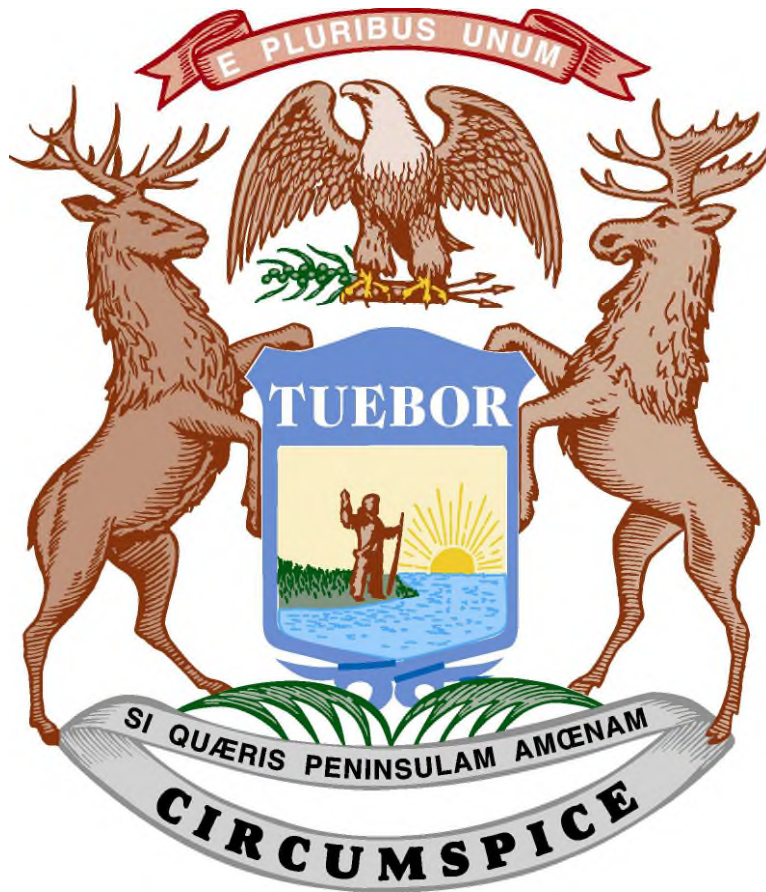
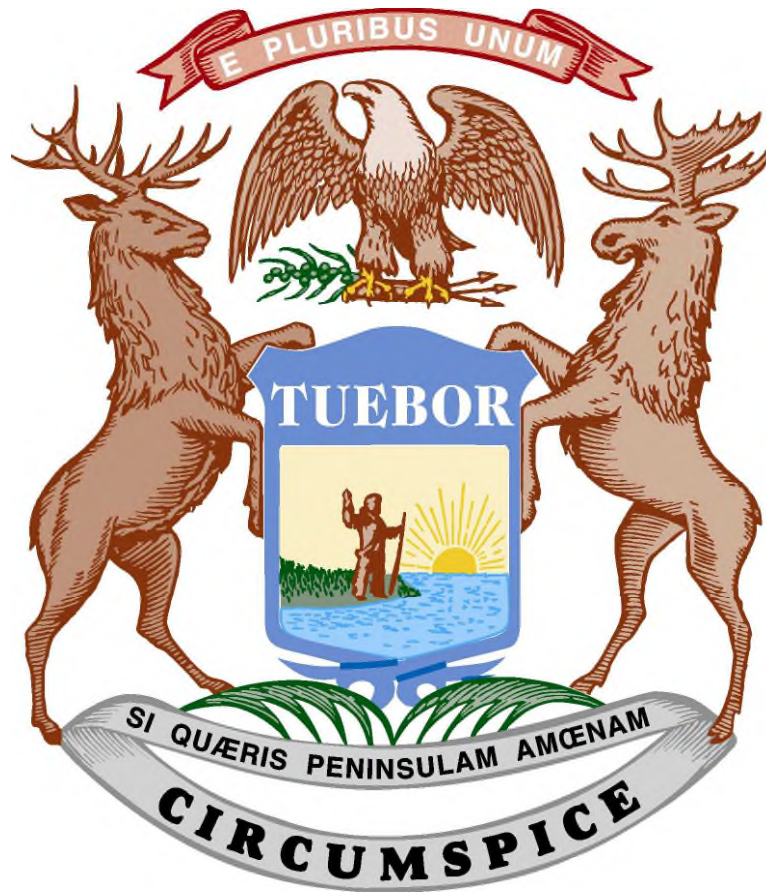


# MICHIGAN'S INDIVIDUAL INCOME TAX 2019



Michigan Department of Treasury  
Office of Revenue and Tax Analysis  
Tax Analysis Division  
December 2021

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Tax Analysis Division  
December 2021

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## I. EXECUTIVE SUMMARY

### **Returns and Revenue**

For tax year 2019, Michigan's personal income tax generated \$9.0 billion in state revenues after all credits and refunds were paid. Net revenue decreased \$15.9 million (-0.2 percent) from 2018 levels, reflecting the decrease in Adjusted Gross Income (AGI) from 2018 to 2019. Over 4.9 million returns were filed for the 2019 tax year, or 57,700 more filers than the previous year.

Although the personal income tax was levied at a nominal flat rate of 4.25 percent in 2019, the average effective tax rate varied from negative 64.59 percent for filers with an AGI under \$2,000 to positive 3.36 percent for taxpayers with an AGI between \$200,001 and \$300,000. Including the impact of all refundable and nonrefundable credits, the overall effective tax rate was 2.35 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 (94.1 percent) of the \$9.0 billion in net revenue was paid by income groups with income over \$50,000.

### **Interstate Comparisons**

For fiscal year 2019, Michigan's income tax revenue was eleventh lowest in the nation on a per capita basis, and tenth 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 36.3 percent below average on a per capita basis, and 26.8 percent below average as a percent of personal income.

### **Property Tax Credit**

About 1.2 million Michigan homeowners, renters, and farmers received \$835.0 million in property tax credits, including farmland preservation credits, for 2019. The average property tax credit was \$708.02. Excluding farmland preservation credits, the average property tax credit for tax year 2019 was \$669.38. The total amount of property tax credits, including farmland preservation credits, increased by \$51.6 million (6.6 percent) with 37,000 additional taxpayers benefiting compared to tax year 2018.

Senior citizens received about \$272.1 million in homestead property tax credits, an increase of \$8.5 million from tax year 2018. For about 368,900 senior citizens receiving homestead property tax credits, the average credit was \$737.51.

### **Home Heating Credit**

Home heating credits totaled \$60.0 million for tax year 2019, with about 272,800 households qualifying for an average credit of \$219.99. Home heating credits decreased \$7.2 million for 2019, with approximately 31,000 fewer taxpayers claiming the credit.



### **Michigan Earned Income Tax Credit (EITC)**

About 738,400 taxpayers claimed about \$110.6 million in Michigan EITC for 2019, resulting in an average credit of \$149.76 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 2019, about 90 taxpayers claimed \$67,000 in historic preservation credits. Compared with tax year 2018, this was a decrease of \$22,700 with about 10 fewer taxpayers claiming a credit.

### **Credit for Income Paid to Another State**

For tax year 2019, 56,000 taxpayers received a total of \$80.1 million credit for income tax paid to another state, resulting in an average credit of \$1,431.00. This represented an increase of \$2.8 million with 1,100 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 2019, 76,400 taxpayers paid \$3.1 million in use tax. Compared to 2018, this was a decrease of \$1.6 million on the total use tax paid, with 9,100 fewer taxpayers reporting use tax liability.

### **Tax Law Changes in 2020**

**Public Act (PA) 65** amended the Income Tax Act to allow qualified surviving spouses to claim the retirement and pension benefits tax base subtraction based on the date of birth of the older of the two spouses. Qualified surviving spouse refers to those filing a single return, who remain unremarried since the death of their spouse, and claimed the retirement and pension benefits subtraction on a joint return for the tax year in which their spouse died. For tax years after 2019, a surviving spouse born after 1945 who reaches the age of 67 and remains unremarried may elect to take the larger of the Michigan Standard deduction against all types of income based on the surviving spouse's date, or the retirement and pensions benefits subtraction based on the older deceased spouse's year of birth subject to the limits available for a single filer.

**PA 75** amended the Income Tax Act to modify the earmark of individual income tax to the School Aid Fund (SAF). The Act limited the application of the lower SAF earmark percentage of 22.45 percent only for December 2018 through September 2019, and restored the SAF earmark percentage calculation to 1.012 percent divided by the income tax rate for periods thereafter.

**PA 77** amended the Revenue Act to add a new section to regulate the conduct of paid tax preparers. The added section is to be called the Taxpayer Protection Act. Among other things, the new legislation provides the following: a) requirement for any return or claim for refund prepared by a

paid tax preparer to contain the preparer's identification number and signature; b) list of activities a paid tax preparer is prohibited from engaging; c) authorization for Treasury to commence suit to enjoin any paid tax preparer from further engaging in any conduct described in the new law or from further acting as a paid tax preparer.

**PA 343** amended the Income Tax Act to reinstate the State Historic Preservation Tax Credit program. The restored program allows qualified taxpayers with a certificate of completed rehabilitation issued after December 2020 and before January 2031, to claim a nonrefundable tax credit equal to 25% of qualified expenditures that met eligibility criteria for the historic rehabilitation credit under the Internal Revenue Code for the rehabilitation of a historic resource. The credit must be claimed within five years after issuance of the certification of completed rehabilitation, may be carried forward for up to 10 years, is assignable, and subject to recapture under specific circumstances. The total of all credits reserved under preapproval letters may not exceed \$5 million per calendar year.

## **II. INTRODUCTION**

This report summarizes information regarding the Michigan individual income tax for tax year 2019. It is based on returns filed and processed in calendar year 2020.

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 2019 through 2020 and how those changes affect Michigan's income tax base. Section X summarizes the Michigan Public Acts (PA) in 2019 and 2020 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 2018 the Michigan personal income tax legislative history through 2018, and a table with chronological changes to the Michigan income tax requirements and limits since 1967.

### III. HISTORY OF THE MICHIGAN INDIVIDUAL INCOME TAX<sup>1</sup>

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 62 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 was 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

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<sup>1</sup> For a complete Michigan personal income tax legislative history through 2018, see Appendix A, page 69.

Michigan Income Tax (filing requirements, average rates, maximum limits of deductions and credits, and others) can be found in Appendix A on page 100.

For 2019, the following exemptions were available for taxpayers: \$4,400 personal exemption, \$2,700 special exemption for filers with certain disabilities, \$400 exemption for disabled veterans, \$1,500 exemption for taxpayers claimed as dependent by another taxpayer, and a new \$4,400 exemption for parents with a stillbirth certificate. 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 91). Exhibit 1 depicts the average annual Michigan individual income tax rate and allowed exemptions since 2011.

**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		
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%	4,750	1,500	2,800	400	n.a.	n.a.	n.a.
2021	4.25%	4,900	1,500	2,800	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.

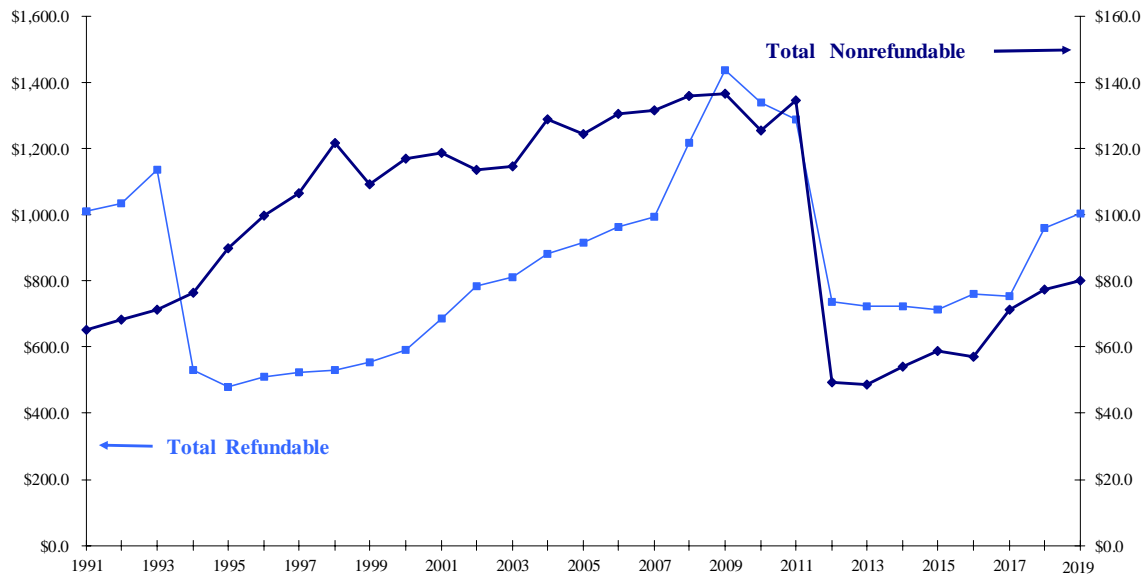
(c) Effective February 2018.

(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 2019, \$1,005.5 million was paid in refundable credits, and an additional \$80.2 million was paid in nonrefundable credits. For a complete list of credits available in tax year 2019 see Chapter V on page 23.

**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 FY 1997 through tax year (TY) 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. Under specific conditions<sup>2</sup>, the SAF earmark percentage was reduced to 0.954 percent divided by the income tax rate, starting in December 2018, and each year thereafter. Using the new parameters, the calculated SAF allocated percentage was reduced from 23.81 percent to 22.45 percent. PA 75

<sup>2</sup> 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 also provided that if in any fiscal year from 2019 to 2022 the minimum foundation allowance were to fall below the established FY 2018 minimum foundation allowance (\$7,631 per pupil) then for that fiscal year no money would be deposited into the Renew Michigan fund, and the distributions to the MTF would revert to the limit established prior to the Act.

of 2020 limited the lower SAF earmark percentage of 22.45 percent for the December 2018 through November 2019 period, and restored the SAF earmark percentage calculation to 1.012 percent divided by the income tax rate for periods thereafter. 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 <sup>(a)</sup>
2004	3.95	25.62	74.38	2019	4.25	22.45 <sup>(b)</sup> up to	77.55 <sup>(c)</sup>
2005 - 2006	3.90	25.95	74.05	2020 - 2022	4.25	23.81 <sup>(b)</sup> up to	76.19 <sup>(c)</sup>

- (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) 22.45 earmark from December 2018 through September 2019 (2018 PA 588, and 2020 PA 75), and 23.81 thereafter.
- (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. For fiscal years 2019 to 2022, if the minimum foundation allowance amount were to fall below the established FY 2018 amount (\$7,631 per pupil), then for that fiscal year no money would be deposited into the RMF, and the distribution to the MTF would decrease 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 customers<sup>3</sup>. 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. Tax year 2014 recorded the highest use tax filing through the income tax return, with 115,568 filers remitting \$6.7 million. However, as more sales become subject to tax at the point of sale as a result of court cases<sup>4</sup> and the implementation of new requirements<sup>5</sup>, fewer use tax transactions are reported on the income tax return over the years. For tax year 2019, 76,446 taxpayers remitted \$3.1 million in use tax (see Exhibit 4).

**Exhibit 4**  
**Use Tax Liability Reported on Income Tax Returns**

<u>Tax Year</u>	<u>Number Of Returns</u>	<u>Use Tax Amount</u>	<u>Average Per Return</u>	<u>Tax Year</u>	<u>Number Of Returns</u>	<u>Use Tax Amount</u>	<u>Average Per Return</u>
1999	64,650	\$2,895,475	\$44.79	2010	104,707	\$5,232,886	\$49.98
2000	79,627	\$2,976,223	\$37.38	2011	106,850	\$5,680,746	\$53.17
2001	72,913	\$2,877,459	\$39.46	2012	110,597	\$5,825,409	\$52.67
2002	70,619	\$2,872,252	\$40.67	2013	113,684	\$6,195,577	\$54.50
2003	79,684	\$3,302,217	\$41.44	2014	115,568	\$6,669,182	\$57.71
2004	86,774	\$4,041,439	\$46.57	2015	105,435	\$6,089,413	\$57.76
2005	82,691	\$3,409,451	\$41.23	2016	92,336	\$5,389,889	\$58.37
2006	81,360	\$3,346,874	\$41.14	2017	93,793	\$5,618,420	\$59.90
2007	104,836	\$4,086,157	\$38.98	2018	85,590	\$4,697,093	\$54.88
2008	103,637	\$4,056,857	\$39.14	2019	76,446	\$3,088,460	\$40.40
2009	100,779	\$4,984,597	\$49.46				

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

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<sup>3</sup> 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.

<sup>4</sup> Starting on 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*.

<sup>5</sup> 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.



## IV. INCIDENCE OF THE INDIVIDUAL INCOME TAX

For tax year 2019, about 4.9 million MI-1040 returns were filed, 57,700 more than for 2018 (see Exhibit 5 below). An additional 39,600 “credit-only” returns were filed for 2019. 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, 10,100 claimed only a home heating credit, 11,800 claimed only a property tax credit, and 8,900 claimed both refundable credits.

The personal income tax generated \$9.0 billion in net revenue for tax year 2019, which is total revenue after all credits and refunds are paid. Income tax revenues decreased \$15.9 million (-0.2%) from 2018, reflecting decreased AGI, and increased refundable credits from the prior year.

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

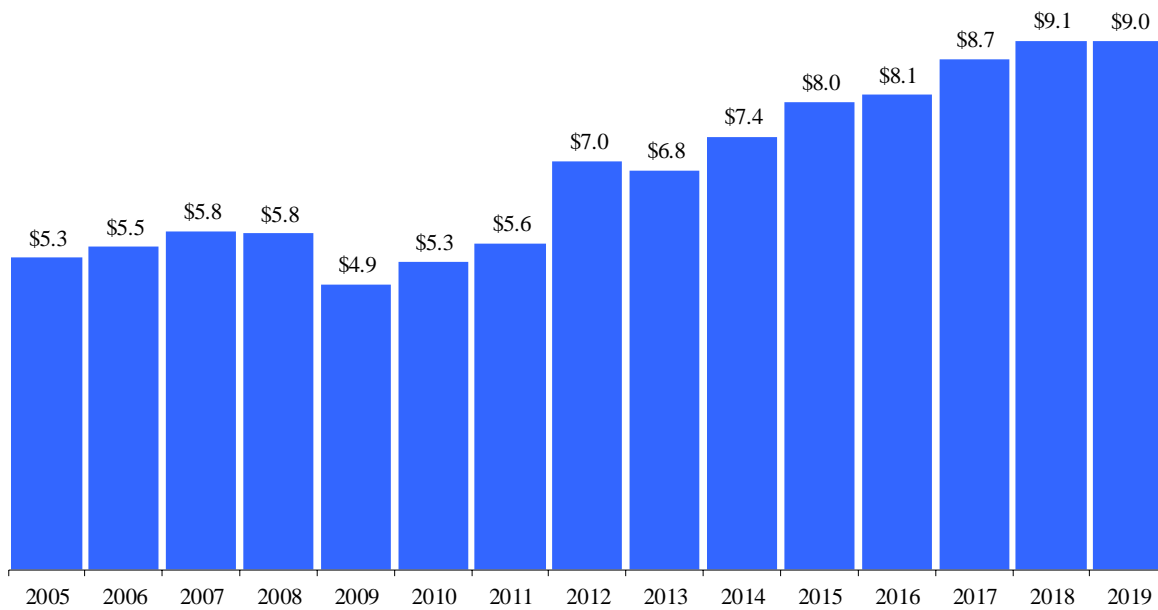
Year	Number of 1040s Filed	Adjusted Gross Income	Average AGI	Nominal Rate	Average Effective Rate	Revenue
2005	4,424,662	260,604,722,102	58,898	3.90%	2.05%	5,341,831,700
2006	4,487,257	272,454,940,745	60,717	3.90%	2.03%	5,521,426,800
2007	4,560,672	292,321,301,678	64,096	4.01%	1.99%	5,803,415,000
2008	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
2019	4,875,471	385,283,987,497	79,025	4.25%	2.35%	9,046,522,000

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

<sup>6</sup>The AGI above is reduced by returns reporting a negative AGI totaling a negative \$7.4 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 2005.

