly or totally and permanently disabled; Holocaust victim payments; and qualified losses from the disposal of property reported in the MI column of MI-1040D, or MI-4797.
- The less than \$1 category includes tax returns reporting a negative AGI.

Exhibit 14 presents estimates of the growth of Michigan personal income from 2017 to 2018 prepared by the U.S. Bureau of Economic Analysis. Personal income increased 4.9 percent overall in 2018, with strong growth in dividends, interest, and rent (8.5 percent), and personal contributions for social insurance (6.0 percent).

Exhibit 14
Growth in Michigan Income from 2017 to 2018
(millions)

		<u>2017</u>	<u>2018</u>	Percentage Change
Labor Earnings				
Wage and Salary Disbursements		\$231,773	\$240,365	3.7%
Other Labor Income		38,063	40,262	5.8%
Proprietors' Income		<u>31,054</u>	<u>32,565</u>	4.9%
Total Labor Earnings	(A)	\$300,890	\$313,192	4.1%
Adjustments				
Personal Contributions for Social Insurance		-\$20,072	-\$21,267	6.0%
Adjustment for Residence		<u>2,331</u>	<u>2,368</u>	1.6%
Total Adjustments	(B)	-\$17,741	-\$18,900	6.5%
Net Michigan Labor Earnings	(C)=(A)-(B)	\$283,149	\$294,293	3.9%
Dividends, Interest, and Rent	(D)	\$84,778	\$91,961	8.5%
Transfer Payments	(E)	<u>93,559</u>	<u>97,776</u>	4.5%
Michigan Personal Income	(C)+(D)+(E)	\$461,486	\$484,030	4.9%

Source: Bureau of Economic Analysis, U.S. Department of Commerce, March 24, 2020 update.

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

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

increases proportionally as income increases. With increasing marginal tax rates, tax liability increases faster than income as income begins to be taxed at progressively higher rates.

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

Regression analysis provides a more thorough method of estimating the income elasticity of net income tax revenues. It allows the investigator to isolate the effect of changes in income on tax revenues by controlling for other variables that influence tax collections, such as changes in the personal exemption or tax rate. Regression analysis of Michigan income tax collections from the first quarter of 1978 through the fourth quarter of 2019 results in an estimated elasticity of 0.968, suggesting that a 10 percent increase in income will increase tax revenue by, on average, 9.68 percent. This estimate is based on net quarterly income tax collections and quarterly personal income as reported by the Bureau of Economic Analysis (BEA), the latter increased by annual capital gains realizations estimates from the Congressional Budget Office (CBO).⁷

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

V. INCOME TAX CREDITS

For tax year 2018, Michigan’s personal income tax offered six different credits to taxpayers: four are refundable credits (homestead property tax, farmland preservation property tax, home heating, and the Michigan earned income tax (EITC)), two are nonrefundable credits (other state income tax, and the Michigan historic preservation tax credits). The credits convert the flat rate Michigan income tax into a more progressive tax structure.

REFUNDABLE CREDITS

Homestead Property Tax Credit

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

For tax year 2018, the homestead property tax credit was expanded, allowing more filers to be eligible for larger credits⁹. Most homeowners and renters received credits equal to 60 percent of the amount by which homestead property taxes (or 23 percent of rent for renters) are greater than 3.2 percent of income. Taxpayers with household resources less than \$60,000 may claim a property tax credit, and the computed credit is reduced by 10 percent for every \$1,000 that household resources exceeds \$51,000. The maximum credit amount increased from \$1,200 to \$1,500 per year.

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	3.2%

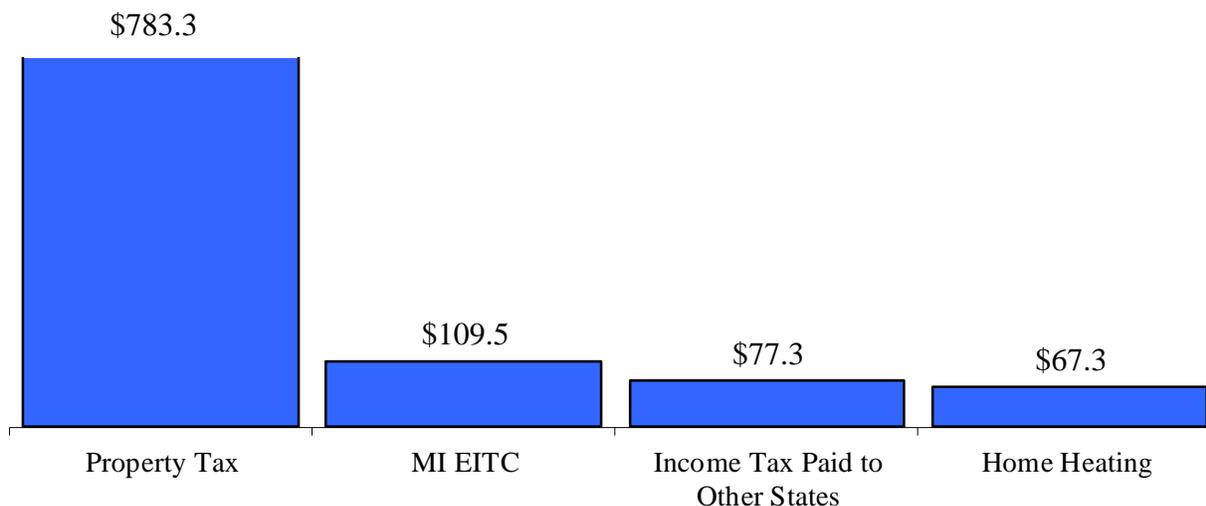
⁸ Household resources exclude net losses from business (including farm), rental and royalties, and also excludes net operating losses. For more information on total household resources, visit <http://www.michigan.gov/taxes/0,1607,7-238-43513-235899--,00.html>

⁹ For more information on the changes to the homestead property tax credit see PA 179 of 2015 on the Michigan Personal Income Tax Legislative History (1967 – 2017) section of Appendix A on page 61.

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 1.1 million Michigan taxpayers received \$731.2 million of homestead property tax credits and \$52.2 million in farmland preservation property tax credits for tax year 2018. The \$783.3 million in total 2018 property tax credits represented an increase of \$204.0 million (35.2 percent) from the prior year, and 141,300 more taxpayers received assistance. Senior citizens received \$263.6 million of the credits, a \$69.0 million increase from 2017. Exhibit 15 compares the amount of property tax credits paid to taxpayers compared to other credits.

Exhibit 15
2018 Individual Income Tax Credits
 (millions of dollars)



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

The average 2018 homestead property tax credit was \$644.26 (excluding the farmland credit), a \$111.02 increase from the tax year 2017 average. Senior citizens' credits averaged \$725.55, a \$98.42 increase from 2017 (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 2.6 percent of total AGI, taxpayers with incomes between \$10,001 and \$20,000 received 26.5 percent of the total homestead credits. On the other hand, taxpayers with AGIs over \$50,000 accounted for 86.4 percent of total 2018 Michigan AGI, but received only 3.6 percent of total homestead credits. Exhibits 31 through 35 (see pages 48 through 52) provide the distribution of property tax credits by income group.

Exhibit 16
2018 Homestead Property Tax Credits
(Excludes Farmland Credit)

AGI Range		Number of Credits Allowed	Dollar Amount of Credit	Average Credit
Under	\$10,000	280,206	\$230,829,562	\$823.79
	\$10,001 - \$20,000	269,362	184,345,437	684.38
	\$20,001 - \$50,000	506,490	289,639,819	571.86
Over	\$50,000	<u>78,859</u>	<u>26,368,613</u>	<u>334.38</u>
Total		1,134,917	\$731,183,431	\$644.26

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 7,310 farms in 2018, providing credits of \$52.1 million for an average credit of \$7,127.39. Including the farmland preservation credit, the average property tax credit was \$685.77 in tax year 2018. For 3,200 farmers claiming both a farmland credit and homestead property tax credit, the combined credits averaged about 95.1 percent of total property taxes paid. Those taxpayers paid \$19.6 million in property taxes, receiving \$14.8 million in farmland credits, and \$3.8 million in homestead property tax credits.

PA 269 of 1982 provided a special tax credit for senior citizens with high rent burdens equal to the amount of rent paid that exceeds 40 percent of household income. For 2018, 9,200 senior citizens claimed an additional \$2.5 million using this alternate homestead property tax credit calculation, representing a \$274.20 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 credit amounts 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

2018, individuals who are disabled, deaf, blind, or qualified disabled veteran were entitled to extra exemptions.

Home heating credits for tax year 2018 totaled \$67.3 million (including \$6.4 million in supplemental credits), with 303,900 households qualifying. This represented a \$4.4 million increase from the previous year total credit amount, with 15,720 fewer households receiving assistance. Prior to 1991, recipients of Aid to Families with Dependent Children or General Assistance were not eligible for this credit, but were provided comparable benefits from other state and local programs. Senior citizens received \$5.7 million of the total home heating credits claimed for tax year 2018 (see Exhibit 17 below). Exhibit 36 (see page 53) provides information on the distribution of the home heating credit by household resources.

**Exhibit 17
2018 Home Heating Credits**

	Number of Credits	Credit Amount	Supplemental Credit	Total Credit
Senior Citizen	36,903	\$5,712,908	\$772,002	\$6,484,910
General	226,874	46,833,598	4,737,722	51,571,320
Disabled	39,806	8,293,147	839,916	9,133,063
Veteran	277	60,325	5,940	66,265
Totals	303,860	\$60,899,978	\$6,355,580	\$67,255,558

	Average Credit Amount		
	Regular Credit	Supplemental Credit	Total Credit
Senior Citizen	\$154.81	\$20.92	\$175.73
General	\$206.43	\$20.88	\$227.31
Disabled	\$208.34	\$21.10	\$229.44
Veteran	\$217.78	\$21.44	\$239.22
Totals	\$200.42	\$20.92	\$221.34

About 29,100 taxpayers used the alternative calculation based on energy consumption claiming credits worth \$13.7 million. Including the supplemental credit, the average credit under the standard calculation was \$190.37 compared to \$469.35 under the alternative calculation.

Michigan Earned Income Tax Credit

About 729,600 taxpayers claimed \$109.5 million in Michigan EITC in 2018, resulting in an average credit of \$150.14 per taxpayer. Exhibit 18 below provides information on the distribution of credit recipients by AGI.

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.

Exhibit 18
2018 Michigan Earned Income Tax Credits

AGI Range	Number of Credits	Amount of Credit	Average Credit
Under \$10,000	165,368	\$10,512,512	\$63.57
\$10,001 - \$15,000	161,393	24,952,694	\$154.61
\$15,001 - \$20,000	96,490	25,330,740	\$262.52
\$20,001 - \$25,000	74,229	18,061,582	\$243.32
\$25,001 - \$30,000	68,315	13,429,747	\$196.59
\$30,001 - \$40,000	111,566	13,827,336	\$123.94
Over \$40,000	52,257	3,430,082	\$65.64
Total	729,618	\$109,544,693	\$150.14

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 2018, 100 taxpayers claimed a total of \$89,700 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).

Credit for Income Paid to Another State

For tax year 2018, 54,900 Michigan taxpayers received a total of \$77.3 million in credits for income tax paid to another state on income also subject to tax in Michigan, resulting in an average credit of \$1,408.89. 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 2018, Michigan taxpayers could make ten separate designations on their tax returns: the State Campaign Fund, the Children’s Trust Fund, the Military Family Relief Fund, the Animal Welfare Fund, the United Way Fund, the American Red Cross Michigan Fund, the Fostering Futures Scholarship Trust Fund, the Kiwanis Fund, the Lions of Michigan Foundation Fund, and the Michigan World War II Legacy Memorial Fund. Unlike contributions to the State Campaign Fund that result in a designated portion of the taxpayers’ tax liability to be deposited in the campaign fund, contributions to all other funds either reduce taxpayers’ refund or increase their tax liability.

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

Exhibit 19 Returns Designating Contributions 2004 – 2018

Tax Year	Number of 1040's Filed	State Campaign Fund		Children's Trust Fund		Military Family Relief Fund		Animal Welfare Fund		United Way Fund	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
2004	4,390,300	467,503	\$1,402,509	--	--	53,541	\$1,233,661	--	--	--	--
2005	4,424,662	425,526	1,276,578	28,613	\$390,695	34,484	549,167	--	--	--	--
2006	4,487,257	406,646	1,219,938	28,587	325,337	36,603	553,021	--	--	--	--
2007	4,560,672	399,482	1,198,446	35,043	333,912	46,849	473,501	--	--	--	--
2008	4,481,511	366,911	1,100,733	35,448	318,945	46,019	415,611	15,429	\$142,358	--	--
2009	4,395,979	347,147	1,041,441	17,021	183,319	22,162	264,733	7,982	103,162	5,934	\$256,740
2010	4,459,933	339,663	1,018,989	6,817	82,233	6,919	115,167	10,855	148,766	7,824	407,369
2011	4,491,741	294,728	884,184	10,384	113,455	11,627	170,338	13,080	159,168	7,101	246,514
2012	4,514,771	265,901	797,703	8,594	88,736	10,125	140,093	11,687	135,862	5,426	135,862
2013	4,560,975	254,101	762,303	7,067	77,677	8,862	127,239	9,690	115,215	4,679	115,215
2014	4,609,070	239,597	718,791	7,107	75,926	8,134	106,203	9,117	102,942	4,188	102,942
2015	4,662,493	206,482	619,446	3,817	47,361	3,711	63,205	4,287	52,792	1,992	57,430
2016	4,737,731	198,396	595,188	3,493	45,706	3,209	59,143	3,877	51,781	1,854	66,038
2017	4,775,673	188,295	564,885	6,876	83,744	7,760	122,920	9,329	114,336	4,667	118,901
2018	4,817,752	197,061	591,183	6,604	76,706	6,635	101,021	8,885	112,195	3,985	92,473

Notes:

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

State Campaign Fund

For the 2018 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 2018, 197,100 taxpayers contributed \$0.6 million to the State Campaign Fund (see Exhibit 19). On average, there was one designation for every 24 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 Fund¹⁰ 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 2018, 6,600 taxpayers contributed a total of \$76,700 to the fund (see Exhibit 19).

Military Family Relief Fund

The Military Family Relief Fund benefits qualifying families of military members in either the Michigan National Guard who are serving in the U.S. Armed Forces or those reserve forces called to active duty by the federal government. The fund became first available in tax year 2004, and in tax year 2018, it received contributions by 6,600 taxpayers totaling \$101,000 (see Exhibit 19).

Animal Welfare Fund

Starting tax year 2009, taxpayers may designate moneys to fund the Animal Welfare Fund. The Fund supports projects that increase the number of Michigan dogs and cats sterilized prior to adoption and that educate on the proper care of animals per Michigan’s anti-cruelty laws. \$112,200 was contributed by 8,900 taxpayers to fund this program in tax year 2018 (see Exhibit 19).

United Way Fund Fund

Under PA 560 of 2008, taxpayers were allowed to contribute towards the United Way Fund via checkoffs on the income tax form, starting in tax year 2009. Contributions to the United Way Fund are used to provide for basic needs (such as food, clothing and shelter) to Michigan residents. In tax year 2018, 4,000 taxpayers contributed a total of \$92,500 to the fund (see Exhibit 19).

Other Funds

The remaining funds available for taxpayer voluntary contributions on tax year 2018 are the American Red Cross Michigan Fund, the Fostering Futures Scholarship Trust Fund, the Kiwanis Fund, the Lions of Michigan Foundation Fund, and the Michigan World War II Legacy Memorial Fund. Except for the American Red Cross Michigan Fund, since 2016, all other funds were available only in 2018. (see Exhibit 20).

¹⁰ Prior to tax year 2000, taxpayers could donate a portion of their income tax refund or increase their liability to support the Non-Game Wildlife Fund. The Michigan Non-Game Wildlife Fund was created by PA 189 of 1983. Contributions were used for research and management of non-game fish and wildlife.

Exhibit 20
Additional Returns Designating Contributions 2016 – 2018

<u>Additional Contributions:</u>	TY 2016		TY 2017		TY 2018	
	Number	Amount	Number	Amount	Number	Amount
American Red Cross MI Fund	2,382	\$31,034	7,117	\$98,336	6,740	\$88,556
Fostering Futures						
Scholarship Trust Fund	--	--	--	--	2,969	\$31,585
Kiwanis Fund	--	--	--	--	1,205	\$15,302
Lions of MI Foundation Fund	--	--	--	--	1,463	\$16,186
Military Family Relief Fund	--	--	--	--	2,287	\$23,456

Discontinued Funds

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

Exhibit 21
Discontinued Returns Designating Contributions 2006 – 2017

<u>Discontinued Contributions:</u>	TY 2006		TY 2007		TY 2008	
	Number	Amount	Number	Amount	Number	Amount
Children of Veterans Tuition						
Grant Program	22,970	\$212,110	34,226	\$252,582	34,524	\$242,270
Amanda's Fund for Breast Cancer						
Prevention and Treatment	--	--	--	--	9,626	\$76,783
MI Housing and Community						
Development Fund	--	--	--	--	4,352	\$35,474
Prostate Cancer Research Fund	--	--	--	--	7,171	\$55,646
MI Law Enforcement Officers						
Memorial Monument Fund	--	--	--	--	7,517	\$62,655

	TY 2009		TY 2010		TY 2011	
	Number	Amount	Number	Amount	Number	Amount
<u>Discontinued Contributions:</u>						
Children of Veterans Tuition						
Grant Program	14,965	\$124,312	5,406	\$66,339	7,367	\$90,436
Amanda's Fund for Breast Cancer						
Prevention and Treatment	3,803	\$39,916	--	--	--	--
MI Housing and Community						
Development Fund	1,637	\$18,718	--	--	--	--
Prostate Cancer Research Fund	2,959	\$30,752	--	--	--	--
MI Law Enforcement Officers						
Memorial Monument Fund	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	--	--
Girl Scouts Fund	--	--	--	--	4,517	\$62,983

	TY 2012		TY 2013		TY 2014	
	Number	Amount	Number	Amount	Number	Amount
<u>Discontinued Contributions:</u>						
Children of Veterans Tuition						
Grant Program	6,242	\$68,911	5,122	\$63,137	5,108	\$57,524
Girl Scouts Fund	3,522	\$43,623	2,834	\$35,619	--	--
AMBER Alert Fund of MI	--	--	4,325	\$35,121	3,804	\$31,204
Special Olympics MI	6,698	\$83,797	5,470	78,719	5,115	\$58,958
ALS of Michigan Fund	--	--	3,343	\$41,504	4,283	\$54,436
Alzheimer's Association of MI	--	--	6,161	\$75,982	6,212	\$72,688

	TY 2015		TY 2016		TY 2017	
	Number	Amount	Number	Amount	Number	Amount
<u>Discontinued Contributions:</u>						
Children of Veterans Tuition						
Grant Program	2,701	\$35,928	2,387	\$35,768	--	--
Special Olympics MI	2,658	\$38,963	2,448	\$38,977	--	--
ALS of Michigan Fund	2,163	\$27,494	1,971	\$27,008	--	--
Alzheimer's Association of MI	3,373	\$46,239	3,013	\$42,751	--	--
MI Junior Achievement Fund	--	--	795	\$9,714	2,725	\$27,420

VII. INTERSTATE COMPARISONS

In 2018, Michigan along with eight other states (Colorado, Illinois, Indiana, Kentucky, Massachusetts, North Carolina, Pennsylvania, and Utah) had a flat rate income tax. Seven states (Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming) had no state personal income tax. Two states (New Hampshire and Tennessee) taxed only dividend and interest income. The remaining 32 states had income taxes with graduated rates. A state-by-state comparison of the income tax burden per person and tax revenue as a percent of personal income is shown in Exhibit 22 (see page 30). Exhibits 23 and 24 (see page 31) compare Michigan's income tax to that of other states in the Great Lakes region.