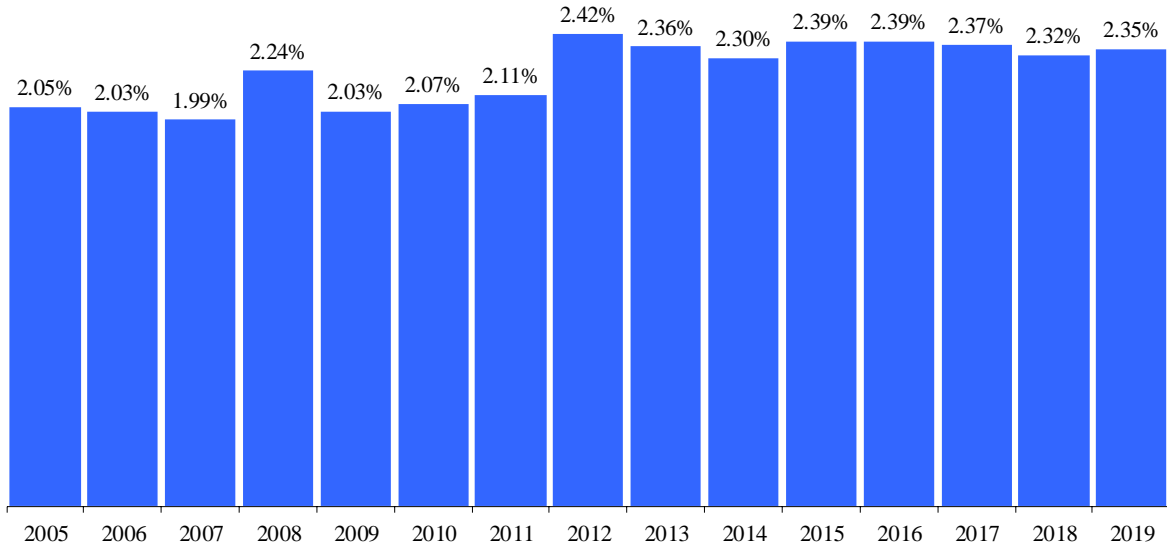
**Exhibit 6**  
**Annual Collections from Michigan Individual Income Tax**  
**(billions of dollars)**



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 2019 was 2.35 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 2005-2019 period, the highest average effective rate was 2.42 percent for 2012, and the lowest average was 1.99 percent for 2007. The period is marked by the combination of generalized increases in exemption amounts due to inflation indexing, expansion of refundable credits, and decreases in the nominal tax rate through 2007. The increase in the effective rate for tax year 2008 reflects the full year impact of the nominal rate increase from 3.9 percent to 4.35 percent. Starting for tax year 2012, the treatment of retirement income was changed and several credits and special exemptions were either eliminated or reduced, resulting in higher average effective rates since then.

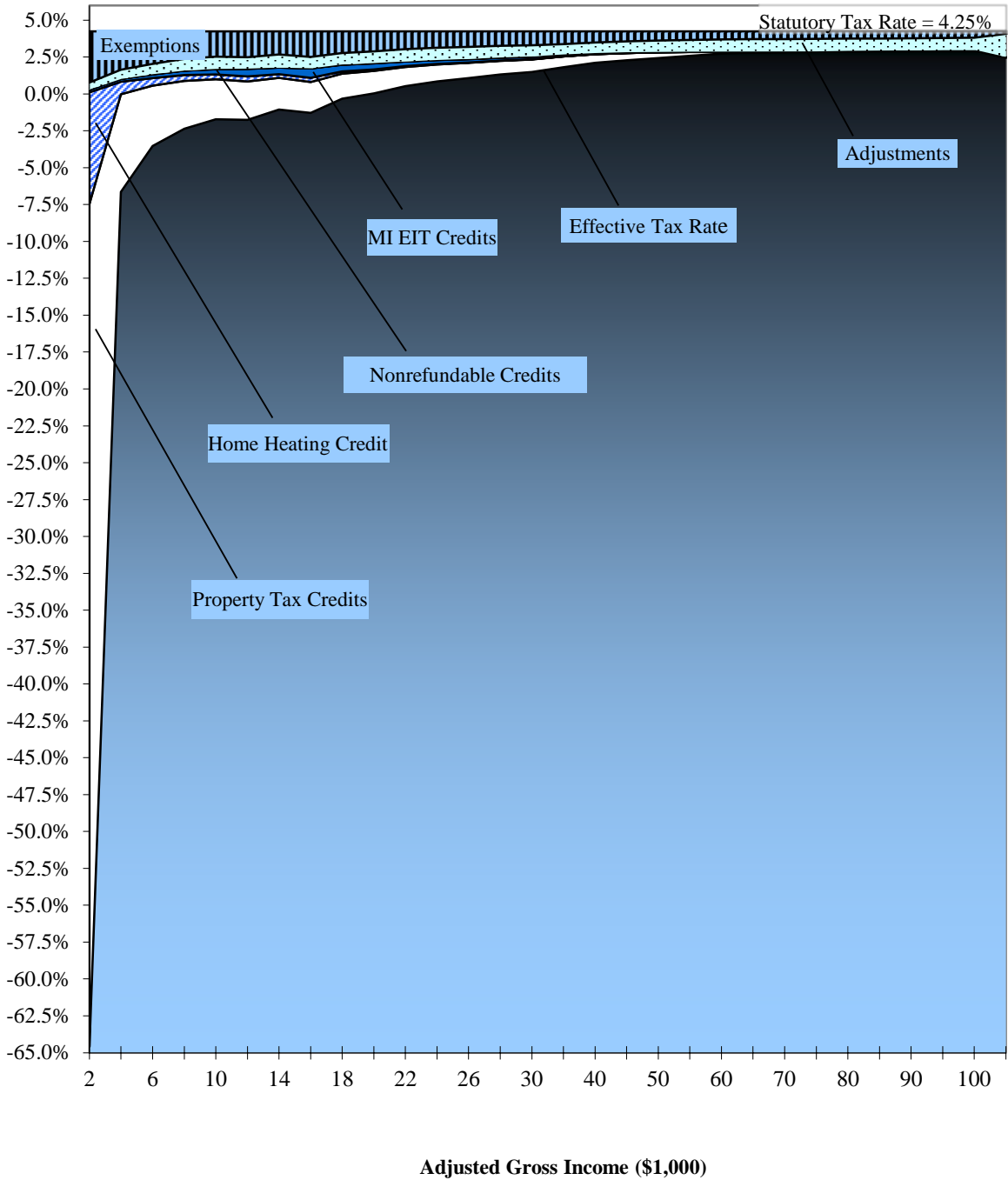
**Exhibit 7**  
**Individual Income Tax**  
**Effective Tax Rate**



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

As shown in Exhibits 8, 25 and 26 (see pages 13, 42 and 43, respectively), the effective tax rate for 2019 varied from negative 64.59 percent for taxpayers in the \$1 - \$2,000 AGI group, to positive 3.36 percent for taxpayers with an AGI between \$200,001 and \$300,000. 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 1.07 percent, lower than the peak of 3.36 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 2.93 percent. Overall, the effective tax rate for all filers was 2.35 percent rather than the nominal rate of 4.25 percent.

**Exhibit 8  
Effective Income Tax Rates, 2019**



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

Exhibit 8 reveals the influence of the various exemptions and credits on the effective tax rate and illustrates the data in Exhibit 27 (see page 43). Exhibit 27 details the effects of the personal exemption, various adjustments, and credits on the distribution of the Michigan income tax burden.

As a percentage of income, the \$4,400 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 2019 show that 7.2 percent of Michigan taxpayers itemized deductions on their federal income tax returns<sup>7</sup>, on par with the 7.6 percent observed in tax year 2018, and continues the sharp decline from tax year 2017 levels, when 27.4 percent of Michigan taxpayers itemized deductions on their federal income tax returns. The decline is a result of the higher federal standard deductions 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 32 percent federal income tax bracket who itemized would have up to 32 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 2019, 22.7 percent of Michigan taxpayers reporting an AGI of \$100,000 or more itemized their deductions, while 1.8 percent of taxpayers with an AGI up to \$50,000 itemized. Likewise, for 2018 and 2017, more Michigan taxpayers reporting AGI of \$100,000 or more itemized their federal deductions (24.4 percent for 2018, and 78.0 percent for 2017) than taxpayers reporting AGI up to \$50,000 (2.1 percent for 2018, and 9.5 percent for 2017).

Michigan taxpayers claimed about 8.9 million personal exemptions for 2019 (see Exhibit 28 on page 46). 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 42), there were an estimated 7.7 million effective personal exemptions, i.e., exemptions that actually offset income. The effective exemptions for 2019 were calculated assuming all personal exemptions and special exemptions were equally likely to offset taxable income.

Michigan taxpayers claimed about 268,300 special exemptions for tax year 2019 (see Exhibit 29 on page 48). Almost all of the special exemptions were claimed by deaf/blind/disabled filers (only 36,800 exemptions for disabled veterans were claimed for the tax year). Exhibits 28 and 29 (see pages 45 through 48) present distributions of all the exemptions claimed for tax year 2019 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 42) by the number of claimed exemptions, and then multiplying that quotient by the number of exemptions/deductions in Exhibit 29 (see page 48). For example, the number of effective deductions for disabled veterans in the \$30,001 to \$35,000 income

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<sup>7</sup>Data on itemized deductions was obtained from the Internal Revenue Service, Statistics of Income Division, Individual Master File System, December 2021. .

group would be estimated by dividing 373,470 by 426,269 and then multiplying the result (0.8761) by 1,761. The result is an estimate of 1,543 effective exemptions.

The Michigan income tax is paid almost exclusively by Michigan residents. Non- or part-year residents pay about 3.8 percent of the income tax. Exhibit 9 below summarizes the distribution of Michigan returns and net tax liability by residency. While nonresidents report \$75.9 billion in AGI, they claim subtractions totaling \$76.6 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**  
**2019 Income Tax Returns Distribution by Residency**

<b><u>Residency</u></b>	<b><u>Number of Returns</u></b>	<b><u>Adjusted Gross Income</u></b>	<b><u>Total Tax Liability</u></b>
Resident	4,609,559	\$301,186,389,805	\$8,831,034,344
Part-year resident	112,341	8,025,342,020	135,282,880
Nonresident	149,772	75,865,198,136	205,989,948
Residency not reported	<u>3,799</u>	<u>207,057,536</u>	<u>5,979,131</u>
Totals	4,875,471	\$385,283,987,497	\$9,178,286,303

Married taxpayers filing jointly reported 65.9 percent of AGI and paid 69.4 percent of the Michigan income tax. Married couples tend to be older and earn higher wages, due to greater accumulated human capital. Human capital includes formal education plus skills acquired through work experience and on-the-job training. Couples also have an additional potential worker. The Michigan income tax does not have a “marriage penalty” or “marriage bonus” as potentially exists with the federal income tax. Exhibit 10 depicts the distribution of Michigan returns and net tax liability by filing status.

**Exhibit 10**  
**2019 Income Tax Returns Distribution by Filing Status**

<b><u>Filing Status</u></b>	<b><u>Number of Returns</u></b>	<b><u>Adjusted Gross Income</u></b>	<b><u>Total Tax Liability</u></b>
Single	3,000,031	\$122,608,036,834	\$2,640,954,298
Married filing jointly	1,785,498	253,893,090,683	6,367,076,686
Married filing separately	<u>89,942</u>	<u>8,782,859,980</u>	<u>170,255,319</u>
Totals	4,875,471	\$385,283,987,497	\$9,178,286,303

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**  
**2019 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</u>		<u>Subtractions</u>	
				<u>As a % of AGI</u>	<u>Total Subtractions</u>	<u>As a % of AGI</u>	
Less than \$1 <sup>(1)</sup>	70,977	(\$7,420.4)	\$6,757.7	-91.1%	\$1,056.4	-14.2%	
\$ 1 - 50,000	2,781,838	\$60,097.0	\$426.5	0.7%	\$13,906.0	23.1%	
50,001 - 100,000	1,111,313	\$79,785.2	\$322.8	0.4%	\$16,130.3	20.2%	
100,001 - 150,000	486,082	\$58,822.3	\$261.9	0.4%	\$8,840.0	15.0%	
150,001 - 200,000	191,484	\$32,807.1	\$191.7	0.6%	\$6,485.8	19.8%	
200,001 - 300,000	124,360	\$29,724.9	\$246.3	0.8%	\$4,821.8	16.2%	
300,001 - 400,000	41,421	\$14,206.4	\$151.4	1.1%	\$2,676.2	18.8%	
400,001 - 500,000	19,572	\$8,703.5	\$115.7	1.3%	\$1,838.7	21.1%	
500,001 - 750,000	21,651	\$13,047.8	\$213.0	1.6%	\$3,203.1	24.5%	
750,001 - 1,000,000	8,447	\$7,263.7	\$149.5	2.1%	\$2,182.6	30.0%	
Over \$1,000,000	<u>18,326</u>	<u>\$88,246.6</u>	<u>\$1,400.0</u>	1.6%	<u>\$67,170.7</u>	76.1%	
Total	4,875,471	\$385,284.0	\$10,236.5	2.7%	\$128,311.6	33.3%	

Notes:

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

For 2019, total additions represented about 2.7 percent of total AGI, varying from 0.4 percent for taxpayers with AGI between \$50,001 and \$150,000 to 2.1 percent for those with AGI between \$750,001 and \$1 million (see Exhibit 11). Total subtractions represented about 33.3 percent of total AGI, and varied from 15.0 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 2019, the largest components of total additions was the add back of losses attributable to other states (56.1 percent of total additions), and the federal NOL category (17.2 percent of total additions).

**Exhibit 12**  
**2019 Total Additions Detail by AGI**  
(millions of dollars)

<b><u>AGI Group</u></b>	<b><u>Total Additions</u></b>	<b><u>Interest &amp; Dividends</u></b>	<b><u>Self Employment Taxes and Other Taxes</u></b>	<b><u>MI 1040D &amp; MI 4797 Gains</u></b>	<b><u>Losses Attributable to Other States</u></b>
Less than \$1 <sup>(2)</sup>	\$6,757.7	\$12.2	\$3.7	\$17.1	\$5,149.7
\$ 1 - 50,000	\$426.5	\$32.6	\$225.8	\$10.8	\$39.2
50,001 - 100,000	\$322.8	\$61.6	\$149.4	\$25.2	\$39.3
100,001 - 150,000	\$261.9	\$63.8	\$103.8	\$31.0	\$32.6
150,001 - 200,000	\$191.7	\$49.7	\$62.7	\$30.8	\$27.0
200,001 - 300,000	\$246.3	\$67.4	\$66.2	\$44.1	\$39.2
300,001 - 400,000	\$151.4	\$46.0	\$34.5	\$29.9	\$29.4
400,001 - 500,000	\$115.7	\$33.8	\$20.2	\$26.9	\$20.5
500,001 - 750,000	\$213.0	\$56.2	\$25.9	\$70.7	\$42.9
750,001 - 1,000,000	\$149.5	\$39.6	\$12.4	\$56.9	\$32.4
Over \$1,000,000	<u>\$1,400.0</u>	<u>\$150.9</u>	<u>\$27.7</u>	<u>\$836.1</u>	<u>\$286.2</u>
Total	\$10,236.5	\$613.7	\$732.3	\$1,179.4	\$5,738.4
% of Total Additions	100.0%	6.0%	7.2%	11.5%	56.1%

<b><u>AGI Group</u></b>	<b><u>Net Loss Fed Column MI 1040D or MI 4797</u></b>	<b><u>Oil, Gas &amp; Other Mineral Expenses</u></b>	<b><u>Federal NOL</u></b>	<b><u>Other<sup>(1)</sup></u></b>
Less than \$1 <sup>(2)</sup>	\$9.3	\$3.3	\$1,546.5	\$16.0
\$ 1 - 50,000	\$8.3	\$3.4	\$90.9	\$15.5
50,001 - 100,000	\$6.8	\$3.2	\$28.6	\$8.7
100,001 - 150,000	\$4.8	\$2.3	\$15.8	\$8.0
150,001 - 200,000	\$3.3	\$3.5	\$9.8	\$4.8
200,001 - 300,000	\$3.4	\$5.9	\$11.9	\$8.2
300,001 - 400,000	\$1.5	\$2.1	\$5.2	\$2.9
400,001 - 500,000	\$0.9	\$0.9	\$3.6	\$8.9
500,001 - 750,000	\$2.7	\$4.3	\$5.5	\$4.8
750,001 - 1,000,000	\$1.5	\$0.9	\$2.9	\$2.9
Over \$1,000,000	<u>\$6.6</u>	<u>\$6.0</u>	<u>\$38.5</u>	<u>\$48.0</u>
Total	\$49.2	\$35.6	\$1,759.2	\$128.6
% of Total Additions	0.5%	0.3%	17.2%	1.3%

Notes:

1. In 2019, "Others" included non-qualified withdrawals from Michigan Education Savings Program (MESP), Michigan 529 Advisor Plan (MAP), or Michigan Achieving a Better Life Experience Program (ABLE) accounts, and refunds received from a Michigan Education Trust (MET) contract.
2. The less than \$1 category includes tax returns reporting a negative AGI.



The largest components of total subtractions for tax year 2019 were income attributable to other states (65.9 percent of total subtractions), and qualified Retirement and Pension included in MI-1040 subtractions (9.4 percent of total subtractions, see Exhibit 13). The average AGI reduction for taxpayers with AGI up to \$100,000 was 23.5 percent, and 38.5 percent for taxpayers with AGI above \$100,000 (see Exhibit 13).

Beginning for 2012, pension and retirement benefits<sup>8</sup> are taxed differently depending on the age of the benefit recipient and the age of the oldest filer on a joint return. For TY 2019, all taxable pension or retirement benefit income was exempted up to \$52,808 (single)/\$105,615 (joint) per return for filers with a birth date prior to 1946 (Tier 1 filers). For filers born in 1946 through 1952 (Tier 2 filers), 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. For 2019, all of Tier 2 filers have reached age 67 and should be taking the standard deduction. The standard deduction amount is \$20,000 (single)/\$40,000 (joint) for most taxpayers.<sup>9</sup> Filers born after 1952 (Tier 3 filers), generally, are not entitled to a pension subtraction<sup>10</sup>.

Filers born before 1946 may also deduct interest, dividend and capital gains income up to the statutory limits. For 2019 this exclusion was for up to \$11,771 (single)/\$23,542 (joint) per return, and it was reduced by any pension income deducted by the taxpayer.

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<sup>8</sup> 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 2019 limits see [Taxes - 2019 Retirement & Pension Information \(michigan.gov\)](https://www.michigan.gov/taxes/2019/0,4570_7752_7753_7754_7755_7756_7757_7758_7759_7760_7761_7762_7763_7764_7765_7766_7767_7768_7769_7770_7771_7772_7773_7774_7775_7776_7777_7778_7779_7780_7781_7782_7783_7784_7785_7786_7787_7788_7789_7790_7791_7792_7793_7794_7795_7796_7797_7798_7799_7800,00.html)

<sup>9</sup> For Tier 2 filers who receive 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 they reach age 67, this deduction may offset all types of income. Taxpayers who choose to take the deduction against all income are not eligible to also take a military subtractions or MI National Guard or Railroad pension subtraction on the same tax year.

<sup>10</sup> For filers on Tier 3, only those 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. Beginning in 2018, taxpayers in Tier 3 with pensions from government agencies not covered by the SSA, and who are retired as of January 1, 2013, 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 in Tier 3 reach age 67, they may elect to take the higher of (1): \$20,000 (single) / \$40,000 (joint) deduction against all income, or (2): personal exemption, plus exemptions for social security, military compensation and pension, and Railroad or Michigan National Guard pensions.