Michigan ranked fourteenth lowest in income taxes per person among the 41 states with a general income tax in fiscal year 2018, and Connecticut ranked highest. For fiscal year 2018, the average collections of \$1,026 per person in Michigan were higher 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 41 on page 60). National average income tax collections per person were \$1,201, and for the 41 states with an income tax, average income tax collections per person were \$1,528.

For fiscal year 2018, Michigan ranked twelfth lowest in state income taxes as a percent of personal income among the 41 states with a general income tax, with Oregon ranking highest. Michigan's income tax as a percent of personal income was 2.14 percent, 0.13 percentage point below the U.S. average, and 0.70 percentage point below the average of the 41 states with a general income tax. This represents an increase from the results in 2017, when Michigan's income tax as a percent of personal income was 2.08 percent. The above calculations use estimates of quarterly state personal income, released by the U.S. Bureau of Economic Analysis on March 2020, 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.

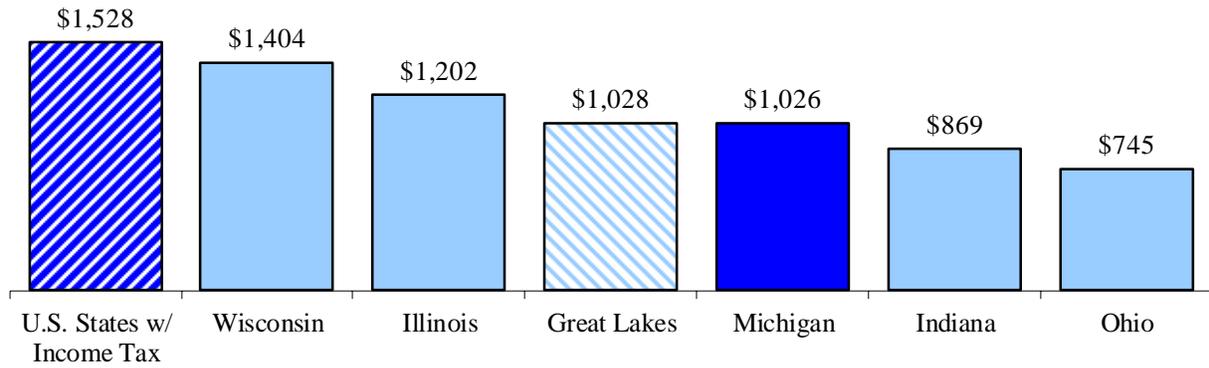
The income tax burden in Michigan has been declining relative to that in other states over the FY 1994-2018 period. In fiscal year 1994, Michigan ranked 11th highest in per capita income taxes and 14th highest in income taxes as a percent of personal income. For fiscal year 2018, Michigan ranked 28th highest in per capita income taxes and 30th highest in the income taxes as a percent of personal income category.

Exhibit 22
State Individual Income Taxes for FY 2018
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	\$801	35	1.92%	33
Alaska	No Tax	N/A	No Tax	N/A
Arizona	635	38	1.47%	40
Arkansas	952	31	2.25%	28
California	2,411	3	3.90%	3
Colorado	1,320	13	2.33%	26
Connecticut	2,725	1	3.67%	5
Delaware	1,711	8	3.33%	7
Florida	No Tax	N/A	No Tax	N/A
Georgia	1,108	24	2.45%	21
Hawaii	1,711	9	3.15%	8
Idaho	1,049	27	2.46%	20
Illinois	1,202	21	2.16%	29
Indiana	869	34	1.89%	34
Iowa	1,238	17	2.55%	16
Kansas	1,173	23	2.34%	24
Kentucky	1,009	29	2.41%	22
Louisiana	697	37	1.54%	38
Maine	1,199	22	2.51%	18
Maryland	1,575	11	2.54%	17
Massachusetts	2,365	4	3.38%	6
Michigan	1,026	28	2.14%	30
Minnesota	2,119	6	3.79%	4
Mississippi	622	39	1.67%	36
Missouri	1,063	26	2.28%	27
Montana	1,226	18	2.65%	14
Nebraska	1,226	19	2.36%	23
Nevada	No Tax	N/A	No Tax	N/A
New Hampshire	78	42	0.13%	42
New Jersey	1,722	7	2.58%	15
New Mexico	599	40	1.48%	39
New York	2,700	2	4.05%	2
North Carolina	1,215	20	2.71%	13
North Dakota	485	41	0.91%	41
Ohio	745	36	1.56%	37
Oklahoma	887	32	1.97%	32
Oregon	2,123	5	4.30%	1
Pennsylvania	1,000	30	1.83%	35
Rhode Island	1,256	16	2.34%	25
South Carolina	872	33	2.05%	31
South Dakota	No Tax	N/A	No Tax	N/A
Tennessee	36	43	0.08%	43
Texas	No Tax	N/A	No Tax	N/A
Utah	1,266	15	2.82%	10
Vermont	1,312	14	2.47%	19
Virginia	1,659	10	2.94%	9
Washington	No Tax	N/A	No Tax	N/A
West Virginia	1,081	25	2.72%	12
Wisconsin	1,404	12	2.78%	11
Wyoming	No Tax	N/A	No Tax	N/A
U.S. Average	\$1,201		2.27%	
U.S. Average for States W/ General Income Tax	\$1,528		2.84%	

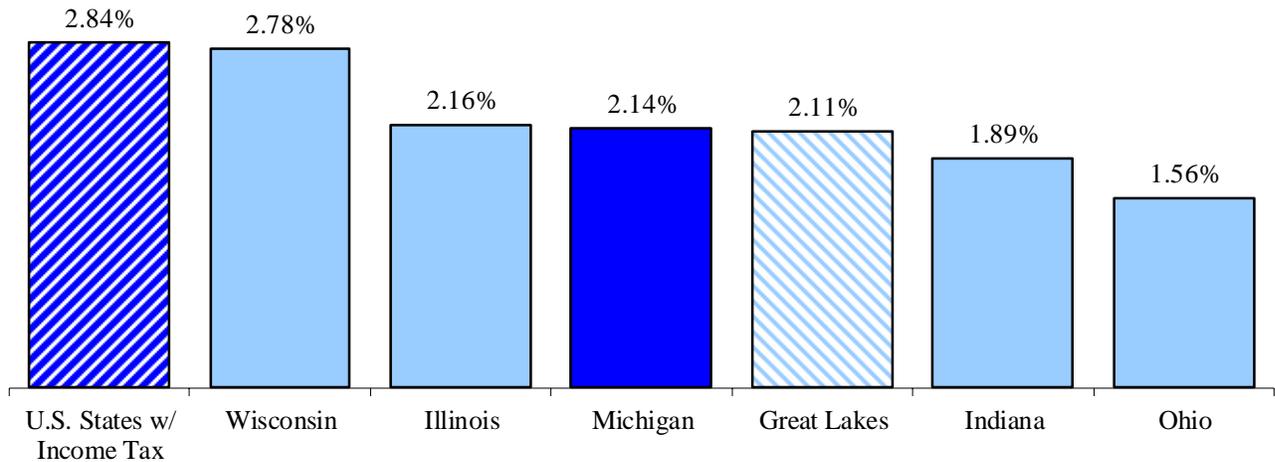
Sources: Census Bureau and Bureau of Economic Analysis, U.S. Department of Commerce.

Exhibit 23
State Income Taxes Per Person
Great Lakes Region – FY 2018



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 2018



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

VIII. GEOGRAPHIC PATTERN OF TAX AND CREDITS

Exhibit 37 (see pages 54 and 55) reports the distribution of income tax collections, property tax and home heating credits, and the Michigan EITC by county. Since farms receive special treatment for the homestead property tax credit and the separate farmland credit, rural counties benefit substantially from these programs.

Exhibit 38 (see pages 56 and 57) provides a ranking by county of average AGI, average income tax before and after credits, credits as a percentage of income tax before credits, ratio of property tax credits to returns filed, and average property tax credit. A summary of Exhibit 37 is provided below.

Exhibits 39 and 40 (see pages 58 and 59) compare the average AGI and property tax credit for each Michigan county.

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

Personal Income Tax Tax Year 2018 County Data Summary

	<u>State Average</u>	<u>Highest County</u>	<u>Lowest County</u>
Average AGI	\$81,119	\$98,192 Oakland	\$39,255 Lake
Average Income Tax Before Credits	\$2,093	\$3,428 Oakland	\$989 Montmorency
Average Income Tax After Credits	\$1,881	\$3,246 Oakland	\$819 Lake
Income Tax Credits as a Percent of Tax Before Credits	10.1%	41.6% Huron	4.7% Livingston
Ratio of Property Tax Credits to 1040s Filed	23.7%	32.7% Wayne	11.6% Luce
Average Property Tax Credit	\$686	\$2,183 Huron	\$392 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 2018, the Michigan personal exemption was \$4,000, and Michigan special exemptions were \$2,600.

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

Summary of Federal Tax Law Changes Passed Before 2020

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 2018, see Appendix A on page 61.

2018

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

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

2019 and after

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

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

X. MICHIGAN PUBLIC ACTS – INCOME TAX

For changes prior to 2018, see Appendix A on page 66.

2018

Public Act 38 amended the Income Tax Act to specify the number of personal and dependency exemptions a taxpayer is allowed, and deleted language under which the number of exemptions depended on the number allowed on a taxpayer's Federal return. The Act also increased the personal exemption (from \$4,000 to \$4,050 for the 2018 taxpayer, \$4,400 for the 2019 tax year, \$4,750 for the 2020 tax year, and \$4,900 for the 2021 tax year), required that the inflation-based adjusted amount of the exemption to be increased by an additional \$600 (beginning with the 2022 tax year), and revised the deduction for contributions to and distributions from an ABLE savings account, and interest earned on contributions to education savings accounts. The references to the Internal Revenue Code were updated to require taxpayers to use either the Code in effect as of January 1, 2018, or the version in effect for the tax year.

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

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

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

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

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

Public Act 256 amended the Income Tax Act to add the Michigan World War II Legacy Memorial Fund to the list of organizations to which a taxpayer can designate a contribution, beginning on tax year 2018. The Memorial Fund provides resources to assist in honoring Michigan residents who served in the armed forces and on the home front during World War II and in building Michigan's official monument to these individuals. The Act was tie-barred to PA 257 (creates the Michigan World War II Legacy Memorial Fund Act).

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

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

Public Act 588 amended the Income Tax Act to allow a taxpayer to deduct, to the extent included in adjusted gross income, compensation received in the tax year pursuant to the Wrongful Imprisonment Compensation Act for tax years beginning after 2017. In addition, this compensation is excluded from total household resources, the income measure used to calculate the homestead property tax credit and home heating credit.

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

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

2019

For the first time since the Income Tax Act was enacted, there was no legislation that passed and was signed into law in the year that amended the portion of the Act that refers to individual income tax, or any other act that impacted the individual income tax.

XI. EXHIBITS 25 THROUGH 40

Exhibit 25
Effective Rate of the Michigan Individual Income Tax, 2018

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⁾	112,993	(\$6,270,779,330)		97,584	(\$4,554,480,546)	\$74,809,542	(\$65,967,367)	
\$ 1 - 2,000	161,515	120,477,210	18,416	141,097	410,846,369	77,728,422	(77,323,531)	-64.18%
2,001 - 4,000	135,684	407,958,381	45,634	91,004	229,542,629	29,482,095	(25,099,072)	-6.15%
4,001 - 6,000	137,746	689,254,108	67,897	110,581	284,530,189	31,696,592	(21,688,338)	-3.15%
6,001 - 8,000	135,796	950,053,066	84,657	127,721	349,132,689	36,031,074	(20,297,620)	-2.14%
8,001 - 10,000	136,330	1,228,339,684	105,892	149,465	406,858,636	41,096,661	(19,622,633)	-1.60%
10,001 - 12,000	148,585	1,632,885,134	145,170	190,517	462,958,934	54,381,684	(25,177,580)	-1.54%
12,001 - 14,000	138,985	1,807,015,863	149,711	194,271	517,321,317	50,877,352	(17,509,790)	-0.97%
14,001 - 16,000	145,863	2,183,661,095	202,569	247,687	529,315,265	64,185,946	(24,737,132)	-1.13%
16,001 - 18,000	127,191	2,161,370,513	168,639	205,113	521,450,424	48,730,872	(4,525,848)	-0.21%
18,001 - 20,000	123,671	2,348,130,584	168,464	202,589	552,746,516	45,407,822	5,408,397	0.23%
20,001 - 22,000	117,758	2,472,958,198	159,140	191,260	576,531,463	39,707,998	16,469,906	0.67%
22,001 - 24,000	116,778	2,685,590,673	161,215	192,357	614,513,668	37,629,754	25,422,314	0.95%
24,001 - 26,000	112,550	2,813,471,611	158,709	187,413	625,871,813	34,961,454	33,566,422	1.19%
26,001 - 28,000	108,364	2,924,959,086	156,047	182,443	632,484,196	32,246,482	40,928,996	1.40%
28,001 - 30,000	103,763	3,008,663,945	152,604	176,634	624,670,232	29,721,241	47,690,101	1.59%
30,001 - 35,000	243,151	7,888,870,447	367,560	419,385	1,496,041,085	64,910,253	148,282,111	1.88%
35,001 - 40,000	214,230	8,022,923,367	332,600	376,104	1,457,206,777	50,681,889	174,395,968	2.17%
40,001 - 45,000	187,529	7,962,675,963	298,674	337,567	1,472,582,326	38,865,780	188,344,730	2.37%
45,001 - 50,000	168,138	7,980,340,762	275,005	310,311	1,497,404,147	30,357,274	199,701,224	2.50%
Over 50,000	<u>1,985,030</u>	<u>337,791,748,160</u>	<u>4,479,542</u>	<u>4,798,284</u>	<u>117,989,058,861</u>	<u>123,991,883</u>	<u>8,484,143,609</u>	2.51%
Totals	4,861,650	\$390,810,568,520	7,698,145	8,929,387	\$126,696,586,990	\$1,037,502,070	\$9,062,404,867	2.32%

⁽¹⁾Includes 43,898 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, 2018

Adjusted Gross Income Group	Number of Returns Filed	Adjusted Gross Income	Effective Personal Exemptions⁽¹⁾	Claimed Exemptions	Subtractions Minus Additions	Total Credits	Effective Tax	Effective Tax as a % of Income
\$50,001 - 55,000	153,368	\$8,046,065,540	258,557	290,589	\$1,566,009,625	\$20,710,855	\$211,592,944	2.63%
55,001 - 60,000	140,597	8,079,295,721	246,621	275,625	1,633,276,027	9,544,663	222,762,379	2.76%
60,001 - 65,000	130,165	8,130,894,183	239,767	263,657	1,664,475,901	3,836,364	230,347,946	2.83%
65,001 - 70,000	119,253	8,045,787,494	231,483	250,751	1,651,325,579	2,867,576	229,612,460	2.85%
70,001 - 75,000	111,142	8,054,408,633	226,359	241,534	1,620,923,418	2,875,064	232,802,889	2.89%
75,001 - 80,000	104,238	8,075,425,064	219,588	232,860	1,605,953,892	2,533,134	235,144,771	2.91%
80,001 - 85,000	96,639	7,968,735,458	209,971	222,166	1,566,429,533	2,698,311	233,930,974	2.94%
85,001 - 90,000	88,855	7,771,854,323	199,038	210,314	1,546,763,890	2,498,800	228,764,721	2.94%
90,001 - 95,000	81,810	7,564,812,367	187,410	197,780	1,492,645,289	2,543,276	223,773,691	2.96%
95,001 - 100,000	76,305	7,437,392,590	179,446	188,923	1,447,070,231	2,554,679	221,694,164	2.98%
100,001 - 110,000	134,805	14,132,485,681	324,450	341,356	2,665,713,860	4,700,087	427,973,163	3.03%
110,001 - 120,000	110,667	12,707,848,771	275,672	289,759	2,245,497,145	4,360,927	394,305,406	3.10%
120,001 - 130,000	91,397	11,407,950,414	235,481	246,200	1,864,683,042	4,200,247	361,883,123	3.17%
130,001 - 140,000	74,844	10,091,525,684	195,645	204,382	1,622,094,119	3,362,970	323,729,495	3.21%
140,001 - 150,000	60,891	8,818,747,920	162,294	169,054	1,360,343,950	2,980,728	286,755,305	3.25%
150,001 - 160,000	51,242	7,934,632,260	138,423	144,458	1,209,656,247	2,633,188	259,926,136	3.28%
160,001 - 170,000	42,779	7,052,787,510	115,738	120,830	1,064,855,879	2,513,334	232,633,821	3.30%
170,001 - 180,000	35,803	6,259,953,378	97,374	101,821	910,782,968	2,318,033	208,806,190	3.34%
180,001 - 190,000	29,868	5,521,587,453	80,652	84,885	812,590,031	2,101,300	184,676,047	3.34%
190,001 - 200,000	24,694	4,811,752,389	67,025	70,446	704,421,898	1,558,363	161,963,261	3.37%
200,001 - 300,000	119,177	28,476,572,937	322,306	343,265	4,502,184,337	10,511,650	957,030,566	3.36%
300,001 - 400,000	39,676	13,597,257,371	104,523	115,133	2,476,196,990	5,412,826	451,392,532	3.32%
400,001 - 500,000	18,751	8,333,634,742	48,665	54,846	1,672,596,309	3,360,522	273,047,390	3.28%
500,001 - 750,000	20,840	12,575,169,919	51,175	60,993	2,954,172,928	4,278,218	397,322,442	3.16%
750,001 - 1,000,000	8,421	7,245,861,409	20,014	24,509	2,083,783,957	2,360,278	214,759,094	2.96%
Over \$1,000,000	<u>18,803</u>	<u>99,649,308,949</u>	<u>41,864</u>	<u>52,148</u>	<u>74,044,611,816</u>	<u>14,676,490</u>	<u>1,077,512,699</u>	1.08%
Totals for AGI over \$50,000	1,985,030	\$337,791,748,160	4,479,542	4,798,284	\$117,989,058,861	\$123,991,883	\$8,484,143,609	2.51%

⁽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 4.12%.

Exhibit 27
Tax Base Deductions as a Percentage of AGI
Individual Income Tax, 2018

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	80.2%	341.0%	0.0%	1314.3%	192.7%	4.0%
2,001 - 4,000	60.3%	56.3%	0.0%	142.7%	20.5%	4.4%
4,001 - 6,000	49.3%	41.3%	0.0%	87.8%	13.4%	5.8%
6,001 - 8,000	42.2%	36.7%	0.0%	70.4%	10.3%	7.1%
8,001 - 10,000	39.2%	33.1%	0.0%	59.5%	8.8%	9.1%
10,001 - 12,000	39.0%	28.4%	0.0%	56.4%	9.0%	12.0%
12,001 - 14,000	35.7%	28.6%	0.0%	47.4%	6.5%	11.1%
14,001 - 16,000	39.2%	24.2%	0.0%	45.8%	7.5%	15.1%
16,001 - 18,000	32.9%	24.1%	0.0%	37.0%	4.3%	10.9%
18,001 - 20,000	30.0%	23.5%	0.0%	32.4%	2.7%	9.4%
20,001 - 22,000	26.9%	23.3%	0.0%	28.0%	1.7%	7.3%
22,001 - 24,000	25.0%	22.9%	0.0%	24.9%	1.1%	6.2%
24,001 - 26,000	23.4%	22.2%	0.0%	22.4%	0.7%	5.3%
26,001 - 28,000	22.1%	21.6%	0.0%	20.3%	0.5%	4.5%
28,001 - 30,000	21.0%	20.8%	0.0%	18.4%	0.3%	3.7%
30,001 - 35,000	19.2%	19.0%	0.0%	15.8%	0.2%	2.7%
35,001 - 40,000	17.1%	18.2%	0.0%	12.6%	0.1%	1.4%
40,001 - 45,000	15.4%	18.5%	0.0%	10.0%	0.0%	0.7%
45,001 - 50,000	14.2%	18.8%	0.0%	7.9%	0.0%	0.3%
50,001 - 55,000	13.2%	19.5%	0.0%	5.2%	0.0%	0.1%
55,001 - 60,000	12.5%	20.2%	0.0%	2.0%	0.0%	0.0%
60,001 - 65,000	12.1%	20.5%	0.0%	0.3%	0.0%	0.0%
65,001 - 70,000	11.8%	20.5%	0.0%	0.1%	0.0%	0.0%
70,001 - 75,000	11.5%	20.1%	0.0%	0.0%	0.0%	0.0%
75,001 - 80,000	11.1%	19.9%	0.0%	0.0%	0.0%	0.0%

Exhibit 27 (cont.)

Adjusted Gross Income Group	Total Effective Exemptions	Subtractions Minus Additions	Nonrefundable Credits⁽¹⁾	Property Tax Credits	Home Heating Credits	Michigan Earned Income Tax Credits
80,001 - 85,000	10.8%	19.7%	0.0%	0.0%	0.0%	0.0%
85,001 - 90,000	10.5%	19.9%	0.0%	0.0%	0.0%	0.0%
90,001 - 95,000	10.1%	19.7%	0.0%	0.0%	0.0%	0.0%
95,001 - 100,000	9.9%	19.5%	0.0%	0.0%	0.0%	0.0%
100,001 - 110,000	9.4%	18.9%	0.0%	0.0%	0.0%	0.0%
110,001 - 120,000	8.9%	17.7%	0.0%	0.0%	0.0%	0.0%
120,001 - 130,000	8.4%	16.3%	0.0%	0.0%	0.0%	0.0%
130,001 - 140,000	7.9%	16.1%	0.0%	0.0%	0.0%	0.0%
140,001 - 150,000	7.5%	15.4%	0.0%	0.0%	0.0%	0.0%
150,001 - 160,000	7.1%	15.2%	0.0%	0.0%	0.0%	0.0%
160,001 - 170,000	6.7%	15.1%	0.0%	0.0%	0.0%	0.0%
170,001 - 180,000	6.3%	14.5%	0.0%	0.0%	0.0%	0.0%
180,001 - 190,000	5.9%	14.7%	0.0%	0.0%	0.0%	0.0%
190,001 - 200,000	5.7%	14.6%	0.0%	0.0%	0.0%	0.0%
200,001 - 300,000	4.6%	15.8%	0.0%	0.0%	0.0%	0.0%
300,001 - 400,000	3.1%	18.2%	0.0%	0.0%	0.0%	0.0%
400,001 - 500,000	2.4%	20.1%	0.0%	0.0%	0.0%	0.0%
500,001 - 750,000	1.7%	23.5%	0.0%	0.0%	0.0%	0.0%
750,001 - 1,000,000	1.1%	28.8%	0.0%	0.0%	0.0%	0.0%
Over \$1,000,000	0.2%	74.3%	0.0%	0.0%	0.0%	0.0%
Overall Percent	8.2%	32.4%	0.0%	4.4%	0.4%	0.7%

⁽¹⁾ Nonrefundable credits, home heating credits, property tax credits, and earned income tax credits are divided by the tax rate (4.25%) to determine the equivalent income tax deduction. Nonrefundable credits for 2018 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 2018 Individual Income Tax Returns⁽¹⁾

Adjusted Gross Income Group	Exemptions Claimed							Total Returns	Total Exemptions ⁽²⁾
	Zero	One	Two	Three	Four	Five	Six or More		
Zero Income	1,938	45,873	16,551	2,231	1,402	696	404	69,095	97,584
\$ 1 - 2,000	50,055	88,703	18,619	2,493	1,016	395	234	161,515	141,097
2,001 - 4,000	67,147	52,251	12,343	2,479	988	327	149	135,684	91,004
4,001 - 6,000	56,116	61,127	15,081	3,405	1,400	421	196	137,746	110,581
6,001 - 8,000	44,229	66,398	18,259	4,245	1,783	618	264	135,796	127,721
8,001 - 10,000	34,011	69,849	23,017	5,921	2,467	752	313	136,330	149,465
10,001 - 12,000	26,213	74,248	34,943	8,512	3,292	980	397	148,585	190,517
12,001 - 14,000	19,494	73,744	27,241	11,420	4,951	1,482	653	138,985	194,271
14,001 - 16,000	14,210	70,792	26,879	19,185	10,881	2,677	1,239	145,863	247,687
16,001 - 18,000	10,431	67,383	26,335	12,564	7,196	2,195	1,087	127,191	205,113
18,001 - 20,000	7,548	66,817	27,362	12,117	6,624	2,110	1,093	123,671	202,589
20,001 - 22,000	5,330	66,739	26,532	10,461	5,554	2,068	1,074	117,758	191,260
22,001 - 24,000	3,901	66,769	26,971	10,431	5,407	2,184	1,115	116,778	192,357
24,001 - 26,000	2,913	64,254	26,842	10,048	5,322	2,077	1,094	112,550	187,413
26,001 - 28,000	2,100	61,495	26,581	9,955	5,282	1,932	1,019	108,364	182,443
28,001 - 30,000	1,605	58,744	25,577	9,656	5,149	2,026	1,006	103,763	176,634
30,001 - 35,000	2,441	138,208	59,801	22,325	12,616	5,092	2,668	243,151	419,385
35,001 - 40,000	1,328	121,582	52,758	18,837	11,684	5,264	2,777	214,230	376,104
40,001 - 45,000	770	103,715	47,887	16,205	10,965	5,153	2,834	187,529	337,567
45,001 - 50,000	468	89,591	45,286	14,431	10,577	4,974	2,811	168,138	310,311
50,001 - 55,000	326	77,419	44,259	13,671	10,172	4,848	2,673	153,368	290,589
55,001 - 60,000	191	65,812	43,948	13,095	10,293	4,673	2,585	140,597	275,625
60,001 - 65,000	139	56,408	43,159	12,957	10,386	4,648	2,468	130,165	263,657
65,001 - 70,000	96	47,492	41,180	12,899	10,572	4,592	2,422	119,253	250,751
70,001 - 75,000	80	39,968	40,618	12,754	10,950	4,568	2,204	111,142	241,534
75,001 - 80,000	70	34,191	39,816	12,580	10,958	4,448	2,175	104,238	232,860

Exhibit 28 (cont.)

Adjusted Gross Income Group	Exemptions Claimed							Total	Total
	<u>Zero</u>	<u>One</u>	<u>Two</u>	<u>Three</u>	<u>Four</u>	<u>Five</u>	<u>Six or More</u>	<u>Returns</u>	<u>Exemptions</u> ⁽²⁾
80,001 - 85,000	61	28,601	38,360	12,080	11,070	4,472	1,995	96,639	222,166
85,001 - 90,000	21	23,071	37,015	11,704	10,907	4,243	1,894	88,855	210,314
90,001 - 95,000	35	18,944	35,446	10,919	10,643	4,073	1,750	81,810	197,780
95,001 - 100,000	35	15,647	33,765	10,572	10,608	4,074	1,604	76,305	188,923
100,001 - 110,000	61	24,760	60,354	19,078	20,032	7,557	2,963	134,805	341,356
110,001 - 120,000	41	17,574	49,022	16,359	18,415	6,694	2,562	110,667	289,759
120,001 - 130,000	23	12,844	39,901	13,832	16,425	6,123	2,249	91,397	246,200
130,001 - 140,000	27	9,567	32,625	11,610	13,994	5,194	1,827	74,844	204,382
140,001 - 150,000	15	7,088	26,284	9,544	12,022	4,444	1,494	60,891	169,054
150,001 - 160,000	11	5,506	21,694	8,314	10,549	3,875	1,293	51,242	144,458
160,001 - 170,000	15	4,533	18,174	6,809	8,906	3,248	1,094	42,779	120,830
170,001 - 180,000	19	3,769	14,851	5,769	7,670	2,856	869	35,803	101,821
180,001 - 190,000	7	2,979	12,616	4,888	6,346	2,299	733	29,868	84,885
190,001 - 200,000	5	2,491	10,387	3,874	5,384	1,924	629	24,694	70,446
200,001 - 300,000	48	11,773	49,342	18,806	26,124	9,847	3,237	119,177	343,265
300,001 - 400,000	16	4,120	16,298	5,802	8,595	3,642	1,203	39,676	115,133
400,001 - 500,000	11	2,015	7,613	2,620	4,003	1,845	644	18,751	54,846
500,001 - 750,000	13	2,273	8,533	2,886	4,255	2,092	788	20,840	60,993
750,001 - 1,000,000	9	942	3,544	1,106	1,627	849	344	8,421	24,509
Over \$1,000,000	<u>14</u>	<u>2,810</u>	<u>8,131</u>	<u>2,217</u>	<u>3,154</u>	<u>1,765</u>	<u>712</u>	<u>18,803</u>	<u>52,148</u>
Totals	353,637	2,030,879	1,361,800	463,666	388,616	152,316	66,838	4,817,752	8,929,387

⁽¹⁾ Values in this table are based on 4,817,752 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 2018 Individual Income Tax Returns⁽¹⁾

Adjusted Gross Income Group	Deaf/Blind/ Disabled Exemptions	Disabled Veteran Exemptions	Claimed as Dependent Exemptions	Total
Zero Income	15,119	950	1,701	17,770
\$ 1 - 2,000	34,596	994	50,080	85,670
2,001 - 4,000	7,761	643	67,179	75,583
4,001 - 6,000	7,800	625	56,141	64,566
6,001 - 8,000	8,010	649	44,244	52,903
8,001 - 10,000	8,462	735	34,047	43,244
10,001 - 12,000	8,993	807	26,244	36,044
12,001 - 14,000	7,845	775	19,508	28,128
14,001 - 16,000	8,025	790	14,230	23,045
16,001 - 18,000	6,444	802	10,463	17,709
18,001 - 20,000	6,062	765	7,560	14,387
20,001 - 22,000	5,647	777	5,343	11,767
22,001 - 24,000	5,378	694	3,924	9,996
24,001 - 26,000	5,020	732	2,926	8,678
26,001 - 28,000	4,701	734	2,113	7,548
28,001 - 30,000	4,353	698	1,620	6,671
30,001 - 35,000	9,996	1,631	2,488	14,115
35,001 - 40,000	8,586	1,526	1,362	11,474
40,001 - 45,000	7,344	1,480	794	9,618
45,001 - 50,000	6,161	1,292	490	7,943
50,001 - 55,000	5,790	1,320	356	7,466
55,001 - 60,000	5,480	1,242	213	6,935
60,001 - 65,000	5,160	1,219	158	6,537
65,001 - 70,000	4,690	1,105	106	5,901
70,001 - 75,000	4,313	963	98	5,374
75,001 - 80,000	3,955	912	85	4,952
80,001 - 85,000	3,501	862	67	4,430
85,001 - 90,000	3,212	805	42	4,059
90,001 - 95,000	2,754	750	53	3,557
95,001 - 100,000	2,591	741	33	3,365
Over \$100,000	<u>18,565</u>	<u>6,055</u>	<u>428</u>	<u>25,048</u>
Totals	236,314	34,073	354,096	624,483

⁽¹⁾ Values in this table are based on 4,817,752 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)

	2015			2016			2017			2018		
	<u>Number</u>	<u>Amount</u>	<u>Average</u>									
Property Tax Credits												
General	608.3	\$267,209.1	\$439.26	619.8	\$282,938.0	\$456.51	603.4	\$283,917.2	\$470.50	691.1	\$403,648.4	\$584.05
Senior Citizen ⁽¹⁾												
Total	314.0	\$190,057.2	\$605.33	316.8	\$196,122.2	\$619.06	310.3	\$194,587.2	\$627.13	363.3	\$263,603.2	\$725.55
Low Income Rent	9.4	\$2,352.1	\$249.35	9.9	\$2,450.1	\$247.38	10.5	\$2,568.4	\$244.21	9.2	\$2,533.9	\$274.20
Veteran	3.4	\$399.3	\$118.34	3.1	\$363.2	\$118.54	2.8	\$336.9	\$118.85	3.3	\$403.2	\$123.80
Blind	0.6	\$73.9	\$117.36	0.6	\$73.2	\$123.51	0.6	\$72.0	\$122.70	0.6	\$74.3	\$126.22
Disabled	84.2	\$53,348.8	\$633.35	81.6	\$52,825.4	\$647.52	76.5	\$50,909.0	\$665.84	76.6	\$63,454.3	\$827.92
Farmland	7.5	\$46,064.6	\$6,163.31	7.4	\$47,383.6	\$6,441.49	7.3	\$49,520.0	\$6,776.13	7.3	\$52,129.8	\$7,127.39
Total Property Tax Credits	1,018.0	\$557,152.9	\$547.30	1,029.2	\$579,705.7	\$563.27	1,000.9	\$579,342.3	\$578.82	1,142.2	\$783,313.2	\$685.77
Homeowners Total Credits ⁽²⁾	540.1	\$298,914.1	\$553.39	536.3	\$303,595.6	\$566.09	515.6	\$296,345.4	\$574.77	609.2	\$393,449.3	\$645.86
Renters Total Credits ⁽²⁾	466.4	\$211,700.9	\$453.93	481.9	\$228,290.1	\$473.77	474.6	\$233,068.0	\$491.10	521.9	\$337,256.6	\$646.23
Home Heating Credit Total	332.4	\$45,422.1	\$136.64	320.9	\$68,325.2	\$212.93	319.6	\$62,875.2	\$196.75	303.9	\$67,255.6	\$221.34
HHC regular credit		\$45,422.1	\$136.64		\$56,275.7	\$175.38		\$62,875.2	\$196.75		\$60,900.0	\$200.42
HHC supplemental		n.a.	n.a.		\$12,049.5	\$37.55		n.a.	n.a.		\$6,355.6	\$20.92
MI Earned Income Tax Credit	756.9	\$109,487.7	\$144.65	770.5	\$113,951.1	\$147.90	748.6	\$112,242.7	\$149.94	729.6	\$109,544.7	\$150.14
Credit for Income Tax Paid to Another State	51.5	\$58,372.3	\$1,133.27	51.4	\$57,074.9	\$1,109.85	52.7	\$71,199.9	\$1,350.81	54.9	\$77,298.9	\$1,408.89
Historic Preservation Credit	0.2	\$266.9	\$1,700.29	0.1	\$163.7	\$1,299.56	0.2	\$109.6	\$730.54	0.1	\$89.7	\$897.02

⁽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 only to credits for Disabled, Seniors, and Regular claimants.