**Exhibit 13**  
**2019 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 &amp; Railroad Retirement Benefit</u>	<u>MI 1040D and MI 4797 Gains</u>	<u>Income Attributable to Other States</u>	<u>Retirement/Pension Incl. in MI-1040</u>
Less than \$1 <sup>(2)</sup>	\$1,056.4	\$15.1	\$1.7	\$55.0	\$94.0	\$1.5
\$ 1 - 50,000	\$13,906.0	\$43.2	\$187.4	\$15.1	\$1,549.4	\$2,256.9
50,001 - 100,000	\$16,130.3	\$72.2	\$259.7	\$35.8	\$2,427.9	\$5,597.2
100,001 - 150,000	\$8,840.0	\$48.9	\$139.3	\$43.5	\$1,893.4	\$2,839.4
150,001 - 200,000	\$6,485.8	\$44.3	\$90.9	\$63.9	\$2,267.4	\$1,568.4
200,001 - 300,000	\$4,821.8	\$35.2	\$41.6	\$80.4	\$2,671.4	\$720.0
300,001 - 400,000	\$2,676.2	\$16.3	\$11.9	\$55.2	\$1,914.4	\$237.4
400,001 - 500,000	\$1,838.7	\$10.6	\$3.2	\$51.4	\$1,451.5	\$104.0
500,001 - 750,000	\$3,203.1	\$13.0	\$2.9	\$124.7	\$2,738.6	\$105.4
750,001 - 1,000,000	\$2,182.6	\$7.9	\$0.9	\$99.3	\$1,950.4	\$38.8
Over \$1,000,000	\$67,170.7	\$51.3	\$0.8	\$1,260.7	\$65,553.8	\$63.2
Total	\$128,311.6	\$358.1	\$740.3	\$1,885.0	\$84,512.2	\$13,532.0
% of Total Subtractions	100.0%	0.3%	0.6%	1.5%	65.9%	10.5%

<u>AGI Group</u>	<u>Renssnc Zones Income</u>	<u>State and Local IIT Refunds</u>	<u>MESP Subtraction</u>	<u>MET Subtraction</u>	<u>Oil &amp; Gas Income Subtraction</u>	<u>NOL Subtraction</u>
Less than \$1 <sup>(2)</sup>	\$0.0	\$1.5	\$0.4	\$0.1	\$4.7	\$522.0
\$ 1 - 50,000	\$6.2	\$13.1	\$6.5	\$2.3	\$6.6	\$47.6
50,001 - 100,000	\$5.6	\$20.0	\$25.1	\$4.2	\$6.9	\$17.7
100,001 - 150,000	\$3.2	\$13.3	\$45.3	\$7.2	\$3.7	\$14.7
150,001 - 200,000	\$1.5	\$10.3	\$71.9	\$7.5	\$7.9	\$20.3
200,001 - 300,000	\$1.1	\$6.1	\$67.1	\$7.3	\$9.8	\$14.4
300,001 - 400,000	\$1.0	\$2.7	\$31.2	\$3.3	\$2.7	\$2.7
400,001 - 500,000	\$1.9	\$1.6	\$16.5	\$1.7	\$1.3	\$11.9
500,001 - 750,000	\$1.8	\$2.6	\$18.2	\$1.6	\$4.4	\$4.2
750,001 - 1,000,000	\$4.8	\$1.2	\$6.3	\$1.2	\$1.0	\$0.8
Over \$1,000,000	\$0.7	\$4.7	\$8.2	\$0.8	\$6.1	\$10.6
Total	<u>\$27.8</u>	<u>\$77.1</u>	<u>\$296.7</u>	<u>\$37.3</u>	<u>\$55.1</u>	<u>\$666.9</u>
% of Total Subtractions	0.0%	0.1%	0.2%	0.0%	0.0%	0.5%

**Exhibit 13 (cont.)**

<b><u>AGI Group</u></b>	<b><u>Resident Tribal Income Subtraction</u></b>	<b><u>Standard Deduction Based on Yr</u></b>	<b><u>Social Security &amp; Active Military Benefits</u></b>	<b><u>Dividend/ Interest/ Capital Gain Exemption</u></b>	<b><u>Miscellaneous Subtraction<sup>(1)</sup></u></b>
Less than \$1 <sup>(2)</sup>	\$0.0	\$298.7	\$37.1	\$12.0	\$12.5
\$ 1 - 50,000	\$119.5	\$5,781.6	\$3,408.2	\$278.7	\$184.0
50,001 - 100,000	\$99.7	\$3,578.9	\$3,656.5	\$107.3	\$215.7
100,001 - 150,000	\$32.8	\$1,688.0	\$1,961.6	\$43.0	\$62.7
150,001 - 200,000	\$19.2	\$942.1	\$1,310.6	\$29.5	\$30.1
200,001 - 300,000	\$8.8	\$438.9	\$670.8	\$20.8	\$28.1
300,001 - 400,000	\$3.4	\$154.0	\$221.9	\$9.5	\$8.6
400,001 - 500,000	\$0.6	\$73.2	\$99.6	\$5.0	\$4.8
500,001 - 750,000	\$1.2	\$77.2	\$93.1	\$6.3	\$8.0
750,001 - 1,000,000	\$0.7	\$31.5	\$29.7	\$3.2	\$4.8
Over \$1,000,000	<u>\$59.3</u>	<u>\$76.8</u>	<u>\$40.9</u>	<u>\$8.3</u>	<u>\$24.4</u>
Total	\$345.2	\$13,140.8	\$11,530.0	\$523.6	\$583.8
% of Total Subtractions	0.3%	10.2%	9.0%	0.4%	0.5%

Notes:

1. In 2019, miscellaneous subtractions included: any portion of a qualified withdrawal from an MESP, MAP or ABLE accounts; benefits from a discriminatory self-insured medical expense reimbursement plan; 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.
2. The less than \$1 category includes tax returns reporting a negative AGI.

Exhibit 14 presents estimates of the growth of Michigan personal income from 2018 to 2019 prepared by the U.S. Bureau of Economic Analysis. Personal income increased 3.1 percent overall in 2019, with strong growth in transfer payments (5.7 percent), and proprietor's income (5.5 percent).

**Exhibit 14**  
**Growth in Michigan Income from 2018 to 2019**  
**(millions)**

		<u>2018</u>	<u>2019</u>	<u>Percentage</u> <u>Change</u>
Labor Earnings				
Wage and Salary Disbursements		\$240,536	\$246,831	2.6%
Other Labor Income		38,937	39,833	2.3%
Proprietors' Income		<u>30,973</u>	<u>32,662</u>	5.5%
Total Labor Earnings	(A)	\$310,446	\$319,327	2.9%
Adjustments				
Personal Contributions for Social Insurance		-\$21,204	-\$21,733	2.5%
Adjustment for Residence		<u>2,504</u>	<u>2,425</u>	-3.1%
Total Adjustments	(B)	-\$18,700	-\$19,308	3.2%
Net Michigan Labor Earnings	(C)=(A)-(B)	\$291,746	\$300,019	2.8%
Dividends, Interest, and Rent	(D)	\$87,204	\$87,940	0.8%
Transfer Payments	(E)	<u>98,060</u>	<u>103,673</u>	5.7%
Michigan Personal Income	(C)+(D)+(E)	\$477,010	\$491,632	3.1%

Source: Bureau of Economic Analysis, U.S. Department of Commerce, March 24, 2021 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 10), 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 2020 results in an estimated elasticity of 0.970, suggesting that a 10 percent increase in income will increase tax revenue by, on average, 9.70 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).<sup>11</sup>

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<sup>11</sup> 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 2019, 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 resources<sup>12</sup>, which replaces household income.

Starting for tax year 2018, the homestead property tax credit was expanded, allowing more filers to be eligible for larger credits<sup>13</sup>. 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 exceed \$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%

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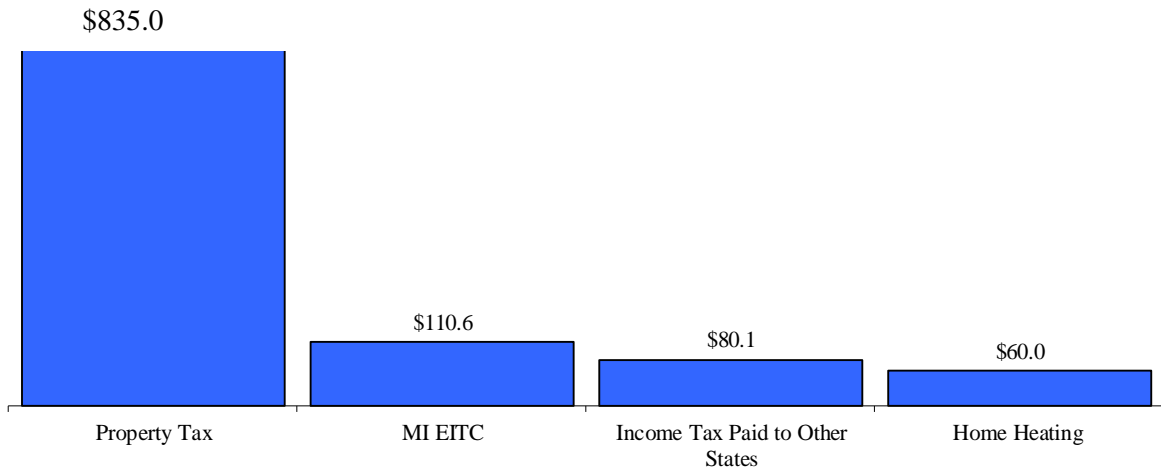
<sup>12</sup> Household resources exclude net losses from business (including farm), rental and royalties, and also excludes net operating losses. For more information on total household resources, visit <http://www.michigan.gov/taxes/0,1607,7-238-43513-235899--,00.html>

<sup>13</sup> 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 – 2018) 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 exceed \$21,000, from 100 percent to 60 percent for those with household resources above \$30,000.

About 1.2 million Michigan taxpayers received \$784.8 million of homestead property tax credits and \$50.1 million in farmland preservation property tax credits for tax year 2019. The \$835.0 million in total 2019 property tax credits represented an increase of \$51.6 million (6.6 percent) from the prior year, and 37,000 more taxpayers received assistance. Senior citizens received \$272.1 million of the credits, an \$8.4 million increase from 2018. Exhibit 15 compares the amount of property tax credits paid to taxpayers compared to other credits.

**Exhibit 15**  
**2019 Individual Income Tax Credits**  
 (millions of dollars)



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

The average 2019 homestead property tax credit was \$669.38 (excluding the farmland credit), a \$25.12 increase from the tax year 2018 average. Senior citizens’ credits averaged \$737.51, a \$11.96 increase from 2018 (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 25 and 44) 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 2.7 percent of total AGI, taxpayers with incomes between \$10,001 and \$20,000 received 24.6 percent of the total homestead credits. On the other hand, taxpayers with AGIs over \$50,000 accounted for 86.3 percent of total 2019 Michigan AGI, but received only 3.9 percent of total homestead credits. Exhibits 31 through 35 (see pages 50 through 54) provide the distribution of property tax credits by income group.

**Exhibit 16**  
**2019 Homestead Property Tax Credits**  
**(Excludes Farmland Credit)**

<b>AGI Range</b>		<b>Number of Credits Allowed</b>	<b>Dollar Amount of Credit</b>	<b>Average Credit</b>
Under	\$10,000	286,315	\$243,564,720	\$850.69
	\$10,001 - \$20,000	269,772	193,239,004	716.30
	\$20,001 - \$50,000	530,451	317,634,946	598.80
Over	\$50,000	<u>85,919</u>	<u>30,383,206</u>	<u>353.63</u>
Total		1,172,457	\$784,821,876	\$669.38

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 6,800 farms in 2019, providing credits of \$50.1 million for an average credit of \$7,354.48. Including the farmland preservation credit, the average property tax credit was \$708.02 in tax year 2019. For 2,900 farmers claiming both a farmland credit and homestead property tax credit, the combined credits averaged about 94.2 percent of total property taxes paid. Those taxpayers paid \$18.2 million in property taxes, receiving \$13.7 million in farmland credits, and \$3.5 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 2019, 9,200 senior citizens claimed an additional \$2.5 million using this alternate homestead property tax credit calculation, representing a \$269.87 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 49).

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 49).

**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



2019, individuals who are disabled, deaf, blind, or qualified disabled veteran were entitled to extra exemptions.

Home heating credits for tax year 2019 totaled \$60.0 million, with 272,800 households qualifying. This represented a \$7.2 million decrease from the previous year total credit amount, with 31,100 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 \$5.9 million of the total home heating credits claimed for tax year 2019 (see Exhibit 17 below). Exhibit 36 (see page 55) provides information on the distribution of the home heating credit by household resources.

**Exhibit 17  
2019 Home Heating Credits**

	<b>Number of Credits</b>	<b>Credit Amount</b>	<b>Average Credit</b>
Senior Citizen	34,769	\$5,897,796	\$169.63
General	201,894	45,816,999	\$226.94
Disabled	35,912	8,240,193	\$229.46
Veteran	221	56,815	\$257.08
Totals	272,796	\$60,011,803	\$219.99

About 45,100 taxpayers used the alternative calculation based on energy consumption claiming credits worth \$16.4 million. The average credit under the standard calculation was \$188.59 compared to \$363.04 under the alternative calculation.

**Michigan Earned Income Tax Credit**

About 738,400 taxpayers claimed \$110.6 million in Michigan EITC in 2019, resulting in an average credit of \$149.76 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**  
**2019 Michigan Earned Income Tax Credits**

AGI Range	Number of Credits	Amount of Credit	Average Credit
Under \$10,000	171,159	\$10,098,897	\$59.00
\$10,001 - \$15,000	158,015	23,886,714	\$151.17
\$15,001 - \$20,000	97,642	25,647,938	\$262.67
\$20,001 - \$25,000	72,482	18,097,909	\$249.69
\$25,001 - \$30,000	67,928	13,971,977	\$205.69
\$30,001 - \$40,000	113,274	14,909,654	\$131.62
Over \$40,000	57,877	3,968,087	\$68.56
Total	738,377	\$110,581,176	\$149.76

**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 2019, 93 taxpayers claimed a total of \$80,100 in historic preservation credits (see Exhibit 30 on page 49). For tax year 2012 through 2019, this credit is no longer available for historic rehabilitation plans certified after December 31, 2011 (PA 38 of 2011). Public Act 343 of 2020<sup>14</sup> reinstated the State Historic Preservation Tax program, restoring the credit for qualified taxpayers with a certificate of completed rehabilitation issued after December 2020 and before January 2031. The restored credit becomes effective only in tax year 2021.

**Credit for Income Paid to Another State**

For tax year 2019, 56,000 Michigan taxpayers received a total of \$80.1 million in credits for income tax paid to another state on income also subject to tax in Michigan, resulting in an average credit of \$1,431.00. This credit was designed so that taxpayers were not taxed twice (in two states) for the same income (see Exhibit 30 on page 49).

<sup>14</sup> For more information on the legislation, see Michigan Public Acts – Income Tax on page 40.

## VI. DESIGNATED CONTRIBUTIONS

For tax year 2019, 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 – 2019

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
2019	4,875,471	209,862	629,586	7,127	85,383	6,806	99,512	9,459	119,908	4,781	125,128

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 2019 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 2019, 209,900 taxpayers contributed \$0.6 million to the State Campaign Fund (see Exhibit 19). On average, there was one designation for every 23 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 Fund<sup>15</sup> 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 2019, 7,100 taxpayers contributed a total of \$85,400 to the fund (see Exhibit 19).

### **Military Family Relief Fund**

The Military Family Relief Fund benefits qualifying families of military members in either the Michigan National Guard who are serving in the U.S. Armed Forces or those reserve forces called to active duty by the federal government. The fund became first available in tax year 2004, and in tax year 2019, it received contributions by 6,800 taxpayers totaling \$99,500 (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. \$119,900 was contributed by 9,500 taxpayers to fund this program in tax year 2019 (see Exhibit 19).

### **United Way 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 2019, 4,800 taxpayers contributed a total of \$125,100 to the fund (see Exhibit 19).

### **Other Funds**

The remaining funds available for taxpayer voluntary contributions on tax year 2019 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

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<sup>15</sup> 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.

Fund. Except for the American Red Cross Michigan Fund, which has been available since 2016, all other funds became available starting in 2018. (see Exhibit 20).

**Exhibit 20**  
**Additional Returns Designating Contributions 2016 – 2019**

<b><u>Additional Contributions:</u></b>	<b>TY 2016</b>		<b>TY 2017</b>		<b>TY 2018</b>		<b>TY 2019</b>	
	<b>Number</b>	<b>Amount</b>	<b>Number</b>	<b>Amount</b>	<b>Number</b>	<b>Amount</b>	<b>Number</b>	<b>Amount</b>
American Red Cross MI Fund Fostering Futures	2,382	\$31,034	7,117	\$98,336	6,740	\$88,556	8,317	\$119,499
Scholarship Trust Fund	--	--	--	--	2,969	\$31,585	3,527	\$40,319
Kiwanis Fund	--	--	--	--	1,205	\$15,302	1,459	\$19,382
Lions of MI Foundation Fund	--	--	--	--	1,463	\$16,186	1,800	\$23,629
Michigan World War II Legacy Memorial Fund			--	--	2,287	\$23,456	2,545	\$28,655

**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**

<b><u>Discontinued Contributions:</u></b>	<b>TY 2006</b>		<b>TY 2007</b>		<b>TY 2008</b>	
	<b>Number</b>	<b>Amount</b>	<b>Number</b>	<b>Amount</b>	<b>Number</b>	<b>Amount</b>
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

**Exhibit 21 (cont.)**

	TY 2009		TY 2010		TY 2011	
	Number	Amount	Number	Amount	Number	Amount
<b><u>Discontinued Contributions:</u></b>						
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
<b><u>Discontinued Contributions:</u></b>						
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
<b><u>Discontinued Contributions:</u></b>						
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 2019, 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 33 states had income taxes with graduated rates. A state-by-state comparison of the income tax burden per person and tax revenue as a percent of personal income is shown in Exhibit 22 (see page 33). Exhibits 23 and 24 (see page 34) compare Michigan's income tax to that of other states in the Great Lakes region.

Michigan ranked eleventh lowest in income taxes per person among the 41 states with a general income tax in fiscal year 2019, and California ranked highest. For fiscal year 2019, the average collections of \$1,016 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 62). National average income tax collections per person were \$1,253, and for the 41 states with an income tax, average income tax collections per person were \$1,596.

For fiscal year 2019, Michigan ranked tenth lowest in state income taxes as a percent of personal income among the 41 states with a general income tax, with Oregon ranking highest. Michigan's income tax as a percent of personal income was 2.08 percent, 0.18 percentage point below the U.S. average, and 0.76 percentage point below the average of the 41 states with a general income tax. This represents a decrease from the results in 2018, when Michigan's income tax as a percent of personal income was 2.14 percent. The above calculations use estimates of quarterly state personal income, released by the U.S. Bureau of Economic Analysis on June 2021, 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 1994-2019 period. In fiscal year 1994, Michigan ranked 11<sup>th</sup> highest in per capita income taxes and 14<sup>th</sup> highest in income taxes as a percent of personal income. For fiscal year 2019, Michigan ranked 30<sup>th</sup> highest in per capita income taxes and 31<sup>st</sup> highest in the income taxes as a percent of personal income category.

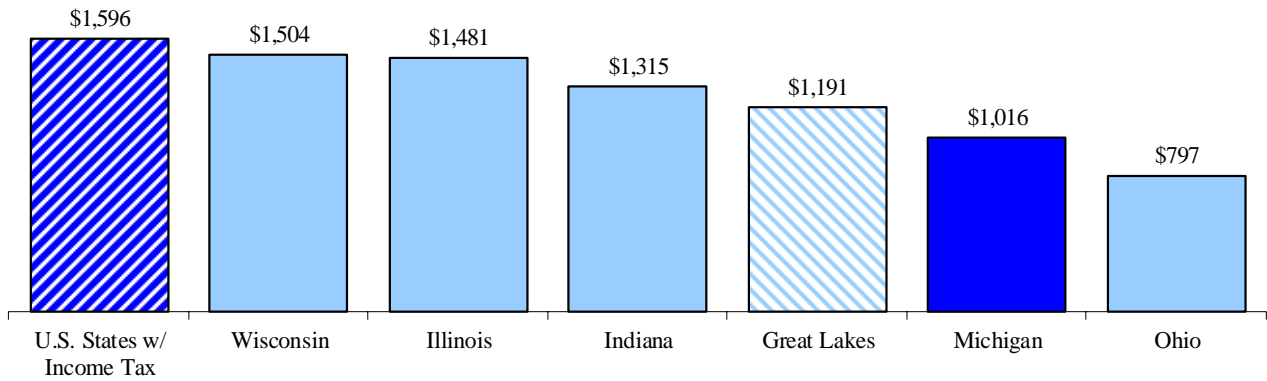
**Exhibit 22**  
**State Individual Income Taxes for FY 2019**  
**Per Person and Percentage of Personal Income**

<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	\$856	35	1.95%	33
Alaska	No Tax	N/A	No Tax	N/A
Arizona	736	39	1.64%	39
Arkansas	998	31	2.27%	28
California	2,533	1	3.88%	2
Colorado	1,419	15	2.37%	26
Connecticut	2,369	4	3.10%	9
Delaware	1,788	9	3.34%	6
Florida	No Tax	N/A	No Tax	N/A
Georgia	1,147	26	2.42%	24
Hawaii	1,814	7	3.23%	8
Idaho	934	32	2.08%	30
Illinois	1,481	14	2.55%	19
Indiana	1,315	19	2.74%	13
Iowa	1,299	21	2.54%	20
Kansas	1,297	22	2.48%	22
Kentucky	1,036	29	2.41%	25
Louisiana	825	36	1.75%	37
Maine	1,271	23	2.56%	18
Maryland	1,665	11	2.61%	16
Massachusetts	2,488	2	3.40%	5
<b>Michigan</b>	<b>1,016</b>	<b>30</b>	<b>2.08%</b>	<b>31</b>
Minnesota	2,199	6	3.79%	3
Mississippi	661	40	1.72%	38
Missouri	1,073	27	2.24%	29
Montana	1,322	17	2.71%	14
Nebraska	1,316	18	2.46%	23
Nevada	No Tax	N/A	No Tax	N/A
New Hampshire	90	42	0.14%	42
New Jersey	1,790	8	2.58%	17
New Mexico	758	38	1.78%	36
New York	2,472	3	3.55%	4
North Carolina	1,264	24	2.70%	15
North Dakota	545	41	0.96%	41
Ohio	797	37	1.61%	40
Oklahoma	901	34	1.93%	34
Oregon	2,335	5	4.47%	1
Pennsylvania	1,056	28	1.84%	35
Rhode Island	1,299	20	2.34%	27
South Carolina	924	33	2.08%	32
South Dakota	No Tax	N/A	No Tax	N/A
Tennessee	30	43	0.06%	43
Texas	No Tax	N/A	No Tax	N/A
Utah	1,553	12	3.26%	7
Vermont	1,379	16	2.53%	21
Virginia	1,748	10	2.97%	10
Washington	No Tax	N/A	No Tax	N/A
West Virginia	1,170	25	2.77%	12
Wisconsin	1,504	13	2.87%	11
Wyoming	No Tax	N/A	No Tax	N/A
U.S. Average	\$1,253		2.26%	
U.S. Average for States W/ General Income Tax	\$1,596		2.84%	

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

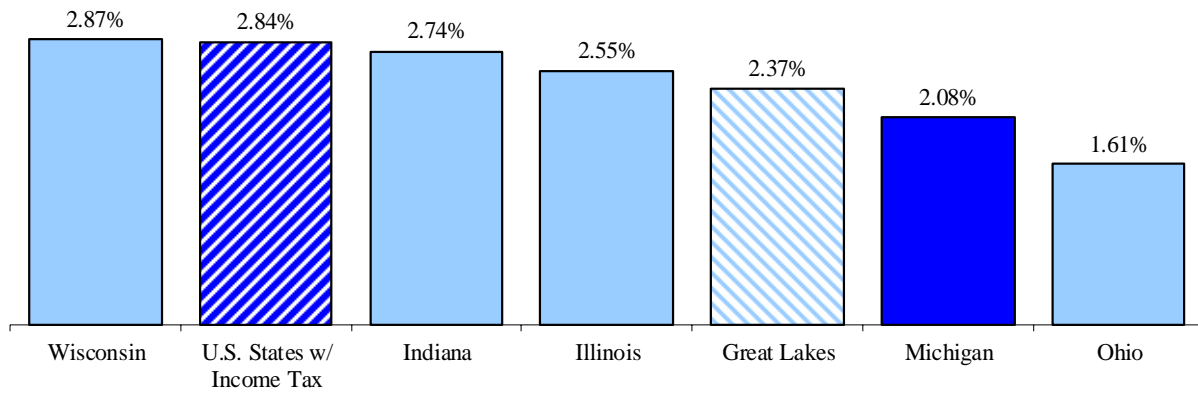


**Exhibit 23**  
**State Income Taxes Per Person**  
**Great Lakes Region – FY 2019**



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 2019**



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

## VIII. GEOGRAPHIC PATTERN OF TAX AND CREDITS

Exhibit 37 (see pages 56 and 57) 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 58 and 59) 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 60 and 61) 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 2019 County Data Summary

	<u>State Average</u>	<u>Highest County</u>	<u>Lowest County</u>
Average AGI	\$79,025	\$98,663 Oakland	\$40,448 Lake
Average Income Tax Before Credits	\$2,076	\$3,425 Oakland	\$1,045 Lake
Average Income Tax After Credits	\$1,856	\$3,237 Oakland	\$823 Lake
Income Tax Credits as a Percent of Tax Before Credits	10.6%	40.1% Huron	4.8% Livingston
Ratio of Property Tax Credits to 1040s Filed	24.2%	33.4% Wayne	11.2% Luce
Average Property Tax Credit	\$708	\$2,145 Huron	\$392 Schoolcraft

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 2019, the Michigan personal exemption was \$4,400, and Michigan special exemptions were \$2,600.