Exhibit 31
Distribution of Property Tax Credits Claimed
Individual Income Tax, 2018 ⁽¹⁾

Adjusted Gross Income Group	General			Senior Citizens ⁽²⁾			Veterans			Disabled ⁽³⁾		
	Number of Credits Allowed	% of Total Credits Allowed	Credit Amount	Number of Credits Allowed	% of Total Credits Allowed	Credit Amount	Number of Credits Allowed	% of Total Credits Allowed	Credit Amount	Number of Credits Allowed	% of Total Credits Allowed	Credit Amount
Zero Income ⁽⁴⁾	9,310	1.3%	\$7,148,234	35,237	9.7%	\$32,928,133	169	5.2%	\$25,360	15,716	20.3%	\$13,532,327
\$ 1 - 2,000	10,693	1.5%	7,404,399	41,982	11.6%	40,253,994	176	5.4%	29,232	21,917	28.4%	19,609,789
2,001 - 4,000	7,806	1.1%	4,799,151	18,778	5.2%	17,167,643	70	2.1%	9,622	3,300	4.3%	2,762,600
4,001 - 6,000	10,930	1.6%	6,530,617	19,097	5.3%	16,637,520	82	2.5%	11,011	3,076	4.0%	2,531,428
6,001 - 8,000	14,615	2.1%	8,791,202	20,333	5.6%	17,004,853	110	3.4%	15,088	3,142	4.1%	2,601,647
8,001 - 10,000	20,168	2.9%	12,626,000	20,137	5.5%	15,726,141	111	3.4%	14,582	3,251	4.2%	2,668,989
10,001 - 12,000	31,415	4.5%	21,335,971	20,562	5.7%	15,188,355	134	4.1%	18,398	3,058	4.0%	2,591,210
12,001 - 14,000	30,290	4.4%	20,350,770	19,951	5.5%	13,880,061	117	3.6%	15,864	2,576	3.3%	2,121,060
14,001 - 16,000	40,638	5.9%	28,444,725	17,894	4.9%	11,924,866	157	4.8%	19,212	2,427	3.1%	2,089,923
16,001 - 18,000	33,824	4.9%	22,792,661	14,998	4.1%	9,661,958	120	3.7%	14,944	1,851	2.4%	1,547,071
18,001 - 20,000	33,762	4.9%	22,270,642	13,842	3.8%	8,778,389	149	4.6%	18,287	1,597	2.1%	1,281,070
20,001 - 22,000	31,793	4.6%	20,247,006	12,897	3.5%	8,005,121	154	4.7%	20,103	1,504	1.9%	1,167,178
22,001 - 24,000	32,333	4.7%	20,041,342	12,103	3.3%	7,219,229	96	2.9%	11,909	1,470	1.9%	1,113,592
24,001 - 26,000	31,801	4.6%	19,310,679	10,989	3.0%	6,433,746	126	3.9%	15,604	1,313	1.7%	989,538
26,001 - 28,000	31,075	4.5%	18,539,924	10,125	2.8%	5,851,484	134	4.1%	14,959	1,178	1.5%	849,314
28,001 - 30,000	30,271	4.4%	17,700,642	9,122	2.5%	5,110,299	119	3.7%	15,164	1,057	1.4%	765,558
30,001 - 35,000	71,861	10.4%	41,012,401	18,642	5.1%	10,119,741	290	8.9%	36,019	2,445	3.2%	1,704,297
35,001 - 40,000	61,499	8.9%	33,844,235	14,457	4.0%	7,676,138	236	7.2%	27,398	1,986	2.6%	1,299,110
40,001 - 45,000	50,636	7.3%	27,063,975	11,023	3.0%	5,769,151	227	7.0%	25,958	1,605	2.1%	976,419
45,001 - 50,000	42,051	6.1%	21,858,707	8,616	2.4%	4,136,982	163	5.0%	17,558	1,093	1.4%	649,339
50,001 - 55,000	33,590	4.9%	14,578,446	6,770	1.9%	2,620,815	156	4.8%	16,509	871	1.1%	437,873
55,001 - 60,000	25,586	3.7%	5,541,560	4,593	1.3%	1,116,304	131	4.0%	8,774	615	0.8%	171,718
60,001 - 65,000	3,770	0.5%	812,727	861	0.2%	213,032	19	0.6%	951	120	0.2%	35,752
65,001 - 70,000	699	0.1%	212,984	150	0.0%	59,584	5	0.2%	417	30	0.0%	9,577
70,001 - 75,000	251	0.0%	86,600	37	0.0%	22,805	n.a.	0.1%	n.a.	11	0.0%	4,653
75,001 - 80,000	125	0.0%	61,948	25	0.0%	12,892	n.a.	0.1%	n.a.	n.a.	0.0%	n.a.
80,001 - 85,000	58	0.0%	28,233	10	0.0%	7,022	-	0.0%	-	4	0.0%	3,512
85,001 - 90,000	35	0.0%	23,316	16	0.0%	16,613	-	0.0%	-	4	0.0%	3,783
90,001 - 95,000	36	0.0%	25,163	8	0.0%	7,284	-	0.0%	-	n.a.	0.0%	n.a.
95,001 - 100,000	15	0.0%	8,451	15	0.0%	14,130	-	0.0%	-	n.a.	0.0%	n.a.
Over 100,000	179	0.0%	155,694	43	0.0%	38,908	n.a.	0.0%	n.a.	7	0.0%	6,556
Totals	691,115	100.0%	\$403,648,405	363,313	100.0%	\$263,603,193	3,257	100.0%	\$403,210	77,232	100.0%	\$63,528,623

Notes:

- ⁽¹⁾ Values in this table are based on a sample of the 4,861,650 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, 2018

Household Resources	Number of Returns	Property Tax Paid	Property Tax Credit	Property Tax Paid After Credit
\$1,000 and below	476	\$840,554	\$527,609	\$312,945
1,001 - 2,000	178	246,163	155,247	90,916
2,001 - 3,000	239	302,890	222,948	79,942
3,001 - 4,000	369	489,031	361,280	127,751
4,001 - 5,000	583	725,135	541,700	183,435
5,001 - 6,000	799	1,048,508	756,615	291,893
6,001 - 7,000	1,333	2,264,201	1,327,136	937,065
7,001 - 8,000	1,986	2,643,023	1,932,831	710,192
8,001 - 9,000	3,861	4,817,351	3,688,784	1,128,567
9,001 - 10,000	7,566	9,399,126	7,270,903	2,128,223
10,001 - 11,000	4,728	6,586,285	4,576,385	2,009,900
11,001 - 12,000	5,561	7,896,356	5,371,028	2,525,328
12,001 - 13,000	5,995	8,966,081	5,816,921	3,149,160
13,001 - 14,000	7,658	12,055,291	7,539,345	4,515,946
14,001 - 15,000	7,193	11,536,686	6,977,215	4,559,471
15,001 - 16,000	7,684	12,316,674	7,377,962	4,938,712
16,001 - 17,000	7,715	12,859,400	7,527,481	5,331,919
17,001 - 18,000	7,913	13,772,261	7,713,208	6,059,053
18,001 - 19,000	8,120	14,066,280	7,815,489	6,250,791
19,001 - 20,000	8,408	14,784,310	8,101,541	6,682,769
20,001 - 21,000	8,409	15,027,538	8,064,689	6,962,849
21,001 - 22,000	8,661	15,767,748	8,124,854	7,642,894
22,001 - 23,000	8,752	16,219,118	7,924,649	8,294,469
23,001 - 24,000	8,818	16,739,546	7,770,275	8,969,271
24,001 - 25,000	8,776	16,717,310	7,414,006	9,303,304
25,001 - 26,000	8,664	16,803,725	7,138,793	9,664,932
26,001 - 27,000	8,787	17,205,889	6,890,194	10,315,695
27,001 - 28,000	8,727	17,400,428	6,594,400	10,806,028
28,001 - 29,000	8,584	17,450,743	6,226,158	11,224,585
29,001 - 30,000	8,728	17,936,957	6,011,098	11,925,859
30,001 - 35,000	42,666	91,106,143	27,432,427	63,673,716
35,001 - 40,000	39,411	89,402,849	24,615,175	64,787,674
40,001 - 45,000	34,628	84,072,926	21,348,848	62,724,078
45,001 - 50,000	29,374	75,734,776	17,747,035	57,987,741
50,001 - 60,000	41,950	116,676,070	14,686,130	101,989,940
60,001 - 70,000	7	48,023	6,600	41,423
70,001 - 80,000	n.a.	39,305	4,114	35,191
Over 80,000	n.a.	11,820	2,120	9,700
Totals	363,313	\$761,976,520	\$263,603,193	\$498,373,327

(1) 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 33
Distribution of General Property Tax Credits by Household Resources
Individual Income Tax, 2018

Household Resources	Number of Returns	Property Tax Paid	Property Tax Credit	Property Tax Paid After Credit
\$1,000 and below	3,465	\$6,083,989	\$2,804,632	\$3,279,357
1,001 - 2,000	1,503	1,930,599	993,477	937,122
2,001 - 3,000	2,054	2,506,263	1,279,165	1,227,098
3,001 - 4,000	2,644	3,124,265	1,578,242	1,546,023
4,001 - 5,000	3,252	3,763,626	1,874,120	1,889,506
5,001 - 6,000	4,277	4,942,465	2,421,530	2,520,935
6,001 - 7,000	5,192	6,249,830	3,028,856	3,220,974
7,001 - 8,000	6,296	7,748,211	3,703,954	4,044,257
8,001 - 9,000	8,241	10,583,939	4,989,732	5,594,207
9,001 - 10,000	10,945	14,705,972	6,890,963	7,815,009
10,001 - 11,000	14,707	21,296,000	9,956,651	11,339,349
11,001 - 12,000	14,289	21,072,315	9,613,375	11,458,940
12,001 - 13,000	14,042	21,060,529	9,451,366	11,609,163
13,001 - 14,000	15,273	23,502,233	10,322,033	13,180,200
14,001 - 15,000	20,826	34,163,567	14,750,125	19,413,442
15,001 - 16,000	18,481	30,299,871	12,903,622	17,396,249
16,001 - 17,000	17,389	28,219,848	11,781,581	16,438,267
17,001 - 18,000	17,226	28,792,437	11,736,708	17,055,729
18,001 - 19,000	17,684	29,678,612	11,854,206	17,824,406
19,001 - 20,000	16,918	28,679,029	11,175,333	17,503,696
20,001 - 21,000	16,964	29,181,193	11,154,013	18,027,180
21,001 - 22,000	16,812	29,191,157	10,802,611	18,388,546
22,001 - 23,000	17,299	30,160,508	10,979,473	19,181,035
23,001 - 24,000	17,157	30,158,610	10,773,242	19,385,368
24,001 - 25,000	16,797	29,938,534	10,418,397	19,520,137
25,001 - 26,000	16,786	30,259,572	10,315,453	19,944,119
26,001 - 27,000	16,514	30,167,534	10,078,626	20,088,908
27,001 - 28,000	16,530	30,619,480	10,019,513	20,599,967
28,001 - 29,000	16,022	30,069,352	9,610,533	20,458,819
29,001 - 30,000	16,177	30,651,576	9,505,882	21,145,694
30,001 - 35,000	76,188	150,346,222	44,139,282	106,206,940
35,001 - 40,000	66,161	139,651,977	37,185,093	102,466,884
40,001 - 45,000	55,276	125,094,564	30,314,884	94,779,680
45,001 - 50,000	45,917	110,910,599	24,691,818	86,218,781
50,001 - 60,000	65,795	173,411,212	20,535,979	152,875,233
60,001 - 70,000	10	112,702	7,082	105,620
70,001 - 80,000	n.a.	n.a.	n.a.	n.a.
Over 80,000	5	25,892	6,403	19,489
Totals	691,115	\$1,328,377,583	\$403,648,405	\$924,729,178

(1) 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 Veterans Property Tax Credits by Household Resources
Individual Income Tax, 2018

<u>Household Resources</u>	<u>Number of Returns</u>	<u>Property Tax Paid</u>	<u>Property Tax</u>	<u>Property Tax Paid After Credit</u>
\$1,000 and below	19	\$25,576	\$2,360	\$23,216
1,001 - 2,000	n.a.	725	269	456
2,001 - 3,000	0	0	0	0
3,001 - 4,000	n.a.	4,344	2,030	2,314
4,001 - 5,000	n.a.	229	229	0
5,001 - 6,000	n.a.	207	207	0
6,001 - 7,000	5	4,732	615	4,117
7,001 - 8,000	8	7,554	1,420	6,134
8,001 - 9,000	10	6,930	1,724	5,206
9,001 - 10,000	11	9,152	1,759	7,393
10,001 - 11,000	12	11,709	1,755	9,954
11,001 - 12,000	8	12,030	1,812	10,218
12,001 - 13,000	7	5,032	695	4,337
13,001 - 14,000	22	18,685	4,187	14,498
14,001 - 15,000	26	25,906	4,771	21,135
15,001 - 16,000	11	7,387	1,986	5,401
16,001 - 17,000	17	16,764	4,230	12,534
17,001 - 18,000	11	7,061	1,650	5,411
18,001 - 19,000	21	12,787	2,441	10,346
19,001 - 20,000	24	20,662	3,699	16,963
20,001 - 21,000	30	24,791	4,470	20,321
21,001 - 22,000	44	33,929	6,521	27,408
22,001 - 23,000	36	30,289	5,530	24,759
23,001 - 24,000	31	23,012	4,121	18,891
24,001 - 25,000	49	40,395	6,766	33,629
25,001 - 26,000	39	35,911	5,030	30,881
26,001 - 27,000	50	39,034	6,372	32,662
27,001 - 28,000	52	44,273	7,012	37,261
28,001 - 29,000	45	37,610	5,983	31,627
29,001 - 30,000	59	48,914	7,541	41,373
30,001 - 35,000	334	328,015	46,908	281,107
35,001 - 40,000	408	428,425	57,865	370,560
40,001 - 45,000	512	537,287	68,257	469,030
45,001 - 50,000	501	584,777	62,841	521,936
50,001 - 60,000	847	1,146,738	70,154	1,076,584
60,001 - 70,000	0	0	0	0
70,001 - 80,000	0	0	0	0
Over 80,000	0	0	0	0
Totals	3,257	\$3,580,872	\$403,210	\$3,177,662

(1) 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 35
Distribution of Farmland Credit by Household Resources
Individual Income Tax, 2018

Household Resources	Farmland Credit		
	Number of Returns	Credit Amount	Average Credit
Up to \$ 1,000	128	\$1,055,216	\$8,244
1,001 - 2,000	16	96,273	6,017
2,001 - 3,000	19	79,044	4,160
3,001 - 4,000	18	62,255	3,459
4,001 - 5,000	25	74,262	2,970
5,001 - 6,000	10	49,795	4,980
6,001 - 7,000	23	106,217	4,618
7,001 - 8,000	31	97,123	3,133
8,001 - 9,000	36	163,451	4,540
9,001 - 10,000	33	112,370	3,405
10,001 - 11,000	47	197,271	4,197
11,001 - 12,000	50	238,992	4,780
12,001 - 13,000	50	189,645	3,793
13,001 - 14,000	43	189,376	4,404
14,001 - 15,000	49	194,289	3,965
15,001 - 16,000	47	153,596	3,268
16,001 - 17,000	53	222,103	4,191
17,001 - 18,000	53	236,365	4,460
18,001 - 19,000	73	279,419	3,828
19,001 - 20,000	65	235,570	3,624
20,001 - 21,000	56	253,806	4,532
21,001 - 22,000	68	269,084	3,957
22,001 - 23,000	74	316,270	4,274
23,001 - 24,000	89	357,786	4,020
24,001 - 25,000	69	291,651	4,227
25,001 - 26,000	71	354,646	4,995
26,001 - 27,000	73	267,689	3,667
27,001 - 28,000	78	356,053	4,565
28,001 - 29,000	74	304,853	4,120
29,001 - 30,000	77	426,053	5,533
30,001 - 35,000	398	1,914,497	4,810
35,001 - 40,000	433	1,869,325	4,317
40,001 - 45,000	383	1,924,984	5,026
45,001 - 50,000	368	1,949,131	5,297
50,001 - 60,000	681	3,858,829	5,666
60,001 - 70,000	572	3,591,816	6,279
70,001 - 80,000	455	2,942,431	6,467
80,001 - 90,000	363	2,175,432	5,993
90,001 - 100,000	346	2,312,977	6,685
100,001 - 125,000	611	4,998,194	8,180
125,001 - 150,000	356	3,347,152	9,402
150,001 - 200,000	353	4,319,767	12,237
Over \$200,000	<u>397</u>	<u>9,694,693</u>	24,420
Totals	7,314	\$52,129,751	\$7,127.39

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

Exhibit 36
Distribution of Home Heating Credits by Household Resources
Individual Income Tax, 2018

Household Resources	Senior Citizens				General				Disabled ⁽¹⁾				Veterans			
	Count	Amount	Spplmntl	Total	Count	Amount	Spplmntl	Total	Count	Amount	Spplmntl	Total	Count	Amount	Spplmntl	Total
Up to \$ 1,000	451	\$191,833	\$7,458	\$199,291	6,553	\$2,293,586	\$120,670	\$2,414,256	393	\$182,140	\$5,544	\$187,684	n.a.	n.a.	n.a.	n.a.
1,001 - 2,000	129	49,028	2,244	51,272	3,057	957,947	55,638	1,013,585	128	57,003	1,804	58,807	n.a.	n.a.	n.a.	n.a.
2,001 - 3,000	170	55,892	2,882	58,774	3,702	1,104,438	67,760	1,172,198	131	48,872	1,914	50,786	n.a.	n.a.	n.a.	n.a.
3,001 - 4,000	249	75,995	4,686	80,681	4,483	1,289,440	82,346	1,371,786	194	68,589	3,212	71,801	n.a.	n.a.	n.a.	n.a.
4,001 - 5,000	402	119,399	7,744	127,143	5,347	1,482,717	97,614	1,580,331	280	100,075	4,994	105,069	n.a.	n.a.	n.a.	n.a.
5,001 - 6,000	611	170,714	11,638	182,352	6,317	1,613,033	118,140	1,731,173	332	107,634	6,116	113,750	n.a.	n.a.	n.a.	n.a.
6,001 - 7,000	1,053	251,573	21,538	273,111	6,948	1,717,292	134,706	1,851,998	497	157,540	9,658	167,198	n.a.	n.a.	n.a.	n.a.
7,001 - 8,000	1,613	357,433	32,978	390,411	8,111	1,859,142	160,930	2,020,072	817	244,680	16,346	261,026	7	1,637	132	1,769
8,001 - 9,000	3,211	590,985	67,672	658,657	10,975	2,310,988	222,266	2,533,254	3,051	754,910	63,866	818,776	9	1,673	220	1,893
9,001 - 10,000	6,655	1,050,722	140,426	1,191,148	16,861	3,359,175	345,114	3,704,289	8,547	1,856,074	181,764	2,037,838	10	1,717	220	1,937
10,001 - 11,000	3,809	558,379	81,114	639,493	15,474	3,102,828	326,854	3,429,682	2,937	674,272	62,700	736,972	11	2,698	242	2,940
11,001 - 12,000	4,340	508,956	92,730	601,686	14,894	2,710,327	317,702	3,028,029	2,959	622,387	62,788	685,175	8	2,075	176	2,251
12,001 - 13,000	4,300	413,204	93,720	506,924	14,106	2,406,178	304,876	2,711,054	2,675	525,593	57,244	582,837	6	2,392	132	2,524
13,001 - 14,000	3,314	464,498	70,180	534,678	11,547	2,437,104	248,446	2,685,550	2,669	521,645	57,068	578,713	17	4,440	396	4,836
14,001 - 15,000	1,292	220,468	26,422	246,890	14,139	3,598,812	306,042	3,904,854	2,380	429,330	50,798	480,128	21	6,749	462	7,211
15,001 - 16,000	1,136	147,635	23,232	170,867	11,566	2,572,440	251,152	2,823,592	2,205	327,502	47,476	374,978	6	1,157	110	1,267
16,001 - 17,000	1,067	118,824	21,560	140,384	10,440	2,039,299	225,940	2,265,239	1,764	259,462	37,950	297,412	14	2,113	308	2,421
17,001 - 18,000	1,012	88,448	21,274	109,722	9,914	1,733,686	217,140	1,950,826	1,525	219,405	32,956	252,361	7	1,312	132	1,444
18,001 - 19,000	398	61,543	8,074	69,617	7,400	1,515,259	159,544	1,674,803	901	183,972	19,184	203,156	8	2,979	176	3,155
19,001 - 20,000	301	49,478	6,116	55,594	6,185	1,188,823	133,958	1,322,781	713	155,015	15,268	170,283	12	3,320	220	3,540
Over 20,000	<u>1,390</u>	<u>167,901</u>	<u>28,314</u>	<u>196,215</u>	<u>38,855</u>	<u>5,541,084</u>	<u>840,884</u>	<u>6,381,968</u>	<u>4,708</u>	<u>797,047</u>	<u>101,266</u>	<u>898,313</u>	<u>124</u>	<u>20,502</u>	<u>2,640</u>	<u>23,142</u>
Totals	36,903	\$5,712,908	\$772,002	\$6,484,910	226,874	\$46,833,598	\$4,737,722	\$51,571,320	39,806	\$8,293,147	\$839,916	\$9,133,063	277	\$60,325	\$5,940	\$66,265
Average Credit		\$154.81	\$20.92	\$175.73		\$206.43	\$20.88	\$227.31		\$208.34	\$21.10	\$229.44		\$217.78	\$21.44	\$239.22

⁽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 figure.