The Tax Cuts and Jobs Act (TCJA, Public Law (PL) 115-97) was signed into law on December 22, 2017, and represents the largest federal tax overhaul since 1986<sup>16</sup>. 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.

From 2020 through early 2021, several pieces of legislation that affected federal receipts were enacted to respond to the COVID-19 public health emergency and its impact on the economy, public health, State and local governments, individual and businesses. They were: the Families First Coronavirus Response Act (FRCR Act, PL 116-127), signed into law on March 18, 2020; the Coronavirus Aid, Relief, and Economic Security Act (CARES Act, PL 116-136), signed into law

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<sup>16</sup> For more information on the changes from the TCJA see changes for 2018 on the Federal Tax Law Changes (from 2011 through 2018) section of Appendix A on page 61.

on March 27, 2020; the Consolidated Appropriations Act (CA Act, PL 116-260), signed into law on December 27, 2020; and the American Rescue Plan Act of 2021 (ARP Act, PL 117-2), signed into law on March 11, 2021. These laws provide major stimulus and assistance to all sectors and have significantly impacted the Michigan income tax base.

### **Summary of Federal Tax Law Changes Passed Before April 2021**

Important 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 2019, see Appendix A on page 64.

#### **2019**

- Under the TCJA, 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;
- The CARES Act reverts the TCJA prohibition of net operating loss (NOLs) carrybacks by allowing for a five-year carryback of NOLs arising in 2018, 2019, or 2020 by businesses. The loss limitation rules applicable to sole proprietors and passthrough entities is also eliminated, allowing them to take advantage of the NOL carryback. Additionally, NOLs arising through 2020 are allowed to fully offset income (under TCJA, NOLs are limited to 80 percent of taxable income);
- The business interest expense limitation of 30 percent of the taxpayer's adjusted taxable income for the year is increased to 50 percent for 2019 and 2020, and the taxpayer may elect to use adjusted taxable income for 2019 to calculate the limitation for 2020;

#### **2020 and after**

- Allow deduction for certain pass-through income: Effective tax years 2020 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 TCJA 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.
- The 10% limit on the deduction for charitable contributions instituted under the TCJA was suspended for contributions made after December 2019, and before February 2021 to certain charitable organizations for relief in qualified disaster areas;
- Required minimum distributions from qualified retirement plans for 2020 were waived, as well as the 10 percent penalty on early withdrawals up to \$100,000 from those plans for coronavirus-related distributions;

- For 2020, the FFCR Act requires private employers with fewer than 500 employees and all government employers to provide paid sick leave of up to 80 hours for full-time employees who needed time off related to certain COVID-19 issues, and employers were required to provide 12 weeks of emergency Family and Medical Leave Act (E-FMLA) to employees who could not work due to concerns related to COVID-19. To help employers fund the mandatory leaves, the FFCR Act provided employers with a refundable Employer Tax Credit for Sick Leave. After 2020, the sick leave and E-FMLA provisions are no longer mandatory, but employers who voluntarily provide those payments may continue to claim the refundable payroll credit for qualified leave taken through September 2021;
- Expansion of unemployment insurance benefits for 2020 through September 2021: amounts are increased and may be claimed for additional extended period. For 2020, up to \$10,200 of unemployment compensation received is excluded from income for filers with modified AGI of less than \$150,000;
- For filers who do not itemize and take the standard deduction, an above the line charitable contribution deduction for 2020 (\$300 single or joint filers) and for 2021 (\$300 single / \$600 joint filers);
- The percentage limitation on charitable contributions deductions for corporations increased from 10 percent to 25 percent for qualified cash contributions made in 2020 and 2021. Likewise, the deduction limitation for contributions of food inventory from any trade or business is temporarily increased from 15 percent to 25 percent for donations of food inventories made during 2020 or 2021;
- For 2021 and 2022, the business deduction for the full amount of meals, including beverages, provided at a restaurant is restored;
- Relief for federal disaster other than the COVID disaster occurring during 2020 or until February 2021 includes penalty-free distribution of retirement funds for those affected by the disaster, additional tax breaks or disaster-related contributions, and expansion of the casualty loss deduction, which also permits treating the deduction as an additional standard deduction rather than an itemized deduction;
- For 2020 and 2021, low-income taxpayers who may have seen a reduction in wages in 2020 or in 2021 due to the pandemic may use 2019 income amounts (if higher) to calculate the amount of their earned income tax credits (EITC). For 2021, the maximum EITC for adults without children is raised from \$543 to \$1,502, while the age eligibility for the childless claimants is lowered from 25 to 19 and the upper age limit, which currently bars the credit for childless people age 65 and older, is eliminated. The amount of the income at which the credit is maximized is increased, and the phaseout amount is also increased. Additionally, several changes are permanent: the credit is allowed for separated spouses, the investment income test is increased to \$10,000 and is adjusted for inflation after 2021;
- The Paycheck Protection Program (PPP) under the CARES Act provided loans to help small businesses (fewer than 500 employees for 1<sup>st</sup> round of loans, 300 employees for 2<sup>nd</sup> round of loans, including certain nonprofits, sole proprietors, passthrough entities and self-employed) impacted by the pandemic and economic downturn to make payroll and cover other related expenses from February to June 2020. The PPP loans are forgivable if employers retain employees at comparable salary levels prior to the crisis, and the amounts forgiven are not treated as taxable income for federal income tax purposes. The CA Act provided that expenses paid by forgiven PPP loans are allowed to be deducted from the taxpayer's tax base, and PPP loan funds may cover worker protection expenditures, uninsured property damage costs due to

looting or vandalism during 2020, certain supplier cost and expenses for operations, benefits costs to include group dental, vision, life and disability benefits in addition to employee wages or operating expenses like rent and utilities.

- Forgiveness of Economic Injury Disaster Loans (EIDL) granted to small businesses and emergency under the CARES Act are also excluded from income;
- The exclusion from gross income of the discharge of qualified principal residence debt is extended through 2025;
- Exclusion from income of up to \$5,250 annually for payments made during in 2020 through 2025 of an employee's education loan when the loan was incurred by the employee for the education of the employee, and any other emergency financial aid grants provided under the CARES Act;
- The above-the-line educator expenses deduction includes amounts paid or incurred after March 12, 2020 for personal protective equipment (PPE), disinfectant, and other supplies used for the prevention of the spread of coronavirus;
- Starting in 2020, deductible IRA contributions also apply to filers younger than age 70 ½ ;

## X. MICHIGAN PUBLIC ACTS – INCOME TAX

For changes prior to 2019, see Appendix A on page 69.

### 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.

### 2020

**Public Act 65** amended the Income Tax Act to allow qualified surviving spouses to claim the retirement and pension benefits tax base subtraction based on the date of birth of the older of the two spouses. Qualified surviving spouse refers to those filing a single return, who remain unremarried since the death of their spouse, and claimed the retirement and pension benefits subtraction on a joint return for the tax year in which their spouse died. For tax years after 2019, a surviving spouse born after 1945 who reaches the age of 67 and remains unremarried may elect to take the larger of the Michigan Standard deduction against all types of income based on the surviving spouse's date, or the retirement and pensions benefits subtraction based on the older deceased spouse's year of birth subject to the limits available for a single filer.

**Public Act 75** amended the Income Tax Act to modify the earmark of individual income tax to the School Aid Fund (SAF). The Act limited the percentage of gross collections earmarked to SAF at 22.45 percent only for December 2018 through September 2019, and restored the SAF earmark percentage calculation to 1.012 percent divided by the income tax rate for periods thereafter.

**Public Act 77** amended the Revenue Act to add a new section to regulate the conduct of paid tax preparers. The added section is to be called the Taxpayer Protection Act. Among other things, the new legislation provides the following: a) requirement for any return or claim for refund prepared by a paid tax preparer to contain the preparer's identification number and signature; b) list of activities a paid tax preparer is prohibited from engaging; c) authorization for Treasury to commence suit to enjoin any paid tax preparer from further engaging in any conduct described in the new law or from further acting as a paid tax preparer.

**Public Act 343** amended the Income Tax Act to reinstate the State Historic Preservation Tax Credit program. The restored program allows qualified taxpayers with a certificate of completed rehabilitation issued after December 2020 and before January 2031, to claim a nonrefundable tax credit equal to 25% of qualified expenditures that met eligibility criteria for the historic rehabilitation credit under the Internal Revenue Code for the rehabilitation of a historic resource. The credit must be claimed within five years after issuance of the certification of completed rehabilitation, may be carried forward for up to 10 years, is assignable, and subject to recapture when the certificate of completed rehabilitation is revoked or the historic resource is sold or disposed of less than five years after the certificate of completion is issued. The total of all credits reserved under preapproval letters may not exceed \$5 million per calendar year.

**XI. EXHIBITS 25 THROUGH 40**



**Exhibit 25**  
**Effective Rate of the Michigan Individual Income Tax, 2019**

Adjusted Gross Income Group	Number of Returns Filed <sup>(1)</sup>	Adjusted Gross Income	Effective Personal Exemptions <sup>(2)</sup>	Claimed Exemptions	Subtractions Minus Additions	Total Credits	Effective Tax	Effective Tax as a % of Income
Less than \$1 <sup>(3)</sup>	110,535	(\$7,420,391,880)		98,243	(\$5,701,326,524)	\$72,701,114	(\$64,154,380)	
\$ 1 - 2,000	167,408	124,977,187	18,505	148,835	469,052,970	81,109,533	(80,722,535)	-64.59%
2,001 - 4,000	137,261	412,286,514	45,040	94,272	260,846,859	31,627,545	(27,406,399)	-6.65%
4,001 - 6,000	136,868	684,527,056	67,220	110,914	302,636,049	33,214,946	(24,115,901)	-3.52%
6,001 - 8,000	134,540	941,555,425	81,823	125,927	364,799,204	37,221,736	(22,276,069)	-2.37%
8,001 - 10,000	134,243	1,209,472,156	100,803	144,629	417,566,234	41,260,379	(20,844,037)	-1.72%
10,001 - 12,000	146,250	1,607,783,740	140,542	186,351	466,537,257	55,800,758	(28,386,213)	-1.77%
12,001 - 14,000	135,933	1,766,063,685	140,690	185,215	520,884,222	50,321,383	(18,674,757)	-1.06%
14,001 - 16,000	142,126	2,129,591,789	191,468	238,440	521,264,079	64,537,612	(27,492,218)	-1.29%
16,001 - 18,000	125,039	2,124,782,617	161,699	198,007	510,885,166	49,411,303	(7,061,065)	-0.33%
18,001 - 20,000	122,538	2,327,226,964	165,679	199,930	546,166,966	47,645,735	906,945	0.04%
20,001 - 22,000	116,402	2,444,337,046	154,190	186,171	574,897,913	41,240,733	12,797,773	0.52%
22,001 - 24,000	116,138	2,671,159,919	156,124	186,886	609,589,356	38,872,833	22,724,071	0.85%
24,001 - 26,000	113,663	2,841,342,706	157,723	187,128	633,555,909	37,114,321	30,325,869	1.07%
26,001 - 28,000	110,171	2,974,046,971	154,931	181,704	638,859,543	34,379,081	38,957,697	1.31%
28,001 - 30,000	106,611	3,091,316,194	154,754	179,174	625,819,598	32,240,753	46,122,433	1.49%
30,001 - 35,000	251,951	8,177,242,288	373,470	426,269	1,516,363,175	70,767,518	147,685,873	1.81%
35,001 - 40,000	221,171	8,282,634,529	335,822	380,301	1,479,296,403	55,606,527	174,531,213	2.11%
40,001 - 45,000	192,736	8,182,118,087	300,316	339,807	1,497,091,453	43,774,036	187,197,796	2.29%
45,001 - 50,000	170,789	8,104,584,436	272,558	308,778	1,523,391,728	34,177,254	196,739,316	2.43%
Over 50,000	<u>2,022,656</u>	<u>332,607,330,068</u>	<u>4,491,870</u>	<u>4,825,510</u>	<u>110,296,980,376</u>	<u>132,717,724</u>	<u>8,509,666,629</u>	2.56%
Totals	4,915,029	\$385,283,987,497	7,665,228	8,932,491	\$118,075,157,936	\$1,085,742,824	\$9,046,522,041	2.35%

<sup>(1)</sup>Includes 39,558 credit-only returns.

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

<sup>(3)</sup>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, 2019**

<b>Adjusted Gross Income Group</b>	<b>Number of Returns Filed</b>	<b>Adjusted Gross Income</b>	<b>Effective Personal Exemptions<sup>(1)</sup></b>	<b>Claimed Exemptions</b>	<b>Subtractions Minus Additions</b>	<b>Total Credits</b>	<b>Effective Tax</b>	<b>Effective Tax as a % of Income<sup>(2)</sup></b>
\$50,001 - 55,000	155,531	\$8,160,023,903	255,299	287,924	\$1,565,023,237	\$23,340,770	\$210,734,782	2.58%
55,001 - 60,000	142,179	8,170,252,153	242,999	272,557	1,634,593,328	10,570,346	222,724,249	2.73%
60,001 - 65,000	131,807	8,233,138,148	236,940	261,874	1,667,249,450	3,731,310	231,591,877	2.81%
65,001 - 70,000	120,859	8,153,261,579	228,978	248,863	1,680,127,971	3,063,763	230,154,875	2.82%
70,001 - 75,000	111,529	8,083,579,570	223,023	238,882	1,620,991,077	2,655,688	230,782,053	2.85%
75,001 - 80,000	103,130	7,989,630,051	213,733	226,462	1,582,957,199	2,575,185	230,158,539	2.88%
80,001 - 85,000	96,245	7,937,117,345	206,018	217,356	1,561,179,261	2,503,605	230,423,494	2.90%
85,001 - 90,000	89,805	7,855,002,801	198,032	208,650	1,549,900,212	2,914,650	228,674,660	2.91%
90,001 - 95,000	82,839	7,659,998,864	187,470	197,570	1,482,695,757	2,321,390	225,665,876	2.95%
95,001 - 100,000	77,389	7,543,154,449	178,161	187,788	1,462,791,571	2,283,247	223,348,031	2.96%
100,001 - 110,000	137,822	14,449,766,726	328,032	344,973	2,725,176,379	4,811,402	433,263,312	3.00%
110,001 - 120,000	114,161	13,110,004,279	282,132	295,567	2,286,182,679	4,335,363	403,962,248	3.08%
120,001 - 130,000	93,466	11,667,673,631	237,324	247,909	1,946,632,042	4,276,397	365,838,268	3.14%
130,001 - 140,000	77,428	10,438,878,942	201,010	210,289	1,664,265,984	3,340,743	333,429,134	3.19%
140,001 - 150,000	63,205	9,156,016,738	165,541	172,862	1,416,064,592	3,188,383	295,751,538	3.23%
150,001 - 160,000	53,147	8,228,897,899	142,021	147,156	1,229,456,049	3,053,957	268,621,069	3.26%
160,001 - 170,000	44,307	7,304,497,677	118,887	123,748	1,119,596,553	2,695,247	239,333,126	3.28%
170,001 - 180,000	36,940	6,458,667,705	99,330	103,782	931,544,637	2,356,466	214,521,582	3.32%
180,001 - 190,000	30,883	5,708,297,917	83,128	87,091	819,788,453	2,172,025	190,612,569	3.34%
190,001 - 200,000	26,207	5,106,694,579	70,380	73,914	733,432,185	1,898,811	171,294,946	3.35%
200,001 - 300,000	124,360	29,724,919,979	332,278	355,628	4,575,526,454	11,442,599	998,841,891	3.36%
300,001 - 400,000	41,421	14,206,361,670	108,224	119,325	2,524,765,807	6,011,020	472,212,088	3.32%
400,001 - 500,000	19,572	8,703,456,428	49,683	56,854	1,723,086,995	3,914,860	285,152,761	3.28%
500,001 - 750,000	21,651	13,047,806,927	52,960	63,135	2,990,096,233	5,025,355	413,950,306	3.17%
750,001 - 1,000,000	8,447	7,263,680,103	19,471	24,517	2,033,134,089	3,118,523	216,608,277	2.98%
Over \$1,000,000	<u>18,326</u>	<u>88,246,550,005</u>	<u>30,815</u>	<u>50,834</u>	<u>65,770,722,182</u>	<u>15,116,619</u>	<u>942,015,078</u>	1.07%
Totals for AGI over \$50,000	2,022,656	\$332,607,330,068	4,491,870	4,825,510	\$110,296,980,376	\$132,717,724	\$8,509,666,629	2.56%