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

Exhibit 37
2018 Income Tax Collections by County

County	Property Tax Credits	Home Heating Credits	MI EITC Credits	Tax After Credits	Percent of Total Tax
ALCONA	\$337,491	\$92,983	\$90,907	\$4,649,124	0.1%
ALGER	316,570	62,016	60,960	4,799,707	0.1%
ALLEGAN	6,862,826	501,418	884,451	89,003,952	1.0%
ALPENA	1,335,524	266,794	283,119	18,500,921	0.2%
ANTRIM	1,140,081	167,227	241,716	16,754,004	0.2%
ARENAC	879,921	145,804	149,750	7,193,626	0.1%
BARAGA	197,661	46,598	73,322	3,790,896	0.0%
BARRY	3,545,671	220,288	399,986	44,068,531	0.5%
BAY	7,852,611	782,131	1,060,793	70,886,958	0.8%
BENZIE	816,021	98,251	152,184	11,975,746	0.1%
BERRIEN	10,167,009	1,271,481	1,998,106	123,734,787	1.4%
BRANCH	3,387,944	258,768	478,202	22,356,030	0.2%
CALHOUN	10,331,388	1,013,616	1,655,633	81,336,354	0.9%
CASS	2,476,151	239,852	443,138	25,788,705	0.3%
CHARLEVOIX	1,639,879	155,470	257,617	23,918,234	0.3%
CHEBOYGAN	1,060,995	209,974	276,539	12,710,100	0.1%
CHIPPEWA	1,388,013	258,696	390,904	15,932,274	0.2%
CLARE	1,363,750	398,943	417,520	15,216,795	0.2%
CLINTON	4,229,779	209,495	377,484	59,790,374	0.7%
CRAWFORD	417,375	105,184	135,699	5,789,115	0.1%
DELTA	1,809,429	272,871	338,268	25,110,333	0.3%
DICKINSON	1,399,014	145,218	239,284	19,412,272	0.2%
EATON	9,208,305	457,343	906,626	94,690,900	1.0%
EMMET	2,063,156	180,061	311,148	36,907,336	0.4%
GENESEE	27,456,959	3,942,471	5,936,872	282,986,084	3.1%
GLADWIN	1,209,494	242,948	258,933	13,496,057	0.1%
GOGEBIC	582,166	163,917	140,813	8,129,506	0.1%
GRAND TRAVERSE	7,157,484	361,531	727,467	110,588,744	1.2%
GRATIOT	4,411,529	308,547	452,892	22,434,707	0.2%
HILLSDALE	2,905,240	399,097	477,720	25,152,107	0.3%
HOUGHTON	1,196,297	244,400	263,481	20,413,441	0.2%
HURON	10,277,312	248,022	278,273	13,551,624	0.1%
INGHAM	25,748,771	1,881,736	3,025,565	228,135,887	2.5%
IONIA	3,715,023	301,992	561,464	43,142,661	0.5%
IOSCO	1,061,194	250,726	292,524	12,519,966	0.1%
IRON	429,503	107,771	112,283	5,744,473	0.1%
ISABELLA	3,535,512	348,353	507,637	34,284,548	0.4%
JACKSON	10,114,732	1,037,626	1,675,058	109,484,817	1.2%
KALAMAZOO	19,744,486	1,462,300	2,424,926	233,694,145	2.6%
KALKASKA	\$710,742	135,631	\$213,902	\$13,456,086	0.1%
KENT	49,311,986	2,987,567	6,254,585	668,925,735	7.4%
KEWEENAW	52,278	14,287	14,049	1,208,869	0.0%
LAKE	444,934	155,988	121,268	2,995,172	0.0%

Exhibit 37 (cont.)

County	Property Tax Credits	Home Heating Credits	MI EITC Credits	Tax After Credits	Percent of Total Tax
LAPEER	3,923,562	374,927	703,030	68,053,629	0.8%
LEELANAU	758,439	56,684	90,585	20,414,037	0.2%
LENAWEE	8,928,170	565,579	943,350	60,783,659	0.7%
LIVINGSTON	8,183,273	337,069	693,658	205,944,623	2.3%
LUCE	110,260	56,263	56,929	2,852,230	0.0%
MACKINAC	417,332	83,002	97,321	5,813,673	0.1%
MACOMB	93,113,363	5,217,475	9,200,466	732,611,610	8.1%
MANISTEE	1,340,979	170,996	242,739	13,761,798	0.2%
MARQUETTE	2,913,502	298,574	449,405	46,290,687	0.5%
MASON	2,241,287	215,199	313,637	17,706,691	0.2%
MECOSTA	1,777,759	301,893	370,911	22,190,144	0.2%
MENOMINEE	961,164	137,726	187,896	13,934,732	0.2%
MIDLAND	4,745,090	432,686	631,510	92,852,786	1.0%
MISSAUKEE	1,365,680	118,638	148,804	6,188,488	0.1%
MONROE	7,686,346	582,618	1,157,004	117,538,926	1.3%
MONTCALM	4,431,459	517,098	741,472	36,199,942	0.4%
MONTMORENCY	371,179	82,721	109,612	4,163,794	0.0%
MUSKEGON	12,661,916	1,301,777	2,343,169	104,159,595	1.1%
NEWAYGO	2,700,897	351,105	470,954	23,802,243	0.3%
OAKLAND	88,267,186	4,091,586	7,393,968	1,956,309,936	21.6%
OCEANA	1,666,979	248,153	335,770	14,793,711	0.2%
OGEMAW	1,083,759	248,323	260,352	9,666,101	0.1%
ONTONAGON	187,933	51,156	44,412	2,911,040	0.0%
OSCEOLA	1,311,342	228,600	300,737	13,157,921	0.1%
OSCODA	207,346	68,189	79,291	3,075,714	0.0%
OTSEGO	1,165,655	159,257	269,047	15,629,447	0.2%
OTTAWA	18,589,899	719,339	1,788,159	307,158,837	3.4%
PRESQUE ISLE	559,443	141,902	129,705	7,995,707	0.1%
ROSCOMMON	1,194,088	243,020	278,406	12,369,587	0.1%
SAGINAW	13,746,582	1,845,556	2,632,682	120,178,342	1.3%
ST. CLAIR	10,765,069	994,315	1,602,210	126,158,935	1.4%
ST. JOSEPH	3,701,653	310,903	611,498	35,329,444	0.4%
SANILAC	4,612,968	353,143	451,931	21,847,036	0.2%
SCHOOLCRAFT	236,473	77,723	81,073	4,611,377	0.1%
SHIAWASSEE	5,806,870	454,587	700,541	49,955,310	0.6%
TUSCOLA	6,526,591	398,632	587,187	29,461,927	0.3%
VAN BUREN	5,244,035	599,434	888,488	56,867,119	0.6%
WASHTENAW	27,318,830	1,374,240	2,035,436	458,606,891	5.1%
WAYNE (excludes Detroit)	99,137,060	7,122,891	11,274,888	826,105,640	9.1%
WEXFORD	2,072,499	297,603	426,038	20,175,315	0.2%
OUTSIDE OF MICHIGAN	5,172,369	782,597	2,263,021	345,050,511	3.8%
DETROIT	<u>81,814,690</u>	<u>13,086,987</u>	<u>20,794,333</u>	<u>345,064,029</u>	<u>3.8%</u>
TOTAL	\$783,313,182	\$67,255,558	\$109,544,693	\$9,062,404,867	100.0%

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

Exhibit 38 2018 Income Tax Data by County

County	2018	2018	Income Tax		Average		Average		Credits as a		Ratio of Property		Average		
	AGI	Average	Before	Rank	Income Tax	Rank	Income Tax	Rank	% of Tax	Rank	Tax Credits	Rank	Property Tax	Rank	
	(Millions)	AGI	Rank	Credits	Rank	Before Credits	Rank	After Credits	Rank	Before Credit	Rank	to 1040s Filed	Rank	Credit ⁽¹⁾	Rank
ALCONA	\$208.5	\$45,846	72	\$5,203,676	75	\$1,144	81	\$1,022	79	10.7%	46	16.6%	76	\$448	68
ALGER	190.1	49,389	52	5,269,549	74	1,369	60	1,247	55	8.9%	61	17.6%	72	467	62
ALLEGAN	2,984.1	61,965	15	97,455,732	20	2,024	14	1,848	13	8.7%	66	21.6%	39	660	21
ALPENA	697.7	50,358	47	20,482,667	51	1,478	48	1,335	43	9.7%	54	21.8%	35	441	73
ANTRIM	651.7	57,663	25	18,422,485	52	1,630	33	1,482	30	9.1%	59	19.1%	61	527	51
ARENAC	286.1	45,035	75	8,343,822	69	1,314	67	1,132	68	13.8%	17	21.6%	37	641	27
BARAGA	159.2	49,076	54	4,160,140	78	1,282	69	1,169	64	8.9%	63	13.9%	81	437	74
BARRY	1,499.8	63,052	14	48,210,808	29	2,027	13	1,853	12	8.6%	67	20.8%	47	716	12
BAY	2,624.6	52,284	41	80,454,815	22	1,603	36	1,412	34	11.9%	34	26.4%	9	592	38
BENZIE	465.9	58,601	23	13,124,022	65	1,651	31	1,506	29	8.7%	65	20.8%	48	494	56
BERRIEN	4,578.3	61,243	17	142,432,223	11	1,905	19	1,655	20	13.1%	22	23.7%	23	573	42
BRANCH	906.4	50,258	48	26,873,990	41	1,490	46	1,240	56	16.8%	10	23.3%	27	806	7
CALHOUN	3,082.1	52,913	37	94,380,318	21	1,620	35	1,396	35	13.8%	16	27.2%	7	652	25
CASS	1,108.6	60,012	19	32,893,394	36	1,781	24	1,396	36	21.6%	3	19.3%	60	695	15
CHARLEVOIX	842.5	61,182	18	26,258,108	43	1,907	18	1,737	16	8.9%	62	21.5%	42	555	46
CHEBOYGAN	534.3	49,954	50	14,384,660	62	1,345	63	1,188	60	11.6%	38	22.3%	33	446	71
CHIPPEWA	714.7	46,526	70	18,120,643	53	1,180	78	1,037	77	12.1%	30	19.5%	59	462	66
CLARE	619.2	44,133	79	17,672,302	54	1,260	72	1,085	71	13.9%	15	20.1%	54	483	61
CLINTON	1,990.0	71,129	8	64,618,265	25	2,310	10	2,137	8	7.5%	74	19.9%	55	759	10
CRAWFORD	236.0	45,948	71	6,480,259	72	1,261	71	1,127	69	10.7%	45	19.1%	62	426	78
DELTA	931.6	53,218	36	27,655,320	38	1,580	38	1,434	33	9.2%	58	21.3%	44	486	59
DICKINSON	891.8	69,806	9	21,275,113	49	1,665	30	1,520	27	8.8%	64	22.4%	31	489	58
EATON	3,354.6	59,804	20	104,945,647	18	1,871	20	1,688	18	9.8%	52	24.8%	16	662	19
EMMET	1,304.2	69,361	10	39,858,879	33	2,120	12	1,963	11	7.4%	75	20.2%	53	544	49
GENESEE	10,424.1	54,575	34	320,919,753	7	1,680	29	1,482	31	11.8%	36	25.7%	11	559	45
GLADWIN	546.0	47,577	64	15,312,451	59	1,334	64	1,176	63	11.9%	35	21.5%	41	489	57
GOGEBIC	372.1	57,340	26	9,122,450	67	1,406	57	1,253	53	10.9%	42	20.9%	45	429	77
GRAND TRAVERSE	3,646.6	71,471	7	120,064,968	17	2,353	8	2,167	7	7.9%	72	22.4%	32	627	29
GRATIOT	885.4	50,213	49	27,032,551	40	1,533	43	1,272	50	17.0%	9	23.7%	24	1,055	4
HILLSDALE	972.9	48,373	59	29,421,517	37	1,463	50	1,251	54	14.5%	13	20.6%	50	703	14
HOUGHTON	760.2	49,700	51	22,230,423	47	1,453	52	1,335	44	8.2%	69	17.2%	75	456	67
HURON	791.8	48,586	57	23,195,810	45	1,423	54	832	82	41.6%	1	28.9%	2	2,183	1
INGHAM	7,999.7	61,485	16	259,461,220	8	1,994	16	1,753	14	12.1%	31	28.9%	3	685	16
IONIA	1,497.4	54,824	33	47,691,212	30	1,746	27	1,580	24	9.5%	55	20.9%	46	652	24
IOSCO	545.1	44,902	76	14,163,146	63	1,167	80	1,031	78	11.6%	39	19.6%	58	447	69
IRON	242.1	45,303	74	6,526,031	71	1,221	74	1,075	73	12.0%	33	18.6%	67	433	76
ISABELLA	1,306.7	52,538	39	38,773,551	34	1,559	41	1,378	39	11.6%	40	22.7%	30	627	30
JACKSON	3,898.7	56,172	31	122,681,110	15	1,768	26	1,577	25	10.8%	43	24.3%	19	600	37
KALAMAZOO	7,882.9	67,348	12	258,201,600	9	2,206	11	1,997	10	9.5%	56	26.0%	10	649	26
KALKASKA	483.2	58,516	24	14,609,445	61	1,769	25	1,629	21	7.9%	71	18.5%	68	466	64
KENT	21,733.1	69,304	11	730,112,816	4	2,328	9	2,133	9	8.4%	68	25.0%	15	629	28
KEWEENAW	50.3	55,312	32	1,291,822	83	1,421	55	1,330	45	6.4%	79	12.3%	82	467	63
LAKE	143.5	39,255	83	3,752,747	79	1,026	82	819	83	20.2%	5	27.3%	6	446	70
LAPEER	2,303.7	58,830	22	73,197,303	23	1,869	21	1,738	15	7.0%	77	18.1%	71	555	47

Exhibit 38 (cont.)

County	2018	2018	Income Tax		Average		Average		Credits as a		Ratio of Property		Average		
	AGI	AGI	Rank	Before	Rank	Income Tax	Rank	Income Tax	Rank	Before Credit	Rank	to 1040s Filed	Rank	Property Tax	Rank
	(Millions)			Credits		Before Credits		After Credits		% of Tax		Tax Credits		Credit ⁽¹⁾	
LEELANAU	\$707.4	\$84,286	3	\$21,765,674	48	\$2,593	5	\$2,432	5	6.2%	80	15.8%	78	\$571	43
LENAWEE	2,385.9	53,265	35	72,683,138	24	1,623	34	1,357	41	16.4%	11	25.5%	13	781	8
LIVINGSTON	6,401.4	82,025	4	216,162,515	10	2,770	3	2,639	3	4.7%	83	15.7%	79	667	18
LUCE	114.3	47,245	67	3,096,340	82	1,280	70	1,179	62	7.9%	73	11.6%	83	392	83
MACKINAC	252.7	46,541	69	6,458,755	73	1,189	75	1,071	74	10.0%	50	16.5%	77	466	65
MACOMB	25,826.6	59,432	21	841,646,628	3	1,937	17	1,686	19	13.0%	24	28.3%	5	757	11
MANISTEE	556.8	48,761	56	15,599,119	57	1,366	61	1,205	58	11.8%	37	23.3%	26	503	53
MARQUETTE	1,677.6	56,662	27	50,316,234	28	1,699	28	1,564	26	8.0%	70	19.9%	56	494	55
MASON	695.2	51,090	44	20,500,703	50	1,507	45	1,301	47	13.6%	18	27.1%	8	607	33
MECOSTA	842.2	51,548	42	24,766,395	44	1,516	44	1,358	40	10.4%	47	19.9%	57	547	48
MENOMINEE	511.7	48,572	58	15,314,521	58	1,454	51	1,323	46	9.0%	60	18.2%	70	502	54
MIDLAND	2,971.3	78,604	5	98,821,167	19	2,614	4	2,456	4	6.0%	81	21.7%	36	579	40
MISSAUKEE	257.2	44,839	77	7,782,656	70	1,357	62	1,079	72	20.5%	4	21.5%	40	1105	3
MONROE	4,363.0	63,065	13	138,160,389	13	1,997	15	1,699	17	14.9%	12	18.4%	69	605	35
MONTCALM	1,357.7	47,579	63	41,892,231	32	1,468	49	1,269	51	13.6%	20	23.6%	25	658	22
MONTMORENCY	196.5	40,896	82	4,752,765	77	989	83	867	81	12.4%	29	18.7%	66	413	79
MUSKOGON	3,888.2	50,457	46	120,576,110	16	1,565	39	1,352	42	13.6%	19	28.5%	4	576	41
NEWAYGO	895.7	48,783	55	27,355,104	39	1,490	47	1,296	48	13.0%	23	24.4%	17	603	36
OAKLAND	59,173.9	98,192	1	2,065,692,653	1	3,428	1	3,246	1	5.3%	82	18.9%	64	774	9
OCEANA	584.4	47,630	62	17,067,591	56	1,391	58	1,206	57	13.3%	21	23.2%	28	586	39
OGEMAW	401.6	41,652	81	11,259,009	66	1,168	79	1,002	80	14.1%	14	21.6%	38	520	52
ONTONAGON	123.3	46,955	68	3,244,907	81	1,236	73	1,109	70	10.3%	48	17.5%	73	409	82
OSCEOLA	508.2	44,554	78	15,089,037	60	1,323	66	1,154	66	12.8%	26	18.9%	63	607	34
OTCODA	122.8	42,293	80	3,444,625	80	1,186	77	1,059	75	10.7%	44	17.3%	74	412	80
OTSEGO	571.3	50,744	45	17,306,883	55	1,537	42	1,388	37	9.7%	53	21.4%	43	483	60
OTTAWA	9,868.8	72,332	6	328,830,474	6	2,410	7	2,251	6	6.6%	78	20.6%	49	661	20
PRESQUE ISLE	322.1	48,276	60	8,893,902	68	1,333	65	1,199	59	10.1%	49	18.8%	65	445	72
ROSCOMMON	543.7	45,647	73	14,163,032	64	1,189	76	1,039	76	12.7%	27	22.9%	29	437	75
SAGINAW	4,539.1	52,418	40	137,879,580	14	1,592	37	1,388	38	12.8%	25	25.7%	12	619	31
ST. CLAIR	4,377.8	56,189	29	139,957,120	12	1,796	22	1,619	22	9.9%	51	24.3%	18	569	44
ST. JOSEPH	1,403.9	51,201	43	42,846,928	31	1,563	40	1,289	49	17.5%	8	20.2%	51	668	17
SANILAC	893.4	47,350	65	26,802,954	42	1,421	56	1,158	65	18.5%	6	23.8%	22	1026	5
SCHOOLCRAFT	191.2	49,220	53	5,084,057	76	1,309	68	1,187	61	9.3%	57	14.9%	80	410	81
SHIAWASSEE	1,832.3	52,725	38	56,774,210	27	1,634	32	1,438	32	12.0%	32	25.4%	14	657	23
TUSCOLA	1,226.2	47,247	66	36,077,195	35	1,390	59	1,135	67	18.3%	7	22.1%	34	1137	2
VAN BUREN	2,018.7	56,268	28	64,031,535	26	1,785	23	1,585	23	11.2%	41	24.0%	21	609	32
WASHTENAW	14,522.5	89,486	2	494,074,405	5	3,044	2	2,826	2	7.2%	76	20.2%	52	834	6
WAYNE (including Detroit)	43,591.8	56,179	30	1,872,248,715	2	2,413	6	1,509	28	37.4%	2	32.7%	1	713	13
WEXFORD	767.1	47,914	61	23,053,152	46	1,440	53	1,260	52	12.5%	28	24.1%	20	537	50
OUTSIDE MICHIGAN	91,977.7	396,755		358,790,817		1,548		1,488		3.8%		3.3%		670	
DETROIT	14,581.7	46,938		462,223,947		1,488		1,111		25.3%		39.4%		669	
TOTALS	\$390,810.6	\$81,119		\$10,084,778,042		\$2,093		\$1,881		10.1%		23.7%		\$686	