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

<sup>(2)</sup>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, 2019**

<b>Adjusted Gross Income Group</b>	<b>Total Effective Exemptions</b>	<b>Subtractions Minus Additions</b>	<b>Nonrefundable Credits<sup>(1)</sup></b>	<b>Property Tax Credits</b>	<b>Home Heating Credits</b>	<b>Michigan Earned Income Tax Credits</b>
\$ 1 - 2,000	81.5%	375.3%	0.0%	1336.0%	177.8%	4.4%
2,001 - 4,000	61.6%	63.3%	0.0%	153.5%	20.2%	4.5%
4,001 - 6,000	52.1%	44.2%	0.0%	94.7%	12.3%	5.7%
6,001 - 8,000	44.1%	38.7%	0.0%	75.0%	9.3%	7.0%
8,001 - 10,000	40.8%	34.5%	0.0%	63.0%	7.5%	8.5%
10,001 - 12,000	41.4%	29.0%	0.0%	60.6%	7.8%	12.3%
12,001 - 14,000	37.2%	29.5%	0.0%	49.9%	5.4%	10.7%
14,001 - 16,000	41.2%	24.5%	0.0%	48.8%	6.5%	15.1%
16,001 - 18,000	34.7%	24.0%	0.0%	39.5%	3.6%	10.8%
18,001 - 20,000	32.3%	23.5%	0.0%	35.0%	2.5%	9.8%
20,001 - 22,000	28.5%	23.5%	0.0%	29.9%	1.5%	7.4%
22,001 - 24,000	26.4%	22.8%	0.0%	26.4%	0.9%	6.2%
24,001 - 26,000	25.0%	22.3%	0.0%	24.0%	0.7%	5.4%
26,001 - 28,000	23.4%	21.5%	0.0%	21.6%	0.4%	4.5%
28,001 - 30,000	22.4%	20.2%	0.0%	19.7%	0.3%	3.9%
30,001 - 35,000	20.4%	18.5%	0.0%	16.8%	0.1%	2.7%
35,001 - 40,000	18.1%	17.9%	0.0%	13.5%	0.1%	1.5%
40,001 - 45,000	16.4%	18.3%	0.0%	11.0%	0.0%	0.8%
45,001 - 50,000	15.0%	18.8%	0.0%	8.8%	0.0%	0.3%
50,001 - 55,000	13.9%	19.2%	0.0%	5.9%	0.0%	0.1%
55,001 - 60,000	13.3%	20.0%	0.0%	2.3%	0.0%	0.0%
60,001 - 65,000	12.8%	20.3%	0.0%	0.3%	0.0%	0.0%
65,001 - 70,000	12.5%	20.6%	0.0%	0.1%	0.0%	0.0%
70,001 - 75,000	12.3%	20.1%	0.0%	0.0%	0.0%	0.0%
75,001 - 80,000	11.9%	19.8%	0.0%	0.0%	0.0%	0.0%

**Exhibit 27 (cont.)**

<b>Adjusted Gross Income Group</b>	<b>Total Effective Exemptions</b>	<b>Subtractions Minus Additions</b>	<b>Nonrefundable Credits<sup>(1)</sup></b>	<b>Property Tax Credits</b>	<b>Home Heating Credits</b>	<b>Michigan Earned Income Tax Credits</b>
80,001 - 85,000	11.5%	19.7%	0.0%	0.0%	0.0%	0.0%
85,001 - 90,000	11.2%	19.7%	0.0%	0.0%	0.0%	0.0%
90,001 - 95,000	10.9%	19.4%	0.0%	0.0%	0.0%	0.0%
95,001 - 100,000	10.5%	19.4%	0.0%	0.0%	0.0%	0.0%
100,001 - 110,000	10.1%	18.9%	0.0%	0.0%	0.0%	0.0%
110,001 - 120,000	9.5%	17.4%	0.0%	0.0%	0.0%	0.0%
120,001 - 130,000	9.0%	16.7%	0.0%	0.0%	0.0%	0.0%
130,001 - 140,000	8.5%	15.9%	0.0%	0.0%	0.0%	0.0%
140,001 - 150,000	8.0%	15.5%	0.0%	0.0%	0.0%	0.0%
150,001 - 160,000	7.6%	14.9%	0.0%	0.0%	0.0%	0.0%
160,001 - 170,000	7.2%	15.3%	0.0%	0.0%	0.0%	0.0%
170,001 - 180,000	6.8%	14.4%	0.0%	0.0%	0.0%	0.0%
180,001 - 190,000	6.4%	14.4%	0.0%	0.0%	0.0%	0.0%
190,001 - 200,000	6.1%	14.4%	0.0%	0.0%	0.0%	0.0%
200,001 - 300,000	4.9%	15.4%	0.0%	0.0%	0.0%	0.0%
300,001 - 400,000	3.4%	17.8%	0.0%	0.0%	0.0%	0.0%
400,001 - 500,000	2.5%	19.8%	0.0%	0.0%	0.0%	0.0%
500,001 - 750,000	1.8%	22.9%	0.0%	0.0%	0.0%	0.0%
750,001 - 1,000,000	1.2%	28.0%	0.0%	0.0%	0.0%	0.0%
Over \$1,000,000	0.2%	74.5%	0.0%	0.0%	0.0%	0.0%
Overall Percent	9.0%	30.6%	0.0%	4.8%	0.4%	0.7%

<sup>(1)</sup> 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 2019 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 2019 Individual Income Tax Returns<sup>(1)</sup>**

Adjusted Gross Income Group	Exemptions Claimed							Total Returns	Total Exemptions <sup>(2)</sup>
	<u>Zero</u>	<u>One</u>	<u>Two</u>	<u>Three</u>	<u>Four</u>	<u>Five</u>	<u>Six or More</u>		
Zero Income	1,706	48,618	16,316	2,091	1,258	614	374	70,977	98,243
\$ 1 - 2,000	48,815	95,387	18,998	2,522	1,032	410	244	167,408	148,835
2,001 - 4,000	64,578	56,786	12,262	2,273	927	305	130	137,261	94,272
4,001 - 6,000	53,822	63,079	14,877	3,213	1,309	385	183	136,868	110,914
6,001 - 8,000	42,907	67,502	17,566	4,127	1,718	500	220	134,540	125,927
8,001 - 10,000	33,087	71,023	21,530	5,432	2,169	720	282	134,243	144,629
10,001 - 12,000	25,770	73,245	35,020	7,923	2,991	887	414	146,250	186,351
12,001 - 14,000	19,279	73,267	27,218	10,057	4,287	1,291	534	135,933	185,215
14,001 - 16,000	14,099	69,863	25,711	18,462	10,356	2,550	1,085	142,126	238,440
16,001 - 18,000	10,491	67,670	25,026	12,029	6,875	1,969	979	125,039	198,007
18,001 - 20,000	7,769	66,749	25,897	12,214	6,808	2,097	1,004	122,538	199,930
20,001 - 22,000	5,729	66,592	25,769	10,067	5,305	1,980	960	116,402	186,171
22,001 - 24,000	4,262	67,576	26,509	9,735	5,197	1,857	1,002	116,138	186,886
24,001 - 26,000	3,169	65,585	26,732	9,952	5,114	2,005	1,106	113,663	187,128
26,001 - 28,000	2,389	64,039	26,119	9,793	4,983	1,910	938	110,171	181,704
28,001 - 30,000	1,798	61,308	25,743	9,716	5,100	1,895	1,051	106,611	179,174
30,001 - 35,000	2,833	146,699	60,191	22,257	12,480	4,970	2,521	251,951	426,269
35,001 - 40,000	1,551	128,286	53,538	19,014	11,215	4,966	2,601	221,171	380,301
40,001 - 45,000	865	109,463	48,102	15,991	10,736	4,915	2,664	192,736	339,807
45,001 - 50,000	536	93,574	45,229	13,997	9,928	4,816	2,709	170,789	308,778
50,001 - 55,000	322	81,111	44,210	13,279	9,535	4,551	2,523	155,531	287,924
55,001 - 60,000	213	69,170	43,320	12,834	9,735	4,522	2,385	142,179	272,557
60,001 - 65,000	159	59,516	42,589	12,556	10,111	4,532	2,344	131,807	261,874
65,001 - 70,000	129	50,004	41,516	12,250	10,261	4,430	2,269	120,859	248,863
70,001 - 75,000	71	41,669	40,405	12,344	10,303	4,500	2,237	111,529	238,882
75,001 - 80,000	49	35,452	38,999	11,993	10,304	4,257	2,076	103,130	226,462

**Exhibit 28 (cont.)**

<b>Adjusted Gross Income Group</b>	<b>Exemptions Claimed</b>							<b>Total Returns</b>	<b>Total Exemptions<sup>(2)</sup></b>
	<b><u>Zero</u></b>	<b><u>One</u></b>	<b><u>Two</u></b>	<b><u>Three</u></b>	<b><u>Four</u></b>	<b><u>Five</u></b>	<b><u>Six or More</u></b>		
80,001 - 85,000	48	29,859	38,090	11,566	10,567	4,227	1,888	96,245	217,356
85,001 - 90,000	37	24,694	37,510	11,031	10,482	4,221	1,830	89,805	208,650
90,001 - 95,000	42	20,507	35,234	10,821	10,503	4,002	1,730	82,839	197,570
95,001 - 100,000	36	17,334	34,062	10,174	10,287	3,906	1,590	77,389	187,788
100,001 - 110,000	66	26,525	61,957	18,956	19,912	7,412	2,994	137,822	344,973
110,001 - 120,000	25	19,008	50,925	16,625	18,170	6,851	2,557	114,161	295,567
120,001 - 130,000	43	13,820	41,263	14,169	16,155	5,838	2,178	93,466	247,909
130,001 - 140,000	18	10,266	33,868	11,799	14,309	5,261	1,907	77,428	210,289
140,001 - 150,000	14	7,779	27,848	9,700	11,963	4,436	1,465	63,205	172,862
150,001 - 160,000	11	6,172	23,148	8,235	10,534	3,741	1,306	53,147	147,156
160,001 - 170,000	17	4,787	19,270	6,953	8,928	3,307	1,045	44,307	123,748
170,001 - 180,000	7	3,932	15,755	5,999	7,638	2,736	873	36,940	103,782
180,001 - 190,000	10	3,160	13,262	4,983	6,374	2,348	746	30,883	87,091
190,001 - 200,000	8	2,663	11,260	4,220	5,467	1,960	629	26,207	73,914
200,001 - 300,000	36	12,422	52,222	19,484	27,068	9,929	3,199	124,360	355,628
300,001 - 400,000	17	4,316	17,368	6,016	8,757	3,716	1,231	41,421	119,325
400,001 - 500,000	6	2,007	8,114	2,807	4,226	1,795	617	19,572	56,854
500,001 - 750,000	10	2,367	8,955	2,946	4,415	2,173	785	21,651	63,135
750,001 - 1,000,000	n.a.	941	3,605	1,097	1,593	873	334	8,447	24,517
Over \$1,000,000	<u>19</u>	<u>2,662</u>	<u>7,959</u>	<u>2,205</u>	<u>3,096</u>	<u>1,720</u>	<u>665</u>	<u>18,326</u>	<u>50,834</u>
Totals	346,872	2,108,454	1,371,067	455,907	380,481	148,286	64,404	4,875,471	8,932,491

<sup>(1)</sup> Values in this table are based on 4,875,471 MI-1040 tax returns on file.

<sup>(2)</sup> 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 2019 Individual Income Tax Returns<sup>(1)</sup>**

<b><u>Adjusted Gross Income Group</u></b>	<b><u>Deaf/Blind/ Disabled Exemptions</u></b>	<b><u>Disabled Veteran Exemptions</u></b>	<b><u>Claimed as Dependent Exemptions</u></b>	<b><u>Total</u></b>
Zero Income	14,501	1,008	1,671	17,180
\$ 1 - 2,000	33,492	1,081	48,825	83,398
2,001 - 4,000	7,405	659	64,613	72,677
4,001 - 6,000	7,337	736	53,835	61,908
6,001 - 8,000	7,693	675	42,928	51,296
8,001 - 10,000	7,860	725	33,102	41,687
10,001 - 12,000	8,772	747	25,789	35,308
12,001 - 14,000	7,316	788	19,296	27,400
14,001 - 16,000	7,733	828	14,107	22,668
16,001 - 18,000	6,110	766	10,508	17,384
18,001 - 20,000	5,746	751	7,786	14,283
20,001 - 22,000	5,328	772	5,756	11,856
22,001 - 24,000	5,188	706	4,284	10,178
24,001 - 26,000	4,954	763	3,186	8,903
26,001 - 28,000	4,688	742	2,397	7,827
28,001 - 30,000	4,377	729	1,821	6,927
30,001 - 35,000	10,131	1,761	2,863	14,755
35,001 - 40,000	8,601	1,686	1,570	11,857
40,001 - 45,000	7,431	1,555	896	9,882
45,001 - 50,000	6,265	1,457	556	8,278
50,001 - 55,000	5,822	1,372	344	7,538
55,001 - 60,000	5,387	1,326	247	6,960
60,001 - 65,000	5,071	1,337	175	6,583
65,001 - 70,000	4,807	1,244	153	6,204
70,001 - 75,000	4,309	1,045	93	5,447
75,001 - 80,000	4,039	1,028	67	5,134
80,001 - 85,000	3,573	1,001	69	4,643
85,001 - 90,000	3,093	893	57	4,043
90,001 - 95,000	2,764	884	74	3,722
95,001 - 100,000	2,403	763	38	3,204
Over \$100,000	<u>19,363</u>	<u>6,941</u>	<u>428</u>	<u>26,732</u>
Totals	231,559	36,769	347,534	615,862

<sup>(1)</sup> Values in this table are based on 4,875,471 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)**

	2016			2017			2018			2019		
	Number	Amount	Average	Number	Amount	Average	Number	Amount	Average	Number	Amount	Average
Property Tax Credits												
General	619.8	\$282,938.0	\$456.51	603.4	\$283,917.2	\$470.50	691.1	\$403,648.4	\$584.05	724.6	\$447,364.1	\$617.38
Senior Citizen <sup>(1)</sup>												
Total	316.8	\$196,122.2	\$619.06	310.3	\$194,587.2	\$627.13	363.3	\$263,603.2	\$725.55	368.9	\$272,087.1	\$737.51
Low Income Rent	9.9	\$2,450.1	\$247.38	10.5	\$2,568.4	\$244.21	9.2	\$2,533.9	\$274.20	9.2	\$2,486.8	\$269.87
Veteran	3.1	\$363.2	\$118.54	2.8	\$336.9	\$118.85	3.3	\$403.2	\$123.80	3.1	\$503.6	\$162.41
Blind	0.6	\$73.2	\$123.51	0.6	\$72.0	\$122.70	0.6	\$74.3	\$126.22	0.5	\$80.6	\$152.61
Disabled	81.6	\$52,825.4	\$647.52	76.5	\$50,909.0	\$665.84	76.6	\$63,454.3	\$827.92	75.3	\$64,786.5	\$860.52
Farmland	7.4	\$47,383.6	\$6,441.49	7.3	\$49,520.0	\$6,776.13	7.3	\$52,129.8	\$7,127.39	6.8	\$50,128.1	\$7,354.48
Total Property Tax Credits	1,029.2	\$579,705.7	\$563.27	1,000.9	\$579,342.3	\$578.82	1,142.2	\$783,313.2	\$685.77	1,179.3	\$834,950.0	\$708.02
Homeowners Total Credits <sup>(2)</sup>	536.3	\$303,595.6	\$566.09	515.6	\$296,345.4	\$574.77	609.2	\$393,449.3	\$645.86	611.3	\$409,394.4	\$669.71
Renters Total Credits <sup>(2)</sup>	481.9	\$228,290.1	\$473.77	474.6	\$233,068.0	\$491.10	521.9	\$337,256.6	\$646.23	557.5	\$374,843.3	\$672.34
Home Heating Credit Total	320.9	\$68,325.2	\$212.93	319.6	\$62,875.2	\$196.75	303.9	\$67,255.6	\$221.34	272.8	\$60,011.8	\$219.99
HHC regular credit		\$56,275.7	\$175.38		\$62,875.2	\$196.75		\$60,900.0	\$200.42		\$60,011.8	\$219.99
HHC supplemental		\$12,049.5	\$37.55		n.a.	n.a.		\$6,355.6	\$20.92		n.a.	n.a.
MI Earned Income Tax Credit	770.5	\$113,951.1	\$147.90	748.6	\$112,242.7	\$149.94	729.6	\$109,544.7	\$150.14	738.4	\$110,581.2	\$149.76
Credit for Income Tax Paid to Another State	51.4	\$57,074.9	\$1,109.85	52.7	\$71,199.9	\$1,350.81	54.9	\$77,298.9	\$1,408.89	56.0	\$80,132.9	\$1,431.00
Historic Preservation Credit	0.1	\$163.7	\$1,299.56	0.2	\$109.6	\$730.54	0.1	\$89.7	\$897.02	0.1	\$67.0	\$720.01

<sup>(1)</sup>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.

<sup>(2)</sup> Refers only to credits for Disabled, Seniors, and Regular claimants.



**Exhibit 31**  
**Distribution of Property Tax Credits Claimed**  
**Individual Income Tax, 2019 <sup>(1)</sup>**

Adjusted Gross Income Group	General			Senior Citizens <sup>(2)</sup>			Veterans			Disabled <sup>(3)</sup>		
	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 <sup>(4)</sup>	10,897	1.5%	\$9,165,879	34,521	9.4%	\$32,793,525	167	5.4%	\$47,403	15,289	20.2%	\$13,772,065
\$ 1 - 2,000	12,807	1.8%	9,484,098	42,327	11.5%	41,578,084	131	4.2%	25,798	21,382	28.2%	19,875,033
2,001 - 4,000	9,517	1.3%	6,501,988	19,038	5.2%	17,660,863	80	2.6%	14,886	3,109	4.1%	2,718,888
4,001 - 6,000	12,314	1.7%	8,087,041	19,164	5.2%	17,009,792	87	2.8%	16,876	2,849	3.8%	2,432,360
6,001 - 8,000	15,858	2.2%	10,379,675	20,000	5.4%	16,980,885	94	3.0%	15,780	3,044	4.0%	2,619,499
8,001 - 10,000	20,056	2.8%	13,467,061	20,447	5.5%	16,311,465	103	3.3%	17,241	3,034	4.0%	2,588,535
10,001 - 12,000	32,238	4.4%	23,205,841	20,392	5.5%	15,368,885	116	3.7%	20,848	3,207	4.2%	2,797,475
12,001 - 14,000	29,690	4.1%	20,965,845	20,054	5.4%	14,254,426	132	4.3%	21,426	2,513	3.3%	2,188,456
14,001 - 16,000	40,309	5.6%	29,770,907	18,045	4.9%	12,267,995	133	4.3%	23,176	2,344	3.1%	2,078,214
16,001 - 18,000	33,666	4.6%	24,127,336	15,022	4.1%	9,945,006	141	4.5%	20,407	1,802	2.4%	1,544,690
18,001 - 20,000	34,174	4.7%	24,193,461	14,020	3.8%	9,034,484	133	4.3%	17,531	1,641	2.2%	1,392,595
20,001 - 22,000	31,875	4.4%	21,484,675	13,167	3.6%	8,344,755	118	3.8%	15,629	1,525	2.0%	1,243,893
22,001 - 24,000	32,237	4.4%	21,056,350	12,582	3.4%	7,737,310	113	3.6%	18,295	1,466	1.9%	1,167,671
24,001 - 26,000	32,693	4.5%	20,989,309	11,513	3.1%	6,971,990	117	3.8%	18,911	1,317	1.7%	1,010,881
26,001 - 28,000	31,979	4.4%	20,105,418	10,596	2.9%	6,215,800	110	3.5%	13,736	1,182	1.6%	904,447
28,001 - 30,000	31,834	4.4%	19,538,368	9,450	2.6%	5,471,109	123	4.0%	21,534	1,086	1.4%	834,471
30,001 - 35,000	76,175	10.5%	45,574,511	19,530	5.3%	10,863,873	258	8.3%	37,011	2,414	3.2%	1,755,021
35,001 - 40,000	65,737	9.1%	38,119,054	14,973	4.1%	8,096,888	243	7.8%	42,131	2,022	2.7%	1,380,419
40,001 - 45,000	54,559	7.5%	30,888,657	11,762	3.2%	6,232,763	230	7.4%	36,069	1,631	2.2%	1,080,761
45,001 - 50,000	45,398	6.3%	25,130,704	9,102	2.5%	4,479,815	154	5.0%	23,447	1,180	1.6%	729,270
50,001 - 55,000	36,980	5.1%	17,117,262	7,340	2.0%	2,883,970	174	5.6%	26,886	895	1.2%	446,592
55,001 - 60,000	28,559	3.9%	6,468,092	4,772	1.3%	1,215,443	117	3.8%	6,429	703	0.9%	227,968
60,001 - 65,000	3,635	0.5%	864,095	819	0.2%	193,479	17	0.5%	1,422	115	0.2%	42,893
65,001 - 70,000	734	0.1%	243,091	124	0.0%	48,763	5	0.2%	395	33	0.0%	13,249
70,001 - 75,000	231	0.0%	97,637	43	0.0%	23,048	n.a.	0.1%	n.a.	11	0.0%	5,812
75,001 - 80,000	128	0.0%	68,545	24	0.0%	20,580	-	0.0%	-	7	0.0%	4,202
80,001 - 85,000	61	0.0%	40,436	18	0.0%	13,293	n.a.	0.0%	n.a.	4	0.0%	2,903
85,001 - 90,000	40	0.0%	28,378	11	0.0%	8,500	-	0.0%	-	n.a.	0.0%	n.a.
90,001 - 95,000	31	0.0%	25,611	10	0.0%	7,989	-	0.0%	-	n.a.	0.0%	n.a.
95,001 - 100,000	19	0.0%	12,403	5	0.0%	2,581	-	0.0%	-	n.a.	0.0%	n.a.
Over 100,000	184	0.0%	162,349	54	0.0%	49,724	n.a.	0.1%	n.a.	4	0.0%	3,117
Totals	724,615	100.0%	\$447,364,077	368,925	100.0%	\$272,087,083	3,101	100.0%	\$503,629	75,816	100.0%	\$64,867,087

Notes:

- <sup>(1)</sup> Values in this table are based on a sample of the 4,915,029 MI-1040 and MI-1040CR returns.
- <sup>(2)</sup> Includes Senior Citizen Low Income Rent Credits.
- <sup>(3)</sup> Includes blind, blind/deaf, paraplegic, quadriplegic, and totally disabled.
- <sup>(4)</sup> Represents those individuals who had no taxable income, but did receive a property tax credit.
- <sup>(5)</sup> 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, 2019**

Household Resources	Number of Returns	Property Tax Paid	Property Tax Credit	Property Tax Paid After Credit
\$1,000 and below	773	\$1,564,808	\$929,400	\$635,408
1,001 - 2,000	226	356,933	251,321	105,612
2,001 - 3,000	259	555,502	252,049	303,453
3,001 - 4,000	406	561,119	426,984	134,135
4,001 - 5,000	548	742,070	561,801	180,269
5,001 - 6,000	801	1,095,954	784,800	311,154
6,001 - 7,000	1,195	1,715,007	1,204,586	510,421
7,001 - 8,000	1,839	2,576,117	1,836,001	740,116
8,001 - 9,000	2,690	3,699,378	2,703,024	996,354
9,001 - 10,000	7,960	10,048,999	7,734,889	2,314,110
10,001 - 11,000	4,353	6,308,811	4,313,230	1,995,581
11,001 - 12,000	5,117	7,600,768	5,046,224	2,554,544
12,001 - 13,000	5,639	8,648,354	5,544,656	3,103,698
13,001 - 14,000	6,692	10,766,791	6,770,634	3,996,157
14,001 - 15,000	7,063	11,646,505	7,110,080	4,536,425
15,001 - 16,000	7,227	12,195,342	7,160,088	5,035,254
16,001 - 17,000	7,605	12,947,457	7,509,653	5,437,804
17,001 - 18,000	7,228	12,814,468	7,239,886	5,574,582
18,001 - 19,000	7,647	13,693,366	7,605,871	6,087,495
19,001 - 20,000	8,033	14,619,155	7,935,214	6,683,941
20,001 - 21,000	8,306	15,440,625	8,250,173	7,190,452
21,001 - 22,000	8,487	15,887,314	8,143,620	7,743,694
22,001 - 23,000	8,443	16,290,650	7,888,196	8,402,454
23,001 - 24,000	8,480	16,435,999	7,767,490	8,668,509
24,001 - 25,000	8,601	16,914,691	7,566,549	9,348,142
25,001 - 26,000	8,616	17,246,711	7,303,613	9,943,098
26,001 - 27,000	8,769	17,711,060	7,150,546	10,560,514
27,001 - 28,000	8,813	18,177,408	6,891,292	11,286,116
28,001 - 29,000	8,800	18,505,232	6,471,782	12,033,450
29,001 - 30,000	8,658	18,234,281	6,135,581	12,098,700
30,001 - 35,000	43,253	95,589,287	28,727,553	66,861,734
35,001 - 40,000	40,625	94,274,866	26,334,308	67,940,558
40,001 - 45,000	36,494	90,614,083	23,230,483	67,383,600
45,001 - 50,000	31,787	83,241,133	19,860,773	63,380,360
50,001 - 60,000	47,473	135,420,605	17,429,448	117,991,157
60,001 - 70,000	10	105,637	7,889	97,748
70,001 - 80,000	n.a.	83,432	4,500	78,932
Over 80,000	5	58,011	2,896	55,115
Totals	368,925	\$804,387,929	\$272,087,083	\$532,300,846

(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, 2019**

Household Resources	Number of Returns	Property Tax Paid	Property Tax Credit	Property Tax Paid After Credit
\$1,000 and below	6,302	\$11,153,185	\$5,798,830	\$5,354,355
1,001 - 2,000	2,444	3,470,367	1,822,857	1,647,510
2,001 - 3,000	3,052	4,294,521	2,144,904	2,149,617
3,001 - 4,000	3,509	4,684,504	2,374,154	2,310,350
4,001 - 5,000	4,242	5,436,032	2,750,617	2,685,415
5,001 - 6,000	5,008	6,641,887	3,256,956	3,384,931
6,001 - 7,000	5,876	7,704,416	3,781,721	3,922,695
7,001 - 8,000	7,108	9,696,117	4,588,107	5,108,010
8,001 - 9,000	7,971	11,122,817	5,215,237	5,907,580
9,001 - 10,000	11,182	16,176,973	7,511,673	8,665,300
10,001 - 11,000	14,937	23,154,211	10,683,399	12,470,812
11,001 - 12,000	14,684	23,047,190	10,535,714	12,511,476
12,001 - 13,000	13,924	22,042,287	9,837,671	12,204,616
13,001 - 14,000	14,677	23,718,366	10,430,504	13,287,862
14,001 - 15,000	20,253	34,394,366	14,998,420	19,395,946
15,001 - 16,000	18,759	32,560,922	13,871,644	18,689,278
16,001 - 17,000	17,143	29,572,837	12,319,005	17,253,832
17,001 - 18,000	17,038	30,041,652	12,262,354	17,779,298
18,001 - 19,000	17,272	31,127,681	12,468,342	18,659,339
19,001 - 20,000	17,241	30,859,041	12,167,419	18,691,622
20,001 - 21,000	16,686	30,249,777	11,572,126	18,677,651
21,001 - 22,000	16,614	30,376,177	11,249,549	19,126,628
22,001 - 23,000	16,785	30,699,244	11,278,912	19,420,332
23,001 - 24,000	16,989	31,257,451	11,201,129	20,056,322
24,001 - 25,000	17,145	31,946,715	11,250,161	20,696,554
25,001 - 26,000	17,156	32,331,185	11,100,853	21,230,332
26,001 - 27,000	16,938	32,421,567	10,956,116	21,465,451
27,001 - 28,000	16,831	32,334,920	10,686,719	21,648,201
28,001 - 29,000	16,748	32,463,648	10,540,556	21,923,092
29,001 - 30,000	16,643	32,737,494	10,275,957	22,461,537
30,001 - 35,000	80,714	164,811,179	49,275,262	115,535,917
35,001 - 40,000	70,375	153,421,527	41,658,705	111,762,822
40,001 - 45,000	59,436	138,510,290	34,537,962	103,972,328
45,001 - 50,000	49,769	123,840,494	28,384,558	95,455,936
50,001 - 60,000	73,141	200,415,374	24,554,991	175,860,383
60,001 - 70,000	13	144,068	11,761	132,307
70,001 - 80,000	7	81,568	5,932	75,636
Over 80,000	n.a.	n.a.	n.a.	n.a.
<b>Totals</b>	<b>724,615</b>	<b>\$1,458,990,413</b>	<b>\$447,364,077</b>	<b>\$1,011,626,336</b>

(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, 2019**

<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	20	\$23,747	\$6,848	\$16,899
1,001 - 2,000	0	0	0	0
2,001 - 3,000	n.a.	238	159	79
3,001 - 4,000	n.a.	2,208	398	1,810
4,001 - 5,000	n.a.	222	332	-110
5,001 - 6,000	n.a.	1,425	756	669
6,001 - 7,000	n.a.	1,944	1,618	326
7,001 - 8,000	n.a.	2,197	442	1,755
8,001 - 9,000	5	3,332	1,707	1,625
9,001 - 10,000	12	10,745	6,567	4,178
10,001 - 11,000	10	8,723	5,113	3,610
11,001 - 12,000	8	4,975	1,416	3,559
12,001 - 13,000	11	9,431	2,688	6,743
13,001 - 14,000	15	12,280	3,157	9,123
14,001 - 15,000	17	14,136	5,787	8,349
15,001 - 16,000	20	15,633	3,898	11,735
16,001 - 17,000	21	14,287	5,852	8,435
17,001 - 18,000	18	9,169	5,447	3,722
18,001 - 19,000	14	7,654	1,962	5,692
19,001 - 20,000	21	17,232	4,371	12,861
20,001 - 21,000	20	12,145	4,318	7,827
21,001 - 22,000	26	20,629	5,993	14,636
22,001 - 23,000	28	22,652	9,758	12,894
23,001 - 24,000	34	25,921	6,565	19,356
24,001 - 25,000	51	41,114	9,958	31,156
25,001 - 26,000	34	25,473	8,891	16,582
26,001 - 27,000	32	22,451	5,483	16,968
27,001 - 28,000	36	35,311	9,363	25,948
28,001 - 29,000	38	34,477	8,484	25,993
29,001 - 30,000	36	39,501	10,070	29,431
30,001 - 35,000	328	321,232	57,215	264,017
35,001 - 40,000	382	408,509	64,550	343,959
40,001 - 45,000	469	528,311	81,479	446,832
45,001 - 50,000	481	544,908	76,844	468,064
50,001 - 60,000	897	1,231,902	86,140	1,145,762
60,001 - 70,000	0	0	0	0
70,001 - 80,000	0	0	0	0
Over 80,000	0	0	0	0
Totals	3,101	\$3,474,114	\$503,629	\$2,970,485

(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, 2019**

Household Resources	Farmland Credit		
	Number of Returns	Credit Amount	Average Credit
Up to \$ 1,000	85	\$679,079	\$7,989
1,001 - 2,000	15	68,914	4,594
2,001 - 3,000	32	142,958	4,467
3,001 - 4,000	576	4,792,723	8,321
4,001 - 5,000	35	138,086	3,945
5,001 - 6,000	40	154,949	3,874
6,001 - 7,000	348	3,362,856	9,663
7,001 - 8,000	40	170,233	4,256
8,001 - 9,000	56	282,103	5,038
9,001 - 10,000	46	236,099	5,133
10,001 - 11,000	357	4,621,344	12,945
11,001 - 12,000	58	270,385	4,662
12,001 - 13,000	59	279,428	4,736
13,001 - 14,000	66	258,203	3,912
14,001 - 15,000	49	196,578	4,012
15,001 - 16,000	19	115,206	6,063
16,001 - 17,000	55	185,977	3,381
17,001 - 18,000	63	266,224	4,226
18,001 - 19,000	66	229,811	3,482
19,001 - 20,000	63	241,466	3,833
20,001 - 21,000	69	284,017	4,116
21,001 - 22,000	63	253,489	4,024
22,001 - 23,000	63	248,609	3,946
23,001 - 24,000	69	300,772	4,359
24,001 - 25,000	62	267,685	4,318
25,001 - 26,000	71	314,261	4,426
26,001 - 27,000	12	82,967	6,914
27,001 - 28,000	347	1,702,412	4,906
28,001 - 29,000	390	1,822,537	4,673
29,001 - 30,000	13	45,209	3,478
30,001 - 35,000	353	1,782,216	5,049
35,001 - 40,000	315	1,507,048	4,784
40,001 - 45,000	19	91,334	4,807
45,001 - 50,000	669	3,741,678	5,593
50,001 - 60,000	19	91,431	4,812
60,001 - 70,000	578	3,321,094	5,746
70,001 - 80,000	26	107,850	4,148
80,001 - 90,000	422	2,868,979	6,799
90,001 - 100,000	24	103,991	4,333
100,001 - 125,000	378	2,689,025	7,114
125,001 - 150,000	34	158,778	4,670
150,001 - 200,000	307	2,249,754	7,328
Over \$200,000	<u>385</u>	<u>9,400,385</u>	24,417
Totals	6,816	\$50,128,143	\$7,354.48

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

**Exhibit 36**  
**Distribution of Home Heating Credits by Household Resources**  
**Individual Income Tax, 2019**

Household Resources	Senior Citizens			General			Disabled <sup>(1)</sup>			Veterans		
	Count	Amount	Total	Count	Amount	Total	Count	Amount	Total	Count	Amount	Total
Up to \$ 1,000	552	\$258,904	\$258,904	8,384	\$3,210,613	\$3,210,613	562	\$285,905	\$285,905	n.a.	n.a.	n.a.
1,001 - 2,000	164	66,024	66,024	3,412	1,130,766	1,130,766	149	70,482	70,482	n.a.	n.a.	n.a.
2,001 - 3,000	161	63,521	63,521	3,899	1,257,966	1,257,966	143	66,231	66,231	n.a.	n.a.	n.a.
3,001 - 4,000	277	105,378	105,378	4,496	1,365,084	1,365,084	192	82,556	82,556	n.a.	n.a.	n.a.
4,001 - 5,000	383	125,073	125,073	5,088	1,508,847	1,508,847	269	107,162	107,162	n.a.	n.a.	n.a.
5,001 - 6,000	526	160,602	160,602	5,725	1,581,419	1,581,419	330	119,996	119,996	n.a.	n.a.	n.a.
6,001 - 7,000	878	232,442	232,442	6,452	1,715,438	1,715,438	444	155,950	155,950	n.a.	n.a.	n.a.
7,001 - 8,000	1,377	335,766	335,766	7,227	1,800,612	1,800,612	637	213,840	213,840	n.a.	n.a.	n.a.
8,001 - 9,000	2,050	443,796	443,796	8,321	1,931,736	1,931,736	1,420	416,486	416,486	5	2,783	2,783
9,001 - 10,000	6,673	1,135,615	1,135,615	15,052	3,184,026	3,184,026	8,457	2,000,723	2,000,723	11	3,898	3,898
10,001 - 11,000	3,329	553,617	553,617	13,508	2,991,543	2,991,543	2,544	644,182	644,182	8	1,719	1,719
11,001 - 12,000	3,760	525,678	525,678	12,823	2,561,678	2,561,678	2,619	623,418	623,418	8	2,254	2,254
12,001 - 13,000	3,943	434,708	434,708	12,040	2,188,929	2,188,929	2,321	498,886	498,886	7	2,927	2,927
13,001 - 14,000	3,727	460,521	460,521	10,993	2,126,088	2,126,088	2,346	479,470	479,470	10	2,895	2,895
14,001 - 15,000	1,552	301,980	301,980	11,658	3,233,807	3,233,807	2,214	460,406	460,406	10	2,826	2,826
15,001 - 16,000	1,006	149,678	149,678	9,851	2,514,855	2,514,855	1,874	326,465	326,465	13	5,625	5,625
16,001 - 17,000	1,003	122,393	122,393	8,372	1,869,562	1,869,562	1,768	283,600	283,600	6	491	491
17,001 - 18,000	1,004	106,814	106,814	8,106	1,580,435	1,580,435	1,376	216,375	216,375	13	3,181	3,181
18,001 - 19,000	663	71,747	71,747	7,149	1,406,956	1,406,956	1,142	202,050	202,050	5	849	849
19,001 - 20,000	264	48,789	48,789	5,433	1,223,133	1,223,133	631	149,770	149,770	6	872	872
Over 20,000	<u>1,477</u>	<u>194,750</u>	<u>194,750</u>	<u>33,905</u>	<u>5,433,506</u>	<u>5,433,506</u>	<u>4,474</u>	<u>836,240</u>	<u>836,240</u>	<u>102</u>	<u>20,815</u>	<u>20,815</u>
Totals	34,769	\$5,897,796	\$5,897,796	201,894	\$45,816,999	\$45,816,999	35,912	\$8,240,193	\$8,240,193	221	\$56,815	\$56,815
Average Credit		\$169.63	\$169.63		\$226.94	\$226.94		\$229.46	\$229.46		\$257.08	\$257.08

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

<sup>(2)</sup>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**  
**2019 Income Tax Collections by County**

<b>County</b>	<b>Property Tax Credits</b>	<b>Home Heating Credits</b>	<b>MI EITC Credits</b>	<b>Tax After Credits</b>	<b>Percent of Total Tax</b>
ALCONA	\$359,286	\$83,940	\$96,037	\$4,841,602	0.1%
ALGER	346,967	56,459	63,219	4,795,525	0.1%
ALLEGAN	7,085,730	412,178	889,062	88,766,974	1.0%
ALPENA	1,389,339	227,052	278,638	17,766,099	0.2%
ANTRIM	1,190,121	141,875	230,177	17,715,295	0.2%
ARENAC	855,333	121,372	152,418	7,263,304	0.1%
BARAGA	212,592	47,543	69,482	3,672,780	0.0%
BARRY	3,587,305	185,654	410,447	44,376,245	0.5%
BAY	8,168,378	676,531	1,066,036	71,360,934	0.8%
BENZIE	871,434	114,934	147,460	11,933,606	0.1%
BERRIEN	10,529,922	1,121,057	1,977,160	125,782,221	1.4%
BRANCH	3,252,155	225,701	476,478	23,091,401	0.3%
CALHOUN	10,893,715	900,631	1,665,142	81,399,373	0.9%
CASS	2,689,070	208,328	437,582	25,517,024	0.3%
CHARLEVOIX	1,694,945	129,592	249,984	24,095,473	0.3%
CHEBOYGAN	1,116,368	198,051	270,894	13,584,922	0.2%
CHIPPEWA	1,460,672	225,551	383,074	16,012,494	0.2%
CLARE	1,464,570	374,311	412,481	16,330,787	0.2%
CLINTON	4,085,577	160,761	360,873	59,712,861	0.7%
CRAWFORD	488,929	101,827	131,896	5,819,142	0.1%
DELTA	1,846,362	225,179	338,404	24,074,110	0.3%
DICKINSON	1,406,924	134,388	239,403	19,091,642	0.2%
EATON	9,555,514	414,398	914,780	93,221,802	1.0%
EMMET	2,255,904	171,202	291,100	39,126,796	0.4%
GENESEE	30,354,534	3,490,053	6,011,303	285,605,377	3.2%
GLADWIN	1,250,727	209,861	255,733	13,901,511	0.2%
GOGEBIC	629,808	154,154	142,697	7,066,301	0.1%
GRAND TRAVERSE	7,552,034	316,802	710,776	112,496,723	1.2%
GRATIOT	4,277,222	275,748	444,738	22,923,122	0.3%
HILLSDALE	3,003,405	357,025	487,094	25,034,340	0.3%
HOUGHTON	1,292,431	229,889	253,819	20,711,005	0.2%
HURON	10,226,182	226,695	289,723	14,021,559	0.2%
INGHAM	27,483,991	1,648,845	2,986,153	236,155,035	2.6%
IONIA	3,936,145	272,164	574,138	42,751,909	0.5%
IOSCO	1,145,938	219,870	290,493	12,796,862	0.1%
IRON	440,586	97,877	118,033	5,824,170	0.1%
ISABELLA	3,715,206	332,705	527,549	34,857,543	0.4%
JACKSON	10,899,551	906,987	1,686,161	110,046,905	1.2%
KALAMAZOO	21,111,232	1,288,295	2,435,698	239,935,261	2.7%
KALKASKA	\$722,334	115,726	\$207,058	\$11,169,402	0.1%
KENT	53,788,821	2,614,333	6,314,045	672,256,227	7.4%
KEWEENAW	62,524	13,810	14,352	1,179,271	0.0%
LAKE	486,070	173,526	120,824	3,060,532	0.0%

**Exhibit 37 (cont.)**

<b>County</b>	<b>Property Tax Credits</b>	<b>Home Heating Credits</b>	<b>MI EITC Credits</b>	<b>Tax After Credits</b>	<b>Percent of Total Tax</b>
LAPEER	4,170,114	355,943	722,012	67,843,535	0.7%
LEELANAU	755,633	45,985	92,075	20,746,624	0.2%
LENAWEE	9,309,291	457,516	937,578	61,501,775	0.7%
LIVINGSTON	8,797,186	314,177	694,110	209,857,788	2.3%
LUCE	111,784	47,690	59,233	3,000,497	0.0%
MACKINAC	426,568	82,076	103,286	5,620,541	0.1%
MACOMB	98,221,460	4,869,479	9,436,234	741,715,826	8.2%
MANISTEE	1,372,770	162,443	234,251	14,063,760	0.2%
MARQUETTE	3,195,910	265,356	454,214	47,565,930	0.5%
MASON	2,264,619	178,351	307,434	17,336,587	0.2%
MECOSTA	1,846,835	246,744	367,875	22,384,410	0.2%
MENOMINEE	981,255	130,853	196,408	13,809,924	0.2%
MIDLAND	4,924,096	382,924	634,108	90,528,919	1.0%
MISSAUKEE	1,285,206	107,604	146,944	6,378,899	0.1%
MONROE	8,348,097	515,396	1,183,457	119,358,343	1.3%
MONTCALM	4,596,522	453,358	735,725	36,154,179	0.4%
MONTMORENCY	404,813	81,780	107,466	4,381,850	0.0%
MUSKEGON	13,592,488	1,124,945	2,383,153	104,664,836	1.2%
NEWAYGO	2,881,788	319,260	496,816	24,380,984	0.3%
OAKLAND	92,197,548	3,662,369	7,466,403	1,963,474,501	21.7%
OCEANA	1,779,590	220,900	328,091	14,423,451	0.2%
OGEMAW	1,105,796	245,158	267,815	9,900,463	0.1%
ONTONAGON	210,520	42,612	42,662	2,680,441	0.0%
OSCEOLA	1,339,635	204,442	308,686	13,439,981	0.1%
OSCODA	209,113	67,443	81,125	3,033,886	0.0%
OTSEGO	1,255,847	141,641	264,494	15,974,729	0.2%
OTTAWA	20,586,709	629,843	1,817,017	308,342,961	3.4%
PRESQUE ISLE	548,221	123,422	125,993	7,483,698	0.1%
ROSCOMMON	1,306,083	224,492	278,749	12,659,709	0.1%
SAGINAW	14,619,828	1,597,822	2,674,544	118,855,736	1.3%
ST. CLAIR	11,238,816	907,730	1,607,915	126,926,686	1.4%
ST. JOSEPH	3,966,824	276,309	661,432	33,761,432	0.4%
SANILAC	4,645,663	304,896	443,820	21,539,850	0.2%
SCHOOLCRAFT	234,644	71,597	79,626	4,881,293	0.1%
SHIAWASSEE	6,054,749	388,213	711,837	49,584,831	0.5%
TUSCOLA	6,911,515	355,314	586,897	29,093,998	0.3%
VAN BUREN	5,432,610	522,217	898,009	56,759,429	0.6%
WASHTENAW	29,271,445	1,276,158	2,062,612	459,456,010	5.1%
WAYNE (excludes Detroit)	106,057,831	6,674,151	11,485,481	833,642,831	9.2%
WEXFORD	2,149,680	254,320	434,094	20,204,013	0.2%
OUTSIDE OF MICHIGAN	5,951,226	685,233	2,176,517	320,172,267	3.5%
DETROIT	<u>91,203,838</u>	<u>11,390,761</u>	<u>21,062,364</u>	<u>297,789,171</u>	<u>3.3%</u>
TOTAL	\$834,950,019	\$60,011,803	\$110,581,176	\$9,046,522,041	100.0%