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

Exhibit 39
Average Adjusted Gross Income by County
2018

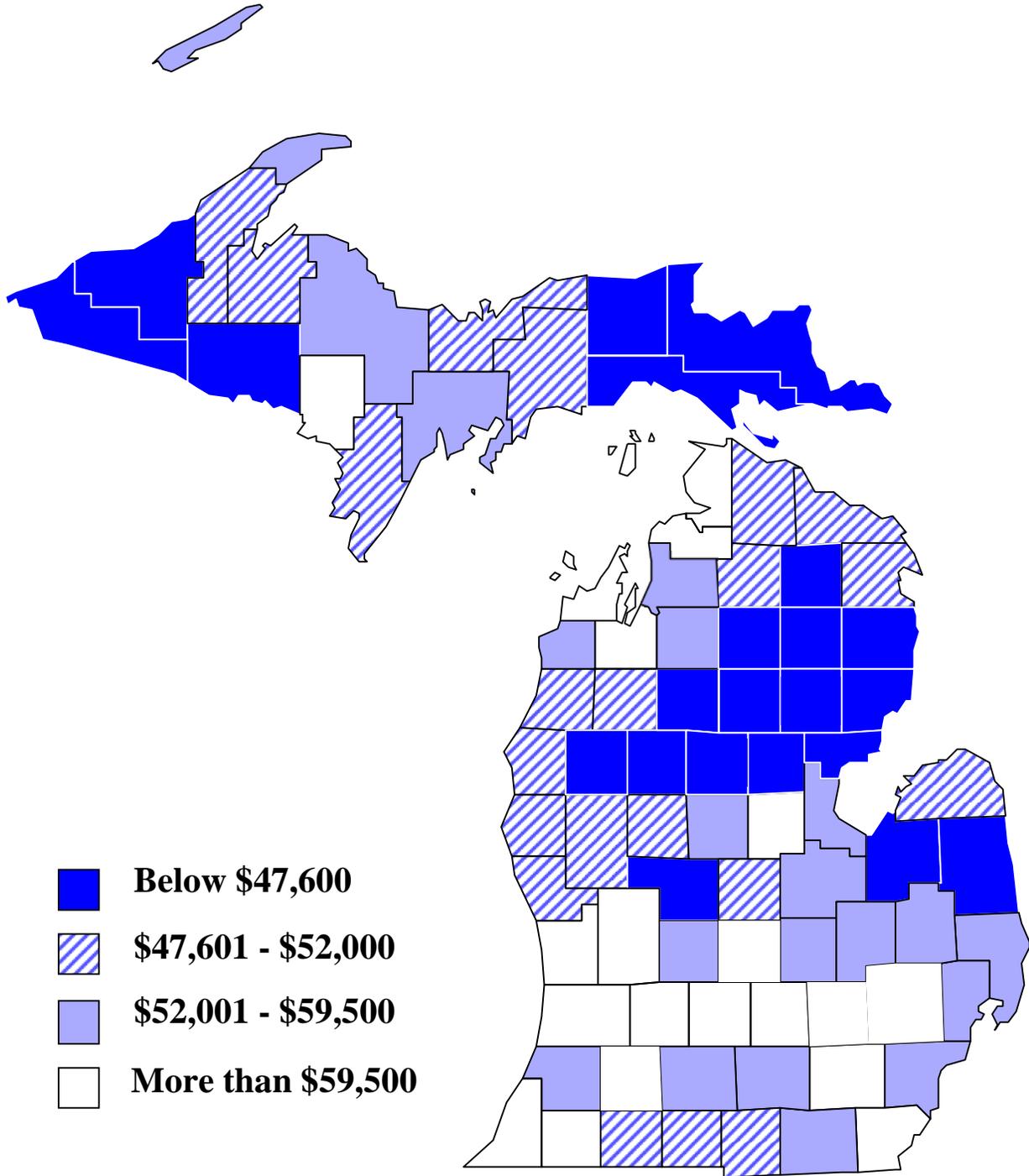


Exhibit 40
Average Property Tax Credits by County
2018

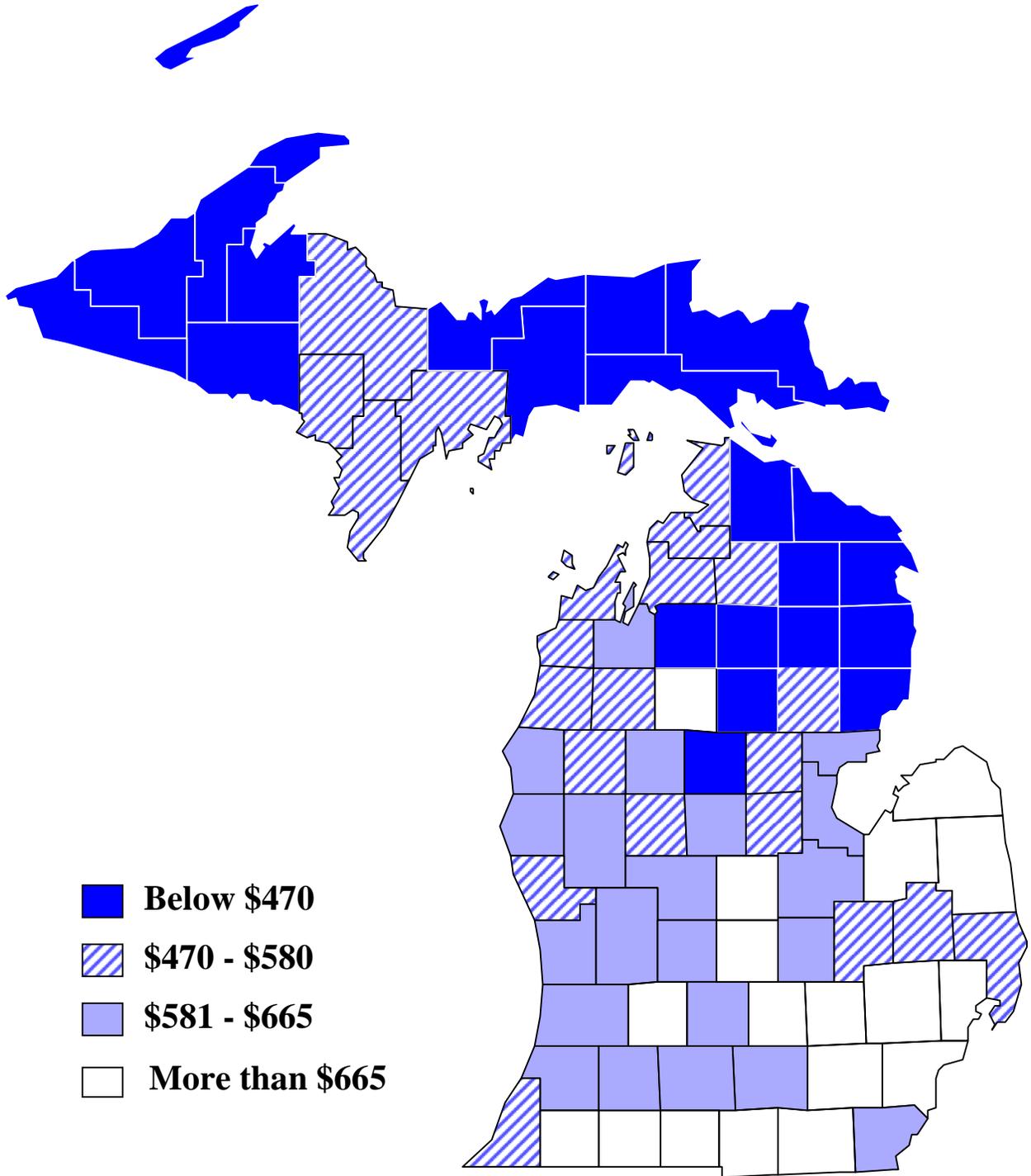


Exhibit 41
Average Annual Individual Income Tax Rates

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
1968	2.60%	1994	4.47%
1969	2.60%	1995	4.40%
1970	2.60%	1996	4.40%
1971	3.14%	1997	4.40%
1972	3.90%	1998	4.40%
1973	3.90%	1999	4.40%
1974	3.90%	2000	4.20%
1975	4.37%	2001	4.20%
1976	4.60%	2002	4.10%
1977	4.60%	2003	4.00%
1978	4.60%	2004	3.95%
1979	4.60%	2005	3.90%
1980	4.60%	2006	3.90%
1981	4.60%	2007	4.01%
1982	5.10%	2008	4.35%
1983	6.35%	2009	4.35%
1984	5.85%	2010	4.35%
1985	5.33%	2011	4.35%
1986	4.60%	2012	4.33%
1987	4.60%	2013	4.25%
1988	4.60%	2014	4.25%
1989	4.60%	2015	4.25%
1990	4.60%	2016	4.25%
1991	4.60%	2017	4.25%
1992	4.60%	2018	4.25%
1993	4.60%	2019	4.25%

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

XII. APPENDIX A

FEDERAL TAX LAW CHANGES¹¹ (from 2011 through 2017)

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 2014. In 2015 the deduction 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 extended to taxable year 2014 and made permanent in 2015. The maximum benefit exclusion limits were increased to \$240 per month in 2012, \$245 per month in 2013, \$250 per month in 2014 and after;
- 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 2017;
- 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 November 2012 and donated before February 2013 to be treated as qualified charitable distribution for 2012; and amounts distributed after December 31, 2013 and donated before January 1, 2015 to be treated as qualified charitable distribution for 2014. In 2015, the exclusion was made permanent.
- 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 through 2020; including the treatment of mortgage insurance premiums as qualified residence interest, which permits a taxpayer whose income is below certain thresholds to deduct the cost of premiums on mortgage

¹¹ 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.

insurance purchased in connection with acquisition indebtedness on the taxpayer's principal residence;

- 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 2019;
- 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 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 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 2017,
- The election to deduct up to \$15 million (\$20 million for productions in certain areas) of the aggregate costs of any qualifying film and television production 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 before 2018. In 2015, the provision was also extended to include qualified live theatrical productions;
- The domestic production activities deduction for activities in Puerto Rico provision was extended to taxable year 2017;
- 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 through 2014. In 2015 the exclusion was made permanent;
- 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 through 2014. In 2015 the provision was made permanent for any disposition of property in taxable year 2015 or after;

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

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

2013

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

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

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

- The 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 through 2017;
- The accelerated depreciation for qualified business property used in the active conduct of a trade or business within an Indian reservation was extended through December 2017. After 2017, qualified taxpayers also may elect out of the accelerated depreciation rules;

2014

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

2015

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

Several provisions that had been extended on an annual basis and depicted in prior years were made permanent in 2015. Please refer to provisions listed in 2012.

2016

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

The value of any medal awarded or prize money received from the US Olympic Committee on account of competition in the Olympic Games or Paralympic Games may be excluded from federal

gross income for taxpayers with adjusted gross income up to \$1 million (single/married filing jointly) or \$500,000 (married filing separately).

2017

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

Several provisions that were set to expire were extended, and a few provisions were added. They are:

- The depreciation of certain racehorses as three-year property instead of seven-year property was extended to tax year 2017;
- The seven-year recovery period for motorsports entertainment complexes was extended to tax year 2017;
- The energy tax deduction for energy-efficient commercial buildings was extended to tax year 2017;
- Special disaster-related rules for use of retirement funds: individuals whose principal place of abode was located in the Hurricane Harvey, Irma, or Maria disaster areas on the date of disaster and who sustained an economic loss by reason of the hurricane are allowed penalty-free withdrawals from eligible retirement plans, subject to certain limitations.

MICHIGAN PERSONAL INCOME TAX LEGISLATIVE HISTORY (1967 – 2017)¹²

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.

¹² 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 $\frac{3}{4}$ 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 $\frac{1}{4}$ of the estimate must be paid at the time of filing a yearly estimate.

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

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

1972

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

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

1973

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

1974

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

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

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

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

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

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

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

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

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

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

1975

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

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

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

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

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

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

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

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

1976

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

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

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

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

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

1977

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

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

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

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

1978

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

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

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

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

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

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

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

1979

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

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

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

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

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

1980

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

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

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

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

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

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

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

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

1981

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

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

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

1982

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

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

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

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

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

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

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

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

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

1983

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

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

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

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

1984

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

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

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

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

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

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

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

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

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

1985

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

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

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

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

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

1986

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

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

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

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

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

1987

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

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

1988

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

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

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

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

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

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

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

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

1989

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

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

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

1990

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

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

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

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

1991

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

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

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

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

1992

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

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

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

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

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

1993

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

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

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

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

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

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

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

1994

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

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

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

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

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

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

1995

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

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

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

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

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

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

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

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

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

1996

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

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

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

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

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

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

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

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

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

1997

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

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

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

1998

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

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

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

1999

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

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

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

PA 214 made technical changes in the historic preservation credit.

2000

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

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

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

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

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

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

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

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

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

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

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

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

2001

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

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

2002

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

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

PA 615 allowed resident tribal members from a Michigan federally recognized Indian tribe who signed agreements¹³ with the Michigan Department of Treasury to deduct all non-business income earned or received in the tax year (to the extent included in AGI) . The deduction only applies to income received during the period in which an agreement is effective.

2003

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

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

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

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

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

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

2004

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

¹³ Public Act 616 of 2002 allowed the Michigan Department of Treasury to enter into agreements with federally recognized Indian tribes. The agreements specify whether, and to what extent, Michigan's tax laws apply to each tribe, the tribe members, and other individuals and businesses conducting business with a tribe or its members. In return, tribes would promote the enforcement of Michigan tax laws on businesses conducted by them involving non-resident tribal members and non-tribal members. Taxes addressed by the tax agreements include the sales and use tax, the individual income tax, the motor fuels tax, the tobacco tax, and the single business tax.

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

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

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

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

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

2005

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

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

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

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

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

2006

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

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

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

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

2007

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

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

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

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

2008

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

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

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

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

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

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

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

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

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

2009

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

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

2010

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

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

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

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

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

2011

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

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

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

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

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

eligibility for the credit. Business losses no longer offset other income for purpose of calculating total household resources, unlike the calculation of household income¹⁴.

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 1952¹⁵.