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



## Exhibit 38 2019 Income Tax Data by County

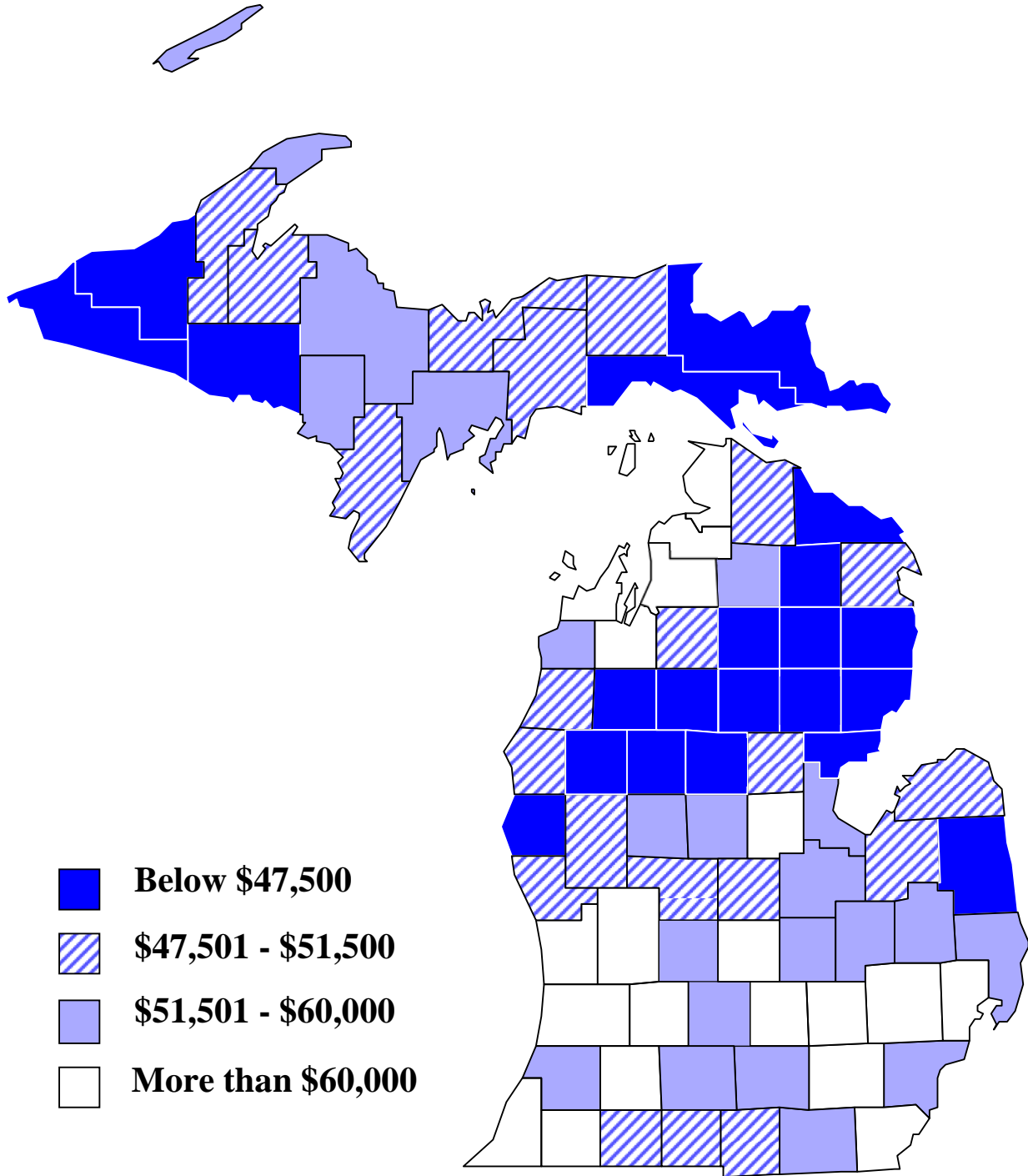
County	2019	2019	Income Tax		Average		Average		Credits as a		Ratio of Property		Average		
	AGI	Average	Rank	Before	Rank	Income Tax	Rank	Income Tax	Rank	Before	Rank	to 1040s Filed	Rank	Credit <sup>(1)</sup>	Rank
	(Millions)	AGI	Rank	Credits	Rank	Before	Rank	After	Rank	% of Tax	Rank	to 1040s Filed	Rank	Credit <sup>(1)</sup>	Rank
ALCONA	\$214.9	\$46,373	69	\$5,430,352	74	\$1,172	78	\$1,045	74	10.8%	46	17.4%	74	\$446	77
ALGER	196.6	50,906	46	5,293,193	76	1,370	60	1,241	55	9.4%	61	18.7%	68	479	64
ALLEGAN	3,037.9	61,896	17	97,809,672	19	1,993	16	1,809	13	9.2%	63	22.0%	38	657	27
ALPENA	689.5	49,342	55	19,801,050	51	1,417	53	1,271	47	10.3%	50	21.8%	41	457	72
ANTRIM	683.8	60,110	20	19,406,360	52	1,706	28	1,557	25	8.7%	68	18.8%	67	556	50
ARENAC	291.9	45,492	75	8,355,748	67	1,302	68	1,132	65	13.1%	25	21.1%	47	632	30
BARAGA	158.9	48,810	59	4,054,701	78	1,245	70	1,128	66	9.4%	60	15.0%	81	437	80
BARRY	1,514.2	63,100	15	48,499,723	29	2,021	14	1,849	12	8.5%	70	20.9%	52	716	15
BAY	2,681.5	53,186	35	81,159,741	22	1,610	34	1,415	32	12.1%	36	26.7%	9	608	37
BENZIE	468.4	58,245	23	13,227,400	64	1,645	31	1,484	28	9.8%	57	21.4%	43	507	55
BERRIEN	4,663.8	61,927	16	144,880,927	11	1,924	19	1,670	19	13.2%	24	24.0%	22	583	45
BRANCH	936.7	51,236	42	27,570,132	39	1,508	44	1,263	49	16.2%	11	23.6%	27	753	10
CALHOUN	3,134.4	52,956	36	94,917,453	21	1,604	35	1,375	36	14.2%	14	27.7%	6	664	24
CASS	1,133.8	61,288	18	32,746,610	36	1,770	23	1,379	35	22.1%	3	19.8%	61	734	13
CHARLEVOIX	890.1	64,330	12	26,763,658	41	1,934	18	1,741	15	10.0%	56	21.6%	42	566	48
CHEBOYGAN	542.5	50,183	52	15,316,063	60	1,417	54	1,257	51	11.3%	43	22.6%	34	457	73
CHIPPewa	734.3	47,326	65	18,240,684	54	1,176	77	1,032	77	12.2%	35	19.9%	56	473	66
CLARE	661.0	46,199	72	18,865,725	53	1,319	67	1,141	63	13.4%	21	20.3%	55	505	56
CLINTON	1,970.6	70,691	9	64,320,661	25	2,307	9	2,142	8	7.2%	78	19.9%	59	738	12
CRAWFORD	239.8	46,267	71	6,573,743	72	1,268	69	1,123	67	11.5%	41	19.9%	58	475	65
DELTA	911.1	51,938	41	26,625,568	42	1,518	41	1,372	37	9.6%	59	21.2%	45	497	59
DICKINSON	697.5	54,722	30	21,016,548	49	1,649	30	1,498	27	9.2%	65	22.4%	35	492	62
EATON	3,375.8	59,867	21	104,109,351	18	1,846	21	1,653	20	10.5%	49	25.1%	16	675	20
EMMET	1,337.9	70,927	8	42,099,778	31	2,232	12	2,074	10	7.1%	79	20.7%	53	577	46
GENESEe	10,607.5	54,691	31	326,164,837	7	1,682	29	1,473	29	12.4%	32	26.6%	10	588	42
GLADWIN	563.9	48,655	60	15,727,014	58	1,357	61	1,200	60	11.6%	40	21.0%	49	514	52
GOGEbic	300.7	45,602	74	8,122,994	69	1,232	72	1,072	72	13.0%	26	21.4%	44	447	75
GRAND TRAVERSE	3,777.7	72,994	6	122,303,201	16	2,363	7	2,174	7	8.0%	72	22.6%	33	645	28
GRATIOT	907.1	50,987	45	27,441,776	40	1,542	40	1,288	46	16.5%	10	23.7%	24	1,016	4
HILLSDALE	988.4	49,139	56	29,388,493	37	1,461	49	1,245	53	14.8%	13	20.7%	54	721	14
HOUGHTON	780.0	51,043	44	22,636,285	47	1,481	47	1,355	41	8.5%	69	18.0%	73	469	68
HURON	818.4	50,320	50	23,419,848	45	1,440	52	862	82	40.1%	1	29.3%	3	2,145	1
INGHAM	8,363.7	63,815	13	269,018,037	8	2,053	13	1,802	14	12.2%	34	29.4%	2	713	16
IONIA	1,511.9	54,733	29	47,500,381	30	1,720	27	1,548	26	10.0%	55	21.0%	50	679	19
IOSCO	556.8	45,436	76	14,493,471	63	1,183	75	1,044	75	11.7%	39	19.9%	57	470	67
IRON	247.0	45,771	73	6,636,052	71	1,230	73	1,079	71	12.2%	33	18.3%	71	446	76
ISABELLA	1,334.8	52,878	37	39,566,302	34	1,567	37	1,381	34	11.9%	38	23.6%	25	623	33
JACKSON	3,968.8	56,555	27	123,958,043	15	1,766	24	1,568	23	11.2%	44	24.9%	17	623	32
KALAMAZOO	8,176.2	68,807	10	265,706,840	9	2,236	11	2,019	11	9.7%	58	26.5%	11	669	21
KALKASKA	418.0	50,296	51	12,327,351	65	1,483	46	1,344	42	9.4%	62	18.9%	66	460	71
KENT	21,844.0	68,428	11	737,713,113	4	2,311	8	2,106	9	8.9%	67	25.6%	15	659	26
KEWEENAW	50.4	54,307	33	1,281,160	83	1,381	58	1,271	48	8.0%	73	13.7%	82	492	61
LAKE	150.5	40,448	83	3,885,984	79	1,045	83	823	83	21.2%	4	26.9%	8	485	63
LAPEER	2,312.9	58,436	22	73,229,958	24	1,850	20	1,714	16	7.4%	76	18.3%	72	576	47

**Exhibit 38 (cont.)**

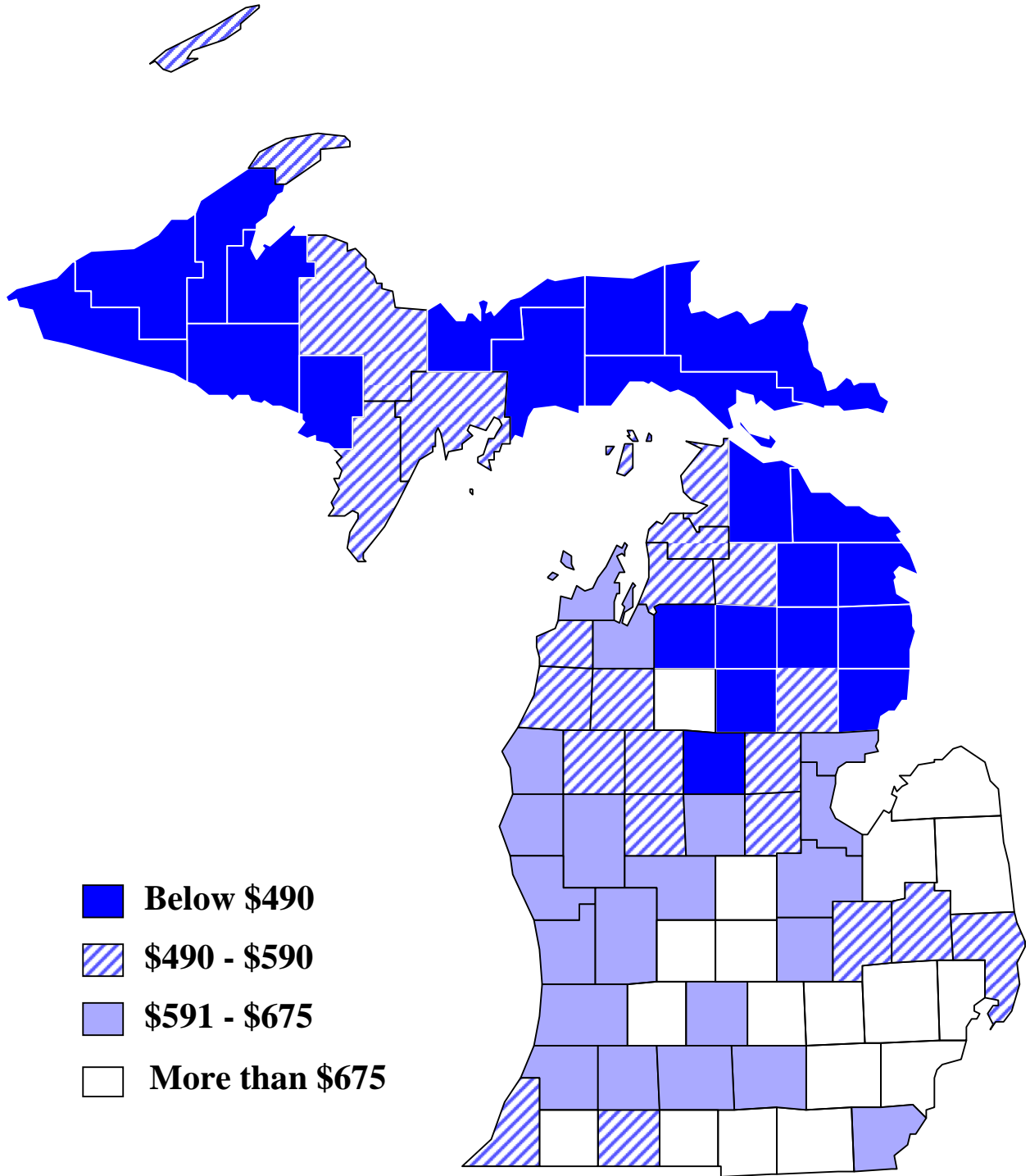
County	2019	2019	Income Tax		Average		Average		Credits as a		Ratio of Property		Average		
	AGI	AGI	Rank	Before	Rank	Income Tax	Rank	Income Tax	Before	Rank	to 1040s Filed	Rank	Credit <sup>(1)</sup>	Rank	
	(Millions)			Credits		Before	After	After	% of Tax		% of Tax		% of Tax		
LEELANAU	\$784.8	\$93,937	2	\$21,909,444	48	\$2,622	4	\$2,483	4	5.3%	82	15.2%	79	\$595	40
LENAWEE	2,446.2	54,465	32	73,690,536	23	1,641	32	1,369	38	16.5%	9	25.9%	14	801	7
LIVINGSTON	6,562.3	83,575	4	220,386,651	10	2,807	3	2,673	3	4.8%	83	16.1%	78	696	18
LUCE	118.5	49,029	58	3,253,903	81	1,346	64	1,241	54	7.8%	74	11.2%	83	414	81
MACKINAC	255.6	46,465	68	6,277,424	73	1,141	80	1,022	78	10.5%	48	16.8%	77	461	70
MACOMB	26,449.3	60,115	19	856,028,722	3	1,946	17	1,686	18	13.4%	23	28.6%	5	781	9
MANISTEE	575.8	49,750	53	15,976,078	57	1,380	59	1,215	59	12.0%	37	23.2%	29	512	53
MARQUETTE	1,734.9	58,084	24	51,806,807	28	1,734	26	1,592	22	8.2%	71	21.0%	48	509	54
MASON	695.4	50,577	48	20,213,986	50	1,470	48	1,261	50	14.2%	15	27.5%	7	600	38
MECOSTA	860.8	52,130	39	24,936,216	44	1,510	42	1,356	40	10.2%	51	19.8%	60	565	49
MENOMINEE	522.3	49,634	54	15,172,761	61	1,442	51	1,312	44	9.0%	66	18.7%	69	499	57
MIDLAND	2,947.1	77,472	5	96,853,754	20	2,546	5	2,380	5	6.5%	80	22.0%	37	588	43
MISSAUKEE	265.4	45,341	77	7,852,768	70	1,341	65	1,090	70	18.8%	7	22.4%	36	978	5
MONROE	4,463.7	63,738	14	140,805,222	13	2,011	15	1,704	17	15.2%	12	18.9%	65	630	31
MONTCALM	1,377.8	47,776	61	41,964,858	32	1,455	50	1,254	52	13.8%	19	23.9%	23	667	22
MONTMORENCY	204.6	42,656	80	5,012,145	77	1,045	82	914	81	12.6%	29	19.0%	64	445	78
MUSKEGON	3,967.6	50,347	49	121,993,096	17	1,548	38	1,328	43	14.2%	16	28.8%	4	599	39
NEWAYGO	929.3	49,131	57	28,141,745	38	1,488	45	1,289	45	13.4%	22	24.5%	19	623	34
OAKLAND	59,849.5	98,663	1	2,077,561,826	1	3,425	1	3,237	1	5.5%	81	19.2%	63	793	8
OCEANA	583.1	46,908	66	16,800,511	56	1,352	63	1,160	62	14.1%	17	23.0%	31	622	35
OGEMAW	414.8	42,530	81	11,511,104	66	1,180	76	1,015	79	14.0%	18	23.0%	30	492	60
ONTONAGON	118.0	44,182	79	3,009,757	82	1,127	81	1,004	80	10.9%	45	17.3%	76	457	74
OSCEOLA	523.9	45,231	78	15,351,000	59	1,325	66	1,160	61	12.4%	31	19.7%	62	589	41
OSCODA	124.0	42,481	82	3,400,579	80	1,165	79	1,039	76	10.8%	47	17.3%	75	413	82
OTSEGO	598.0	52,034	40	17,754,054	55	1,545	39	1,390	33	10.0%	54	21.9%	39	498	58
OTTAWA	10,106.1	72,651	7	332,537,296	6	2,391	6	2,217	6	7.3%	77	21.1%	46	700	17
PRESQUE ISLE	313.2	46,755	67	8,333,869	68	1,244	71	1,117	68	10.2%	52	18.6%	70	440	79
ROSCOMMON	558.7	46,277	70	14,540,791	62	1,204	74	1,049	73	12.9%	27	23.4%	28	461	69
SAGINAW	4,561.2	52,387	38	137,684,756	14	1,581	36	1,365	39	13.7%	20	26.5%	12	634	29
ST. CLAIR	4,494.8	57,217	26	141,141,225	12	1,797	22	1,616	21	10.1%	53	24.5%	18	583	44
ST. JOSEPH	1,388.6	50,627	47	41,392,482	33	1,509	43	1,231	57	18.4%	8	21.8%	40	663	25
SANILAC	900.1	47,448	63	26,577,454	43	1,401	56	1,135	64	19.0%	6	24.1%	21	1017	3
SCHOOLCRAFT	203.0	51,218	43	5,374,439	75	1,356	62	1,231	56	9.2%	64	15.1%	80	392	83
SHIawassee	1,853.0	53,284	34	56,680,999	27	1,630	33	1,426	31	12.5%	30	26.2%	13	666	23
TUSCOLA	1,245.0	47,626	62	36,154,426	35	1,383	57	1,113	69	19.5%	5	23.0%	32	1151	2
VAN BUREN	2,082.7	57,409	25	64,052,636	26	1,766	25	1,565	24	11.4%	42	24.2%	20	618	36
WASHTENAW	14,621.0	89,150	3	496,779,346	5	3,029	2	2,801	2	7.5%	75	20.9%	51	854	6
WAYNE (including Detroit)	43,572.1	55,117	28	1,808,916,795	2	2,288	10	1,431	30	37.5%	2	33.4%	1	748	11
WEXFORD	778.2	47,404	64	23,125,664	46	1,409	55	1,231	58	12.6%	28	23.6%	26	554	51
OUTSIDE MICHIGAN	82,387.9	352,504		334,465,484		1,431		1,370		4.3%		3.8%		676	
DETROIT	13,952.2	43,796		423,238,973		1,329		935		29.6%		40.5%		706	
<b>TOTALS</b>	<b>\$385,284.0</b>	<b>\$79,025</b>		<b>\$10,119,789,617</b>		<b>\$2,076</b>		<b>\$1,856</b>		<b>10.6%</b>		<b>24.2%</b>		<b>\$708</b>	

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

**Exhibit 39**  
**Average Adjusted Gross Income by County**  
**2019**



**Exhibit 40**  
**Average Property Tax Credits by County**  
**2019**



**Exhibit 41**  
**Average Annual Individual Income Tax Rates**

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
1968	2.60%	1995	4.40%
1969	2.60%	1996	4.40%
1970	2.60%	1997	4.40%
1971	3.14%	1998	4.40%
1972	3.90%	1999	4.40%
1973	3.90%	2000	4.20%
1974	3.90%	2001	4.20%
1975	4.37%	2002	4.10%
1976	4.60%	2003	4.00%
1977	4.60%	2004	3.95%
1978	4.60%	2005	3.90%
1979	4.60%	2006	3.90%
1980	4.60%	2007	4.01%
1981	4.60%	2008	4.35%
1982	5.10%	2009	4.35%
1983	6.35%	2010	4.35%
1984	5.85%	2011	4.35%
1985	5.33%	2012	4.33%
1986	4.60%	2013	4.25%
1987	4.60%	2014	4.25%
1988	4.60%	2015	4.25%
1989	4.60%	2016	4.25%
1990	4.60%	2017	4.25%
1991	4.60%	2018	4.25%
1992	4.60%	2019	4.25%
1993	4.60%	2020	4.25%
1994	4.47%		

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

## **XII. APPENDIX A**

## FEDERAL TAX LAW CHANGES<sup>17</sup> (from 2011 through 2018)

### 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

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<sup>17</sup> 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](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 2020;
- 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.