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

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

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

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

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

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

¹⁴ A chart with detailed information on differences between AGI, taxable income, total household resources, and household income can be found at https://www.michigan.gov/documents/taxes/CC-41011_608354_7.pdf

¹⁵ A chart with detailed information on Retirement Benefits Changes can be found at http://www.michigan.gov/documents/taxes/Tax_Change_Summaries_-_Retirement_Exemptions_359799_7.pdf

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

2012

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

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

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

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

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

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

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

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

2013

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

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

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

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

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

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

2014

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

PA 523 amended the Income Tax Act to require that an owner of property weatherized under MCL 206.527a must contribute at least 25 percent of the total cost of the weatherization services, unless the owner was also eligible for weatherization assistance or was a nonprofit organization, governmental agency, or municipal corporations. The Act also revised the determination of the amount used for weatherization, which impacts the amount available for the home heating credit. For fiscal years 2015 through 2018, the amount used for weatherization would be subject to the following limits:

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

2015

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

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

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

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

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

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

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

2016

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

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

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

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

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

2017

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

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

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

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

**MICHIGAN INCOME TAX REQUIREMENTS
(1967 – 2019)**

<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	1976 IRC	1976 IRC				
. Exemption from MI - IIT:	206.201	Exempt from Federal IIT										
. Revenue Distribution:	(1)											
. To Local Units:	206.481	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	12.1%	12.1%	12.1%	12.1%
. Filing Requirement:	(2)											
(Gross income (GI) or AGI above threshold)	206.315	GI	GI	GI	AGI							
	Single Return	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,500	\$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	\$3,000
. Reciprocity States		IN, WI	IN, WI, KY	IN, WI, KY	IN, WI, KY	IN, WI, KY, IL	IN, WI, KY, IL, OH					
. Liability Threshold for Estimated Pmt	(3) 206.301	\$100	\$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%

Exemptions Amounts:

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

Exemptions Amounts:

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

<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	1996 IRC	1996 IRC	1996 IRC							
. Exemption from MI - IIT:	206.201	Exempt from Federal IIT										
. Revenue Distribution:	(1)											
. To Local Units:	206.481	6.9%	6.9%	6.9%	6.9%	6.9%	7.21%/7.3%	7.21%/7.3%	No	No	No	No
. To School Aid Fund:	206.51(2)	No	No	No	No	No	14.4%	14.4%	23.0%	23.0%	23.0%	23.0%
. Filing Requirement:	(2)	206.315	AGI									
(Gross income (GI) or	Single Return	\$2,000	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,400	\$2,400	\$2,500	\$2,800	\$2,800
AGI above threshold)	Joint Return	\$4,000	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,800	\$4,800	\$5,000	\$5,600	\$5,600
. Reciprocity States		IN, WI, KY, IL, OH, MN										
. 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, line in MI-1040								
. Tax Rate	206.51(1), 51(b)-51(h)	4.60%	4.60%	4.60%	4.60%	4.60%	4.47%	4.40%	4.40%	4.40%	4.40%	4.40%

Exemptions Amounts:

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

<u>General MI-IIT Information:</u>	<u>MCL Section</u>	<u>TY 2000</u>	<u>TY 2001</u>	<u>TY 2002</u>	<u>TY 2003</u>	<u>TY 2004</u>	<u>TY 2005</u>	<u>TY 2006</u>	<u>TY 2007</u>	<u>TY 2008</u>	<u>TY 2009</u>	<u>TY 2010</u>
. IRC compliance (*)	206.12(3)	1996 IRC										
. Exemption from MI - IIT:	206.201	Exempt from Federal IIT										
. Revenue Distribution: (1)												
. To School Aid Fund:	206.51(2)	Formula										
. Filing Requirement: (2)	206.315	AGI										
(Gross income (GI) or AGI above threshold)	Single Return	\$2,900	\$2,900	\$3,000	\$3,100	\$3,100	\$3,200	\$3,300	\$3,400	\$3,500	\$3,600	\$3,600
	Joint Return	\$5,800	\$5,800	\$6,000	\$6,200	\$6,200	\$6,400	\$6,600	\$6,800	\$7,000	\$7,200	\$7,200
. Reciprocity States		IN, WI, KY, IL, OH, MN										
. 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										
. 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										
. Para/Hemi/Quadriplegic (**)(***)	206.30(3)	\$1,800	\$1,900	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200	\$2,300	\$2,300
. Disabled	206.30(3)	\$1,800	\$1,900	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200	\$2,300	\$2,300
. Blind (***)	206.30(3)	\$1,800	\$1,900	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200	\$2,300	\$2,300
. Deaf (***)	206.30(3)	\$1,800	\$1,900	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200	\$2,300	\$2,300
. Senior	206.30(3)	\$1,800	\$1,900	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200	\$2,300	\$2,300
. Unemployed	206.30(3)	\$1,800	\$1,900	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200	\$2,300	\$2,300
. Claimed as Dependent	206.30(4)	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
. Child . Age 6 and Under	206.30d(2)	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600
. Age 7 to 12		\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600
. Disabled Veteran	206.30(3)	n.a.	\$250	\$300	\$300							

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

<u>General MI-IIT Information:</u>	<u>MCL</u>	<u>Form</u>	<u>TY</u>								
	<u>Section</u>		<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
. IRC compliance (*)	206.12(3)		1996 IRC	2018 IRC	2018 IRC						
. Exemption from MI - IIT:	206.201		Exempt from Federal IIT								
. Revenue Distribution:	(1)										
. To School Aid Fund:	(1) 206.51(2)		Formula								
. To Agricultural Preservation Fund:	(1a) 206.51(3)		No	No	No	No	No	Yes	Yes	Yes	Yes
. To MI Transportation Fund:	(1b) 206.51d		No	\$264m or \$150m							
. To Brownfield Redevelopment Fund:	206.51e		No	No	No	No	No	No	Yes	Yes	Yes
. To Good Jobs for Michigan Fund:	206.51f		No	No	No	No	No	No	Yes	Yes	Yes
. To Renew Michigan Fund:	(1b) 206.51(4)		No	\$69m or \$0							
. Filing Requirement:	(2) 206.315	MI-1040	AGI								
(Gross income (GI) or AGI above threshold)		Single Return	\$3,700	\$3,763	\$3,950	\$4,000	\$4,000	\$4,000	\$4,000	\$4,050	\$4,400
		Joint Return	\$7,400	\$7,526	\$7,900	\$8,000	\$8,000	\$8,000	\$8,000	\$8,100	\$8,800
. Reciprocity States			IN, WI, KY, IL, OH, MN								
. Liability Threshold for Estimated Pmt	(3) 206.301	MI-1040	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
. Use Tax Return in MI-1040 Booklet		MI-1040	Yes, line in MI-1040								
. Tax Rate	206.51(1), 51(b)-51(h)	MI-1040	4.35%	4.33%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%
<u>Exemptions Amounts:</u>											
. Personal Exemption:	206.30(2), 30a	MI-1040	\$3,700	\$3,763	\$3,950	\$4,000	\$4,000	\$4,000	\$4,000	\$4,050	\$4,400
. Stillbirth Certificate	206.30(2) (c), 30a		n.a.	\$4,400							
. Special Exemptions:	(4) 206.30(3)	MI-1040	Yes								
. Para/Hemi/Quadriplegic (**)(***)	206.30(3)		\$2,400	\$2,400	\$2,500	\$2,500	\$2,600	\$2,600	\$2,600	\$2,700	\$2,700
. Disabled	206.30(3)		\$2,400	\$2,400	\$2,500	\$2,500	\$2,600	\$2,600	\$2,600	\$2,700	\$2,700
. Blind (***)	206.30(3)		\$2,400	\$2,400	\$2,500	\$2,500	\$2,600	\$2,600	\$2,600	\$2,700	\$2,700
. Deaf (****)	206.30(3)		\$2,400	\$2,400	\$2,500	\$2,500	\$2,600	\$2,600	\$2,600	\$2,700	\$2,700
. Senior	(#) 206.30(3)		\$2,400	n.a.							
. Unemployed	(#) 206.30(3)		\$2,400	n.a.							
. Claimed as Dependent	206.30(4)		\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
. Child	(#) 206.30d(2)		\$600	n.a.							
. Age 6 and Under			\$600	n.a.							
. Age 7 to 12			\$300	\$300	\$300	\$400	\$400	\$400	\$400	\$400	\$400
. Disabled Veteran	206.30(3)		\$300	\$300	\$300	\$400	\$400	\$400	\$400	\$400	\$400

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

	MCL Section	TY 1967	TY 1968	TY 1969	TY 1970	TY 1971	TY 1972	TY 1973	TY 1974	TY 1975	TY 1976	TY 1977	
<u>Check-Offs:</u>													
. State Campaign Fund	(5) 169.261(2)	No	Yes	Yes	Yes								
	Single Return	n.a.	\$2	\$2	\$2								
	Joint Return	n.a.	\$4	\$4	\$4								
<u>Tax Base Adjustments Limits</u>													
. Maximum Private Pension Deduction (***) (7)	206.30(1)(f)(iv)	No	Yes	Yes	Yes	Yes							
	Single Return	n.a.	\$7,500	\$7,500	\$7,500	\$7,500							
	Joint Return	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>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										
		Single Return	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2	\$2
		Joint Return	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4	\$4
Other Voluntary Contributions:	(6)												
. Nongame Wildlife Trust Fund		206.439	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
. Children's Trust Fund		206.440	No	No	No	No	Yes						
<u>Tax Base Adjustments Limits</u>													
. Maximum Private Pension Deduction (*****)	(7)	206.30(1)(f)(iv)	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										
		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.)

		MCL Section	TY 1989	TY 1990	TY 1991	TY 1992	TY 1993	TY 1994	TY 1995	TY 1996	TY 1997	TY 1998	TY 1999
Check-Offs:													
. State Campaign Fund	(5)	169.261(2)	Yes										
		Single Return	\$2	\$2	\$2	\$2	\$3	\$3	\$3	\$3	\$3	\$3	\$3
		Joint Return	\$4	\$4	\$4	\$4	\$6	\$6	\$6	\$6	\$6	\$6	\$6
Other Voluntary Contributions:													
. Nongame Wildlife Trust Fund	(6)	206.439	Yes										
. Children's Trust Fund		206.440	Yes										
Tax Base Adjustments Limits													
. Maximum Private Pension Deduction (*****)	(7)	206.30(1)(f)(iv)	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										
		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.	\$7,500	\$8,000	\$8,000							
. Federal IRA Contribution Limit			No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
. General			n.a.	n.a.	n.a.	n.a.	n.a.	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		<u>MCL</u>	<u>TY</u>										
		<u>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										
		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						
. Children's Trust Fund		206.440	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
. Prostrate Cancer Research Fund		206.435	No	Yes	Yes	No							
. Amanda's Fund		206.435	No	Yes	Yes	No							
. Animal Welfare Fund		206.435	No	Yes	Yes	Yes							
. Michigan Housing and Community													
Development Fund		206.435	No	Yes	Yes	No							
. Michigan Law Enforcement													
Memorial Monument Fund		206.435	No	Yes	Yes	No							

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		<u>MCL</u>		<u>TY</u>								
		<u>Section</u>	<u>Form</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Check-Offs:												
. State Campaign Fund	(5)	169.261(2)	MI-1040	Yes								
			Single Return	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3
			Joint Return	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6
Other Voluntary Contributions:	(6)											
. Children of Veterans												
Tuition Grant		206.437	Form 4642	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No
. Military Family Relief Fund		206.438	Form 4642	Yes								
. Children's Trust Fund		206.440	Form 4642	Yes								
. Animal Welfare Fund		206.435	Form 4642	Yes								
. United Way Fund		206.435	Form 4642	Yes								
. Girl Scout of Michigan Fund		206.435	Form 4642	Yes	Yes	Yes	No	No	No	No	No	No
. Special Olympics Michigan Fund		206.435	Form 4642	No	Yes	Yes	Yes	Yes	Yes	No	No	No
. AMBER Alert Fund of Michigan		206.435	Form 4642	No	No	Yes	Yes	No	No	No	No	No
. ALS of Michigan ("Lou Gehrig's												
Disease") Fund		206.435	Form 4642	No	No	Yes	Yes	Yes	Yes	No	No	No
. Alzheimer's Association of Michigan		206.435	Form 4642	No	No	Yes	Yes	Yes	Yes	No	No	No
. Michigan Junior Achievement		206.435	Form 4642	No	No	No	No	No	Yes	Yes	No	No
. American Red Cross Michigan		206.435	Form 4642	No	No	No	No	No	Yes	Yes	Yes	Yes
. Fostering Futures Scholarship Trust Fund		206.435	Form 4642	No	Yes	Yes						
. Kiwanis Fund		206.435	Form 4642	No	Yes	Yes						
. Lions of Michigan Foundation Fund		206.435	Form 4642	No	Yes	Yes						
. Michigan World War II												
Legacy Memorial Fund		206.435	Form 4642	No	Yes	Yes						

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

	MCL		TY								
	Section	Form	2011	2012	2013	2014	2015	2016	2017	2018	2019
<u>Tax Base Adjustments Limits</u>			MI-1040								
. Maximum Private Pension Deduction (*****)	206.30(1)(f)(iv)	Form 4884	Yes								
For those born before 1946	(7)	Single Return	\$45,842	\$47,309	\$48,302	\$49,027	\$49,811	\$49,861	\$50,509	\$51,570	\$52,808
		Joint Return	\$91,684	\$94,618	\$96,605	\$98,054	\$99,623	\$99,723	\$101,019	\$103,140	\$105,615
For those born after 1945 and before 1953	203.30(9)	Form 4884	Yes								
	(7)	Single Return	\$45,842	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
		Joint Return	\$91,684	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
For those born after 1952	203.30(9)	Form 4884	Yes	No							
	(7")	Single Return	\$45,842	n.a.							
		Joint Return	\$91,684	n.a.							
. Political Contribution	(#)	206.30(1)(j)	Yes	No							
		Single Return	\$50	n.a.							
		Joint Return	\$100	n.a.							
. Maximum Senior Interest, Dividends, and Capital Gains Deduction (*****)	206.30(1)(p)	Schedule 1	Yes								
	(8)	Single Return	\$10,218	\$10,545	\$10,767	\$10,929	\$11,104	\$11,115	\$11,259	\$11,495	\$11,771
		Joint Return	\$20,437	\$21,091	\$21,534	\$21,857	\$22,207	\$22,229	\$22,518	\$22,991	\$23,542
For those born after 1945	206.30(1)(p)	Schedule 1	Yes	No							
	(8)	Single Return	\$10,218	n.a.							
		Joint Return	\$20,437	n.a.							
. Maximum MESP Contribution	206.30(1)(t)(i)	Schedule 1	Yes								
		Single Return	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
		Joint Return	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
. Federal Taxable Wage Base for FICA			\$106,800	\$110,100	\$113,700	\$117,000	\$118,500	\$118,500	\$127,200	\$128,400	\$132,900
. Federal Salary Elective Deferrals											
. 401(k)			\$16,500	\$17,000	\$17,500	\$17,500	\$18,000	\$18,000	\$18,000	\$18,500	\$19,000
. 403(b), or 457			\$16,500	\$17,000	\$17,500	\$17,500	\$18,000	\$18,000	\$18,000	\$18,500	\$19,000
. 50 and over			\$22,000	\$22,500	\$23,000	\$23,000	\$24,000	\$24,000	\$24,000	\$24,500	\$25,000
. Federal IRA Contribution Limit			Yes								
. General			\$5,000	\$5,000	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$6,000
. 50 and over			\$6,000	\$6,000	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$7,000

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		<u>MCL</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									
. Nonresident Cr. for Reciprocal State													
Income Tax Exemption	(11)	206.256	No	Yes									
. City Income Taxes Cr.	(12) (#	206.257	No	Yes									
. Public Contribution Cr.	(13) (#	206.26	No	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>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										
. Nonresident Cr. for Reciprocal State													
Income Tax Exemption	(11)	206.256	Yes										
. City Income Taxes Cr.	(12) (#)	206.257	Yes										
. Public Contribution Cr.	(13) (#)	206.26	Yes (a)	Yes (a')									
. Renewable/Solar Energy Cr.	(14) (#)	206.262	No	Yes									
. Agricultural Products Gleaned Cr.		206.263	No	No	No	No	Yes						
<u>Refundable Credits</u>													
. Inventory Tax Cr.	(22)	206.258(1)	No										
or Franchise Fee Cr.		206.258(1)	No										

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		<u>MCL</u>	<u>TY</u>										
		<u>Section</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
<u>NonRefundable Credits</u>													
. Headlee Amendment Refund	(9)	206.252	No	No	No	No	No	No	Yes	No	No	No	No
. Taxes Paid to Another State Cr.	(10)	206.255(1)	Yes										
. Nonresident Cr. for Reciprocal State Income Tax Exemption	(11)	206.256	Yes										
. City Income Taxes Cr.	(12) (#)	206.257	Yes										
. Public Contribution Cr.	(13) (#)	206.26	Yes (a')										
. Community Foundation Cr.	(13) (#)	206.261	Yes (a')										
. Homeless Shelter/Foodbank Cr	(13) (#)	206.261	No	No	No	Yes (a')							
. Renewable/Solar Energy Cr.	(14) (#)	206.262	Yes	Yes	Yes	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	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								
. Prescription Drug Cr.	(24)	206.273	Yes										

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		<u>MCL</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										
. Nonresident Cr. for Reciprocal State													
Income Tax Exemption	(11)	206.256	Yes										
. City Income Taxes Cr.	(12) (#)	206.257	Yes										
. Public Contribution Cr.	(13) (#)	206.260	Yes (a')										
. Community Foundation Cr.	(13) (#)	206.261	Yes (a')										
. Homeless Shelter/Foodbank C	(13) (#)	206.261	Yes (a')										
. MI Historic Preservation Cr.	(16)	206.266	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										
. Individual or Family													
Development Account Cr.		206.276	No	Yes	Yes	Yes	Yes						
. Film Production Cr.	(19) (#)	206.367	No	Yes	Yes	Yes							
<u>Refundable Credits</u>													
. Sec. 1341 of IRC Cr.		206.265	Yes										
. Adoption Cr.	(23) (#)	206.267, 268	No	Yes									
. Prescription Drug Cr.	(24)	206.273	Yes	Yes	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	Yes	Yes	Yes							

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

<u>NonRefundable Credits</u>		<u>MCL</u>	<u>Form</u>	<u>TY</u>								
		<u>Section</u>		<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
. Taxes Paid to												
Another State Cr.	(10)	206.255(1)	MI-1040	Yes								
. Nonresident Cr. for Reciprocal State												
Income Tax Exemption	(11)	206.256	MI-1040	Yes								
. City Income Taxes Cr.	(12) (#)	206.257	MI-1040, Sch. 2	Yes	No							
. Public Contribution Cr.	(13) (#)	206.260	MI-1040, Sch. 2	Yes (a')	No							
. Community Foundation Cr.	(13) (#)	206.261	MI-1040, Sch. 2	Yes (a')	No							
. Homeless Shelter/Foodbank Cr.	(13) (#)	206.261	MI-1040, Sch. 2	Yes (a')	No							
. MI Historic Preservation Cr.	(16)	206.266	Form 3581	Yes								
. Vehicle Donation Cr.	(17) (#)	206.269	MI-1040, Sch. 2	Yes	No							
. College Tuition Cr.	(18) (#)	206.274	MI-1040, Sch. 2	Yes	No							
. Individual or Family												
Development Account Cr.		206.276	MI-1040, Sch. 2	Yes	No							
. Film Production Cr.	(19) (#)	206.367	MI-1040, Sch. 2	Yes	No							
. Energy Cost Recovery												
Surcharge Cr.	(20) (#)	206.253(2)	MI-1040, Sch. 2	Yes	No							
. Small Business												
Investment Tax Cr.	(21)	206.278	MI-1040	Yes								
<hr/>												
<u>Refundable Credits</u>												
. Sec. 1341 of IRC Cr.		206.265	MI-1040	Yes								
. Adoption Cr.	(23) (#)	206.267, 268		Yes	No							
. Stillbirth Credit	(26) (#)	206.275		Yes	No							
. Earned Income Tax Credit	(27)	206.272	MI-1040	Yes								
. Energy Efficient Qualified	(28) (#)	206.253(1)		Yes	No							
. MI Historic Preservation Cr.	(29)	206.266(8)	Form 3581	Yes								

For notes, see page 121.

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''')				
. 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.	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				
. Income Limit	206.506	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
. Homeowner Blind Cr. Requirements:												
. Taxable Value Allowance												
. Taxpayer only blind	206.522(1)(e)(i), (ii)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
. Taxpayer and Spouse blind	206.522(3)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$3,500	\$7,000	\$7,000	\$7,000	\$7,000
. Total HPTC Limit	206.520(15)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$500	\$500	\$500	\$1,200	\$1,200
. Cr. Availability/Calculation												
. General:	206.522(1)(a)	n.a.	Yes (b)	Yes (b)	Yes (b')	Yes (b'')	Yes (b''')	Yes (c)				
. Special Credits:												
. Seniors												
. General	206.522(1)(b), (c)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (d)				
. 1973 Homestead Exempt	206.522(5)	n.a.	Yes (f)	Yes (f)	Yes (f)	Yes (f)						
. Para/hemi/quadruplegic	206.522(1)(c)	n.a.	Yes (d)	Yes (d)	Yes (d)	Yes (d)						
. Disabled	206.522(1)(c)	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)				
. Blind	206.522(1)(e)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (i)				
. Farmland Preservation Credit (31)	554.710(1)	No	No	No	Yes (j)	Yes (j)						

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)			MCL	TY								
		Section	Form	2011	2012	2013	2014	2015	2016	2017	2018	2019
. <u>Homestead Property Tax Cr.</u>	(30)	206.520, 522	MI-1040CR	Yes (b''')								
. Eligible Property Tax Paid Percent												
. Homeowners		206.520(1)		100%	100%	100%	100%	100%	100%	100%	100%	100%
. Renters		206.520(2)										
. Ad Valorem Taxes				20%	20%	20%	20%	20%	20%	20%	23%	23%
. Service Charges				10%	10%	10%	10%	10%	10%	10%	10%	10%
. Nursing Home Patient				share								
. Homeowner Veterans Cr. Requirements:			MI-1040CR-2									
. Taxable Value Allowance		206.506		\$2,500 to \$4,500								
. Income Limit		206.506		\$7,500	\$7,500 (b''')							
. Homeowner Blind Cr. Requirements:			MI-1040CR-2									
. Taxable Value Allowance												
. Taxpayer only blind		206.522(1)(e)(i), (ii)		\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$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
. Homestead Taxable Value Limit		206.520(1)		n.a.	≤ \$135,000	≤ \$135,000	≤ \$135,000	≤ \$135,000	≤ \$135,000	≤ \$135,000	≤ \$135,000	≤ \$135,000
. Household Income Limit		206.520(8)		\$82,650	n.a.							
. Household Resources Limit		206.520(8)		n.a.	\$50,000 (b''')	\$60,000 (b''')	\$60,000 (b''')					
. Credit phase out before limit				10% per \$1,000								
. Total HPPTC Limit		206.520(15)		\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,500	\$1,500
. Cr. Availability/Calculation												
. General:		206.522(1)(a)		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''')					
. Low Income Renters		206.520(9), (10)		Yes (e)								
. 1973 Homestead Exempt		206.522(5)		Yes (f)								
. Para/hemi/quadruplegic		206.522(1)(c)		Yes (d)	Yes (d'')	Yes (d'')						
. Disabled		206.522(1)(c)		Yes (d)	Yes (d'')	Yes (d'')						
. Deaf		206.522(1)(c)		Yes (d)	Yes (d'')	Yes (d'')						
. Veterans		206.522(1)(d)		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'')				
. Farmland Preservation Credit	(31)	554.710(1)	MI-1040CR-5	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										
. Federal Poverty Income Limit	206.527a(1)(b)	n.a.	110%	110%	110%	110%						
. General Credit	206.527a(1)(c)(i)	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										
. Federal Poverty Income Limit	206.527a(1)(b)	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%
. <u>General Credit</u>	206.527a(1)(c)(i)	Yes (k')	Yes (k')	Yes (k'')								
. <u>Maximum Credit:</u>	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.
. <u>Maximum Income Limit Requirement:</u>												
. 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.
. <u>Alternative Credit</u>	206.527a(1)(c)(ii)	Yes (l'')										
. <u>Heating Fuel Cost Limit</u>	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
. <u>Maximum Income:</u>												
. 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
. <u>Credit Proration (%)</u>	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										
. Federal Poverty Income Limit	206.527a(1)(b)	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%
. <u>General Credit</u>	206.527a(1)(c)(i)	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.
. <u>Alternative Credit</u>	206.527a(1)(c)(ii)	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
. <u>Credit Proration (%)</u>	206.527a(18)	100%	100%	100%	80%	76%	76%	76%	53%	65%	65%	52%

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	MCL Section	Form	TY 2011	TY 2012	TY 2013	TY 2014	TY 2015	TY 2016	TY 2017	TY 2018	TY 2019
. <u>Home Heating Credit</u>	(32) 206.527a(1)	MI-1040CR-7	Yes								
. Federal Poverty Income Limit	206.527a(1)(b)		110%	110%	110%	110%	110%	110%	110%	110%	110%
. General Credit	206.527a(1)(c)(i)		Yes (k")								
. Maximum Credit:	206.527a(1)(a)										
. 0 or 1 Exemption			\$420	\$431	\$443	\$450	\$454	\$458	\$465	\$468	\$482
. 2 Exemptions			\$567	\$584	\$598	\$607	\$614	\$618	\$626	\$635	\$652
. 3 Exemptions			\$714	\$736	\$753	\$763	\$774	\$777	\$787	\$801	\$822
. 4 Exemptions			\$861	\$888	\$908	\$919	\$935	\$937	\$948	\$967	\$992
. 5 Exemptions			\$1,009	\$1,041	\$1,062	\$1,076	\$1,095	\$1,096	\$1,109	\$1,134	\$1,163
. 6 Exemptions			\$1,156	\$1,193	\$1,217	\$1,232	\$1,255	\$1,255	\$1,270	\$1,300	\$1,333
. more than 6 exemp.			+\$147/exemp.	+\$152/exemp.	+\$155/exemp.	+\$156/exemp.	+\$160/exemp.	+\$160/exemp.	+\$161/exemp.	+\$166/exemp.	+\$170/exemp.
. Maximum Income Limit Requirement:											
. 0 or 1 Exemption			\$11,986	\$12,299	\$12,642	\$12,842	\$12,956	\$13,070	\$13,271	\$13,357	\$13,757
. 2 Exemptions			\$16,186	\$16,671	\$17,071	\$17,329	\$17,528	\$17,642	\$17,871	\$18,129	\$18,614
. 3 Exemptions			\$20,387	\$21,014	\$21,500	\$21,786	\$22,099	\$22,185	\$22,471	\$22,871	\$23,471
. 4 Exemptions			\$24,587	\$25,357	\$25,929	\$26,243	\$26,699	\$26,753	\$27,071	\$27,614	\$28,328
. 5 Exemptions			\$28,815	\$29,728	\$30,328	\$30,728	\$31,270	\$31,299	\$31,671	\$32,386	\$33,214
. 6 Exemptions			\$33,014	\$34,071	\$34,757	\$35,186	\$35,842	\$35,842	\$36,271	\$37,129	\$38,071
. more than 6 exemp.			+\$4,200/exemp.	+\$4,343/exemp.	+\$4,429/exemp.	+\$4,457/exemp.	+\$4,571/exemp.	+\$4,571/exemp.	+\$4,600/exemp.	+\$4,743/exemp.	+\$4,857/exemp.
. Alternative Credit	206.527a(1)(c)(ii)		Yes (l")								
. Heating Fuel Cost Limit	206.527a(1)(d)		\$2,506	\$2,598	\$2,642	\$2,642	\$2,642	\$2,642	\$2,737	\$2,741	\$2,741
. Maximum Income:											
. 0 or 1 Exemptions			\$12,973	\$13,317	\$13,576	\$13,727	\$13,727	\$13,826	\$14,111	\$14,472	\$14,632
. 2 Exemptions			\$17,458	\$17,920	\$18,269	\$18,472	\$18,472	\$18,605	\$18,989	\$19,475	\$19,690
. 3 or more			\$21,946	\$22,527	\$22,967	\$23,222	\$23,222	\$23,389	\$23,872	\$24,483	\$24,753
. Credit Proration (%)	206.527a(18)		52%	48%	49%	50%	50%	67%	75%	75%	80%

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.
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- .(1) Local Units distribution was based on percent from net collections through TY 1986, and from gross collections thereafter. Revenue Sharing distribution is based on percent from gross collections. From TY 2001 through November 2019, School Aid Fund share calculated by formula: 1.012% divided by IIT tax rate. For December 2018 through September 2019, the percentage is 0.954%, reverting to 1.012% thereafter.
 - .(1a) Starting on October 2016, an amount equal to 3.5% of the average amount of farmland tax credits for the immediately preceding 3 state fiscal years is deposited into the Agricultural Preservation Fund each fiscal year.
 - .(1b) Michigan Transportation Fund (MTF) distributions start on FY 2019 at \$264 million, \$468 million for FY 2020, and \$600 million for each fiscal year thereafter. The Renew Michigan Fund (RMF) distributions start on FY 2019 at \$69 million annually. If in any fiscal year from 2019 to 2022 the minimum foundation allowance falls below the FY 2018 minimum foundation allowance established under the State School Aid Act, then for that fiscal year no money shall be deposited into the RMF, and MTF distributions are reduced to the following: \$150 million in FY 2019, and \$325 million in FY 2020.
 - .(2) Filing requirement applies to any person whose gross income or federal AGI is in excess of the personal exemptions and additional (special) exemptions allowed. Filing threshold listed does not take into account special exemptions allowed.
 - .(3) Taxpayers with liability after credits and tax withheld above threshold must make estimated payments. Threshold equaled to \$100 until TY 1986, and \$500 thereafter. Exceptions to rule: no estimated payments are needed if withholding and credits for tax year equals 100% of previous tax year liability, or 90% of present tax year liability.
 - .(4) Except for claimed as a dependent exemption (which applies only to the taxpayer), special exemptions applied to taxpayer or spouse only through TY 1999; and to taxpayers, spouse, or dependents of taxpayer, thereafter.
 - .(5) Contributions to the fund do not increase liability.
 - .(6) Contributions to those funds increase/reduce taxpayers' liability/refund.

Tax base 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, where the maximum private pension deduction amount must be reduced by 25% of the total public (federal and MI) and federal military retirement benefits deduction claimed. Starting TY 2012, pension deduction is reduced only for those born after 1945. See footnotes (7') and (7").
- .(7') Starting TY 2012, those born after 1945 and before 1953 are entitled to the lower maximum pension deduction limit. For taxpayers with pensions from government agencies not covered by the Social Security Act (SSA), the maximum pension deduction limits are \$35,000 (single) / \$55,000 (joint) / \$70,000 (joint) when both spouses worked for an "uncovered" agency. Once taxpayers reach the age of 67, this deduction - for covered or uncovered agencies - may offset all types of income, and is not restricted to retirement and pension income. Taxpayers who choose to take the lower maximum pension deduction are not eligible to take a military subtraction or MI National Guard or Railroad pension subtraction on the same tax year.
- .(7") Starting TY 2012, those born after 1952, only taxpayers at the age of 62 through 66 who receive pensions from government agencies not covered by the SSA are entitled to a lower maximum pension deduction limit equal to \$15,000 (single or joint filer) or \$30,000 for joint filers when both spouses worked for an "uncovered" agency. For all filers born after 1952, once age 67 is reached, taxpayer may take a \$20,000 (single) / \$40,000 (joint) deduction against all income. Taxpayers who choose to take the lower maximum deduction against all income are not eligible to take exemptions for Social Security, Military, MI National Guard or railroad retirement, nor any personal exemptions in the same tax year.
- .(8) From TY 1994 through TY 1996, seniors were allowed deduction only from interest and dividends income, and this exemption could only be taken if taxpayer did not take a deduction for retirement and pension benefits. Starting TY 1997, senior deduction also includes capital gains income, where the senior maximum interest, dividend, and capital gain deduction amount shall be reduced by the total amount of retirement/ pension benefit deduction claimed. Starting TY 2012, this deduction is no longer available for those born after 1945.

Non Refundable Credits:

- .(9) Headlee Credit: equaled to 2% of 1995 tax liability computed before taking into account any credit. Credit was effective only for TY 1995.
- .(10) Taxes Paid to Another State Credit: for TY 1967, credit equaled $\min\{\text{income tax paid in other states, taxpayer liability}\}$. Starting in 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. This credit is not available for historic rehabilitation plans certified after December 31, 2011.
- (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 eligible for the MBT credit who, instead, elect to claim the credit against IIT liability.
- (20) Energy Cost Recovery Surcharge Credit is restricted to eligible taxpayers with AGI up to \$65,000 (single), or \$130,000 (joint), and the equals a percentage of the additional utility charges paid that were imposed, so that electric utilities would meet newly enacted energy standards. Credit percentage is as follows: 25% for TY 2009, 20% for TY 2010 and TY 2011.
- (21) Small Business Investment Tax Credit (Venture credit) equals to 25 percent of a qualified investment made in a qualified business during tax years 2011 and 2012. Taxpayers may not claim a credit of more than \$250,000 in any one year, and shall be taken by the taxpayer in equal installments over 2 years beginning with the tax year in which the certification was approved.

Refundable Credits:

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

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

- (26) Stillbirth Credit: credit equals to 4.5% of the personal exemption amount for the tax year allowed for a single exemption, rounded up to the nearest \$10 increment.
- (27) Earned Income Tax Credit: equals to 10% of federal EITC claimed for TY 2008, 20% of federal EITC claimed for TY 2009 through TY 2011 and 6% for TY 2012 and after.
- (28) Energy Star Equipment Credit: credit available for taxpayers with AGI up to \$37,500 (single), or \$75,000 (joint) and equals $\min \{ 10\% \text{ cost of purchase \& installation, } \$75 \text{ (single), or } \$150 \text{ (joint) } \}$.
- (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 |
|---------------------------------------|---------------------------------------|
| . $\leq \$100$ | 20% of property taxes |
| . $> \$100, \leq \150 | $\$20 + 15\%$ of excess over \$100 |
| . $> \$150, \leq \200 | $\$27.50 + 10\%$ of excess over \$150 |
| . $> \$200, \leq \$10,000$ | $\$32.50 + 5\%$ 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 |
|-----------------------------|--------------------------------------|
| . $\leq \$100$ | 20% of property taxes |
| . $> \$100, \leq \150 | $\$20 + 10\%$ of excess over \$100 |
| . $> \$150, \leq \200 | $\$25 + 5\%$ of excess over \$150 |
| . $> \$200, \leq \$10,000$ | $\$27.50 + 5\%$ of excess over \$200 |
| . $> \$10,000$ | 4% of property taxes |
- (b'''). Starting TY 1973, credit became refundable, based only on homestead property taxes paid and was calculated based on taxpayer's household income. For mobile home owners, property taxes include the \$3.00 / month specific tax plus statutorily allowed percentage of rent.
- (b'''). Starting in TY 2012, the credit became subject no longer to household income, but to household resources. Household resources refer to total household income plus any net business loss after netting all business income and loss, plus any net rental or royalty loss, plus any deduction from federal adjusted gross income for a carryback or carryforward of a net operating loss as defined in IRC sec. 172 (b) (2).
- (c). Through TY 2011, General Credit (for homeowners or renters) equals to 60% of property tax amount paid in excess of 3.5% of household income.
- (c'). Starting TY 2012, General Credit (for homeowners or renters) equals to 60% of property tax amount paid in excess of 3.5% of household resources.

- (d). Credit for homeowners or renters who are: Seniors (General Credit, only through TY 2011); Para/Quadriplegic (starting TY 1974); Hemiplegic (starting TY 1984); Blind (starting TY 2000 through TY 2011, and TY 2013 and on), or Deaf (starting TY 2000).

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

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

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

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

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

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

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

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

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

- (e). Senior Low Income Renter Credit equals to the amount of rent paid in excess of 50% (in 1982), 45% (in 1983), or 40% (thereafter) of taxpayer's household income, for seniors whose rent expenses are higher than 40% of their household income.
- (f). Seniors who received a 1973 homestead exemption of \$2,500, and with household income up to \$6,000 may claim a PPT credit equal to eligible PPT paid multiplied by min {percentage that \$2,500 bears to the homestead taxable value, 100% }.
- (g). Disabled (homeowners or renters) PPT Credit equals to 60% of credit as computed under senior general PPT credit.
- (h). Veteran homeowners may claim a credit equal to eligible homestead property taxes paid multiplied by min. {percent of taxable value allowance (former State equalized value allowance) bears to the homestead taxable value (former State equalized value), 100% }.
 Veteran renters may claim a credit equal to eligible homestead property taxes paid multiplied by min. percentage as follows:
 - . Starting TY 1978 through TY 1993: lesser of 17% of the eligible rent divided by the property tax rate on the property, or 100%;
 - . TY 1994 through TY 2017: lesser of 20% of the eligible rent divided by the property tax rate on the property, or 100%;
 - . TY 2018 and after: lesser of 23% of the eligible rent divided by the property tax rate on the property, or 100%;
- (i). Homeowner Blind taxpayers may claim a credit equal to eligible property tax paid multiplied by min. {percentage that the taxable value allowance (former State equalized value allowance) bears to the homestead taxable value (former State equalized value), 100% }, starting TY 1973 through TY 999 (solely), and after TY 1999, homeowners or renters who are Blind may claim a credit as Disabled (TY2000 through TY2011, and after TY 2012) or as Seniors (TY 2012).

.(31) Farmland Preservation Credit:

- (j). Until TY 2000, credit equals amount of eligible property tax on eligible restricted farming land and structures that exceeded 7% of taxpayer household income.
- (j'). Starting TY 2001, credit equals amount of eligible property tax on eligible restricted farming land and structures that exceeds 3.5% of taxpayer household income.

.(32) Home Heating Credit:

General Credit:

- (k). In TY 1978, credit equaled to table amount reduced by 3.5% of claimant's household income for filers with liquid assets up to \$30,000.
- (k'). From TY 1979 through TY 1990, credit equaled to table amount reduced by 3.5% of claimant's household income, where taxpayers with household income above table ceiling are not eligible for credit.
- (k''). Starting TY 1991, credit equals to table amount reduced by 3.5% of claimant's household income, the result multiplied by 50% (if heating costs are included in rent) or 100% (otherwise).
- (k'''). Starting TY 2012, credit calculation remains the same as before, but becomes subject to household resources (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 (not household income).