## **2018**

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

- Increase the standard deduction: the basic standard deduction for individuals is indexed to inflation and is increased from \$6,350 in 2017 to \$12,000 (single) in 2018, and from \$12,700 in 2017 to \$24,000 (joint) in 2018. The increases apply to taxable years 2018 through 2025;
- Repeal of deductions and exclusions for moving expenses: the above-the-line deductions for moving expenses paid by an employer 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;
- Allow 100 percent bonus depreciation rules to apply to all MACRS property with a recovery period of 20 years or less (technical correction enacted under CARES Act to apply this provision to all 15-year qualified improvement properties acquired and placed in service after September 2017).

## MICHIGAN PERSONAL INCOME TAX LEGISLATIVE HISTORY (1967 – 2018)<sup>18</sup>

### 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.

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<sup>18</sup> 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](http://www.house.mi.gov/hfa/Archives/PDF/inco_tax.pdf) . Source for Public Acts after 1994 from Michigan Department of Treasury, *Michigan's Individual Income Tax Report*, various years.

## **1970**

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

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

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

## **1971**

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

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

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

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

## **1972**

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

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

## **1973**

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

## **1974**

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

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

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

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

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

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

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

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

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

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

## **1975**

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

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

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

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

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

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

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

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

## **1976**

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

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

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

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

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

## **1977**

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

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

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

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

## **1978**

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

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

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

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

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

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

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

## **1979**

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

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

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



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

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

## **1980**

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

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

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

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

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

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

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

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

## **1981**

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

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

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

## **1982**

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

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

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

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

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

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

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

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

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

## **1983**

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

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

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

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

## **1984**

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

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

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

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

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

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

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

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

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

## **1985**

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

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

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

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

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

## **1986**

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

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

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

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

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

## **1987**

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

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

## **1988**

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

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

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

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

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

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

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

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

## **1989**

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

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

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

## **1990**

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

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

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

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

## **1991**

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

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

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

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

## **1992**

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

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

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

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

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

## **1993**

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

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

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

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

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

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

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

## **1994**

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

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

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

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

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

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

## **1995**

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

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

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



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

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

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

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

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

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

## **1996**

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

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

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

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

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

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

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

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

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

### **1997**

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

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

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

### **1998**

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

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

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

## **1999**

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

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

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

**PA 214** made technical changes in the historic preservation credit.

## **2000**

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

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

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

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

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

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

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

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

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

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

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

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

## **2001**

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

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

## **2002**

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

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

**PA 615** allowed resident tribal members from a Michigan federally recognized Indian tribe who signed agreements<sup>19</sup> 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.

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<sup>19</sup> 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.

**PAs 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 income<sup>20</sup>.

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 1952.

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).

**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.

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<sup>20</sup> 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](https://www.michigan.gov/documents/taxes/CC-41011_608354_7.pdf)

## **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 2020; \$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).

**PAs 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.

**PAs 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.

## **2018**

**Public Act 38** specified 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 2020 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** allowed 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** changed 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** extended 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** added 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** added 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** included 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** added 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** deleted 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** allowed 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 2020 (from \$150 million to \$264 million) and 2021 (from \$325 million to \$468 million). The Act provides that if in any fiscal year from 2020 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 rate for that fiscal year reverts to 1.012%.

**Public Act 589** allowed 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.

**MICHIGAN INCOME TAX REQUIREMENTS  
(1967 – 2020)**

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

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

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

**Exemptions Amounts:**

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

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

<b><u>General MI-IIT Information:</u></b>	<b><u>Section</u></b>	<b><u>TY 1989</u></b>	<b><u>TY 1990</u></b>	<b><u>TY 1991</u></b>	<b><u>TY 1992</u></b>	<b><u>TY 1993</u></b>	<b><u>TY 1994</u></b>	<b><u>TY 1995</u></b>	<b><u>TY 1996</u></b>	<b><u>TY 1997</u></b>	<b><u>TY 1998</u></b>	<b><u>TY 1999</u></b>
. IRC compliance (*)	206.12(3)	1987 IRC	1987 IRC	1987 IRC	1987 IRC	1987 IRC	1987 IRC	1987 IRC	1987 IRC	1987 IRC	1987 IRC	1987 IRC
. Exemption from MI - IIT:	206.201	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT
. Revenue Distribution:	(1)											
. To Local Units:	206.481	6.9%	6.9%	6.9%	6.9%	6.9%	7.21%/7.3%	7.21%/7.3%	No	No	No	No
. To School Aid Fund:	206.51(2)	No	No	No	No	No	14.4%	14.4%	23.0%	23.0%	23.0%	23.0%
. Filing Requirement:	(2)											
(Gross income (GI) or AGI above threshold)	206.315	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI
Single Return		\$2,000	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,400	\$2,400	\$2,500	\$2,800	\$2,800
Joint Return		\$4,000	\$4,200	\$4,200	\$4,200	\$4,200	\$4,200	\$4,800	\$4,800	\$5,000	\$5,600	\$5,600
. Reciprocity States		IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN
. Liability Threshold for Estimated Pmt	(3)	206.301	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
. Use Tax Return in MI-1040 Booklet		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	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%
<b><u>Exemptions Amounts:</u></b>												
. Personal Exemption:	206.30(2), 30a	\$2,000	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,400	\$2,400	\$2,500	\$2,800	\$2,800
. Special Exemptions:	(4)											
. Para/Hemi/Quadriplegic (**)(***)	206.30(3)	\$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
. Unemployed	(#)	206.30(3)	\$1,000	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900
. Claimed as Dependent	206.30(4)	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
. Child	(#)	206.30d(2)	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.	\$300	\$300
. Age 7 to 12			n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$300	\$300

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

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

**Exemptions Amounts:**

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

For notes, see page 127.

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

<b>General MI-IIT Information:</b>		<b>MCL Section</b>	<b>TY 2011</b>	<b>TY 2012</b>	<b>TY 2013</b>	<b>TY 2014</b>	<b>TY 2015</b>	<b>TY 2016</b>	<b>TY 2017</b>	<b>TY 2018</b>	<b>TY 2019</b>	<b>TY 2020</b>
. IRC compliance (*)		206.12(3)	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	2018 IRC	2018 IRC	2018 IRC
. Exemption from MI - IIT:		206.201	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT
. Revenue Distribution:	(1)											
. To School Aid Fund:	(1)	206.51(2)	Formula	Formula	Formula	Formula	Formula	Formula	Formula	Formula	Formula	Formula
. To Agricultural Preservation Fund	(1a)	206.51(3)	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes
. To MI Transportation Fund:	(1b)	206.51d	No	No	No	No	No	No	No	No	\$264m or \$150m	\$468m or \$325m
. To Brownfield Redevelopment Fund:		206.51e	No	No	No	No	No	No	Yes	Yes	Yes	Yes
. To Good Jobs for Michigan Fund:	(1b)	206.51(4)	No	No	No	No	No	No	Yes	Yes	Yes	Yes
. Filing Requirement:	(2)	206.315	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI
(Gross income (GI) or AGI above threshold)			\$3,700	\$3,763	\$3,950	\$4,000	\$4,000	\$4,000	\$4,000	\$4,050	\$4,400	\$4,750
			\$7,400	\$7,526	\$7,900	\$8,000	\$8,000	\$8,000	\$8,000	\$8,100	\$8,800	\$9,500
. Reciprocity States			IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN
. 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, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040
. Tax Rate		206.51(1), 51(b)-51(h)	4.35%	4.33%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%

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**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

	<u>MCL</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>
	<u>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>	<u>2020</u>
<b><u>Exemptions Amounts:</u></b>											
. Personal Exemption:	206.30(2), 30a	\$3,700	\$3,763	\$3,950	\$4,000	\$4,000	\$4,000	\$4,000	\$4,050	\$4,400	\$4,750
. Stillbirth Certificate	206.30(2) (c), 30a	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$4,400	\$4,750
. Special Exemptions:	(4) 206.30(3)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Para/Hemi/Quadriplegic (**) (***)	206.30(3)	\$2,400	\$2,400	\$2,500	\$2,500	\$2,600	\$2,600	\$2,600	\$2,700	\$2,700	\$2,800
. Disabled	206.30(3)	\$2,400	\$2,400	\$2,500	\$2,500	\$2,600	\$2,600	\$2,600	\$2,700	\$2,700	\$2,800
. Blind (***)	206.30(3)	\$2,400	\$2,400	\$2,500	\$2,500	\$2,600	\$2,600	\$2,600	\$2,700	\$2,700	\$2,800
. Deaf (****)	206.30(3)	\$2,400	\$2,400	\$2,500	\$2,500	\$2,600	\$2,600	\$2,600	\$2,700	\$2,700	\$2,800
. Senior	(#) 206.30(3)	\$2,400	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Unemployed	(#) 206.30(3)	\$2,400	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Claimed as Dependent	206.30(4)	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
. Child	(#) 206.30d(2)	\$600	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. . Age 6 and Under		\$600	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. . Age 7 to 12		\$600	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Disabled Veteran	206.30(3)	\$300	\$300	\$300	\$400	\$400	\$400	\$400	\$400	\$400	\$400



**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

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

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

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

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

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

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

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

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

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

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

		<b><u>MCL</u></b>	<b><u>TY</u></b>	<b><u>TY</u></b>	<b><u>TY</u></b>	<b><u>TY</u></b>	<b><u>TY</u></b>	<b><u>TY</u></b>	<b><u>TY</u></b>	<b><u>TY</u></b>	<b><u>TY</u></b>	<b><u>TY</u></b>
		<b><u>Section</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
<b><u>Check-Offs:</u></b>												
. State Campaign Fund	(5)	169.261(2)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
			\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3
			\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6	\$6
Other Voluntary Contributions:	(6)											
. Children of Veterans												
Tuition Grant		206.437	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No
. Military Family Relief Fund		206.438	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Children's Trust Fund		206.440	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Animal Welfare Fund		206.435	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. United Way Fund		206.435	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Girl Scout of Michigan Fund		206.435	Yes	Yes	Yes	No	No	No	No	No	No	No
. Special Olympics Michigan Fund		206.435	No	Yes	Yes	Yes	Yes	Yes	No	No	No	No
. AMBER Alert Fund of Michigan		206.435	No	No	Yes	Yes	No	No	No	No	No	No
. ALS of Michigan ("Lou Gehrig's												
Disease") Fund		206.435	No	No	Yes	Yes	Yes	Yes	No	No	No	No
.     of Michigan		206.435	No	No	Yes	Yes	Yes	Yes	No	No	No	No
. Michigan Junior Achievement		206.435	No	No	No	No	No	Yes	Yes	No	No	No
. American Red Cross Michigan		206.435	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes
. Fostering Futures Scholarship												
Trust Fund		206.435	No	No	No	No	No	No	No	Yes	Yes	No
. Kiwanis Fund		206.435	No	No	No	No	No	No	No	Yes	Yes	No
. Lions of Michigan Foundation												
Fund		206.435	No	No	No	No	No	No	No	Yes	Yes	No
. Michigan World War II												
Legacy Memorial Fund		206.435	No	No	No	No	No	No	No	Yes	Yes	No

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**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

		<u>MCL</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>		
		<u>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>	<u>2020</u>	
<b><u>Tax Base Adjustments Limits</u></b>													
112	. Maximum Private Pension Deduction (***)	(7)	206.30(1)(f)(iv)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
	For those born before 1946			\$45,842	\$47,309	\$48,302	\$49,027	\$49,811	\$49,861	\$50,509	\$51,570	\$52,808	\$53,759
				\$91,684	\$94,618	\$96,605	\$98,054	\$99,623	\$99,723	\$101,019	\$103,140	\$105,615	\$107,517
	For those born after 1945 and before 1953	(7)	203.30(9)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
				\$45,842	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
				\$91,684	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
	For those born after 1952	(7")	203.30(9)	Yes	No	No	No	No	No	No	No	No	No
				\$45,842	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
				\$91,684	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
	. Political Contribution	(#)	206.30(1)(j)	Yes	No	No	No	No	No	No	No	No	No
				\$50	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
				\$100	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Maximum Senior Interest, Dividends, and Capital Gains Deduction (***)	(8)	206.30(1)(p)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
			\$10,218	\$10,545	\$10,767	\$10,929	\$11,104	\$11,115	\$11,259	\$11,495	\$11,771	\$11,983	
			\$20,437	\$21,091	\$21,534	\$21,857	\$22,207	\$22,229	\$22,518	\$22,991	\$23,542	\$23,966	
For those born after 1945	(8)	206.30(1)(p)	Yes	No	No	No	No	No	No	No	No	No	
			\$10,218	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
			\$20,437	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
. Maximum MESP Contribution		206.30(1)(t)(i)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
			\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000	
			\$10,000	\$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	\$137,700	
. Federal Salary Elective Deferrals													
. 401(k)			\$16,500	\$17,000	\$17,500	\$17,500	\$18,000	\$18,000	\$18,000	\$18,500	\$19,000	\$19,500	
. 403(b), or 457			\$16,500	\$17,000	\$17,500	\$17,500	\$18,000	\$18,000	\$18,000	\$18,500	\$19,000	\$19,500	
. 50 and over			\$22,000	\$22,500	\$23,000	\$23,000	\$24,000	\$24,000	\$24,000	\$24,500	\$25,000	\$26,000	
. Federal IRA Contribution Limit			Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
. General			\$5,000	\$5,000	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$6,000	\$6,000	
. 50 and over			\$6,000	\$6,000	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$7,000	\$7,000	

For notes, see page 127.

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

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



**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

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

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

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

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

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

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

<b><u>NonRefundable Credits</u></b>		<b><u>MCL</u></b>	<b><u>TY</u></b>	<b><u>TY</u></b>	<b><u>TY</u></b>	<b><u>TY</u></b>	<b><u>TY</u></b>	<b><u>TY</u></b>	<b><u>TY</u></b>	<b><u>TY</u></b>	<b><u>TY</u></b>	<b><u>TY</u></b>
		<b><u>Section</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>
. Taxes Paid to												
Another State Cr.	(10)	206.255(1)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Nonresident Cr. for Reciprocal State												
Income Tax Exemption	(11)	206.256	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. City Income Taxes Cr.	(12) (#)	206.257	Yes	No	No	No	No	No	No	No	No	No
. Public Contribution Cr.	(13) (#)	206.260	Yes (a')	No	No	No	No	No	No	No	No	No
. Community Foundation Cr.	(13) (#)	206.261	Yes (a')	No	No	No	No	No	No	No	No	No
. Homeless Shelter/Foodbank C	(13) (#)	206.261	Yes (a')	No	No	No	No	No	No	No	No	No
. MI Historic Preservation Cr.	(16)	206.266	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Vehicle Donation Cr.	(17) (#)	206.269	Yes	No	No	No	No	No	No	No	No	No
. College Tuition Cr.	(18) (#)	206.274	Yes	No	No	No	No	No	No	No	No	No
. Individual or Family												
Development Account Cr.		206.276	Yes	No	No	No	No	No	No	No	No	No
. Film Production Cr.	(19) (#)	206.367	Yes	No	No	No	No	No	No	No	No	No
. Energy Cost Recovery												
Surcharge Cr.	(20) (#)	206.253(2)	Yes	No	No	No	No	No	No	No	No	No
. Small Business												
Investment Tax Cr.	(21)	206.278	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<hr/>												
<b><u>Refundable Credits</u></b>												
. Sec. 1341 of IRC Cr.		206.265	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Adoption Cr.	(23) (#)	206.267, 268	Yes	No	No	No	No	No	No	No	No	No
. Stillbirth Credit	(26) (#)	206.275	Yes	No	No	No	No	No	No	No	No	No
. Earned Income Tax Credit	(27)	206.272	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Energy Efficient Qualified	(28) (#)	206.253(1)	Yes	No	No	No	No	No	No	No	No	No
. MI Historic Preservation Cr.	(29)	206.266	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

<b>Refundable Credits (cont.)</b>	<b>MCL Section</b>	<b>TY 1967</b>	<b>TY 1968</b>	<b>TY 1969</b>	<b>TY 1970</b>	<b>TY 1971</b>	<b>TY 1972</b>	<b>TY 1973</b>	<b>TY 1974</b>	<b>TY 1975</b>	<b>TY 1976</b>	<b>TY 1977</b>
. <u>Homestead Property Tax Cr.</u> (30)	206.520, 522	No	Yes (b)	Yes (b)	Yes (b1)	Yes (b2)	Yes (b2)	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)
. Eligible Property Tax Paid Percent												
. Homeowners	206.520(1)	n.a.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
. Renters	206.520(2)											
. Ad Valorem Taxes		n.a.	20.0%	17.0%	17.0%	17%	17%	17%	17%	17%	17%	17%
. Service Charges		n.a.	n.a.	n.a.	10%	10%	10%	10%	n.a.	n.a.	share	share
. Nursing Home Patient		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	30%	30%	30%
. Homeowner Veterans Cr. Requirements:												
. Taxable Value Allowance	206.506	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500
. Income Limit	206.506	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$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.	n.a.	\$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.	n.a.	\$3,500	\$7,000	\$7,000	\$7,000
. Total HPTC Limit	206.520(15)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$500	\$500	\$500	\$1,200
. Cr. Availability/Calculation												
. General:	206.522(1)(a)	n.a.	Yes (b)	Yes (b)	Yes (b1)	Yes (b2)	Yes (b3)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)
. Special Credits:												
. Seniors												
. General	206.522(1)(b), (c)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. 1973 Homestead Exempt	206.522(5)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (f)	Yes (f)	Yes (f)
. Para/hemi/quadruplegic	206.522(1)(c)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (d)	Yes (d)	Yes (d)
. Disabled	206.522(1)(c)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (g)	Yes (g)	Yes (g)
. Veterans	206.522(1)(d)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (h)	Yes (h)	Yes (h)	Yes (h)
. Blind	206.522(1)(e)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (i)	Yes (i)	Yes (i)	Yes (i)
. Farmland Preservation Credit (31)	554.710(1)	No	No	No	No	No	No	No	No	No	No	Yes (j)

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

<b>Refundable Credits (cont.)</b>	<b>MCL Section</b>	<b>TY 1978</b>	<b>TY 1979</b>	<b>TY 1980</b>	<b>TY 1981</b>	<b>TY 1982</b>	<b>TY 1983</b>	<b>TY 1984</b>	<b>TY 1985</b>	<b>TY 1986</b>	<b>TY 1987</b>	<b>TY 1988</b>
. <u>Homestead Property Tax Cr.</u> (30)	206.520, 522	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)
. Eligible Property Tax Paid Percent												
. Homeowners	206.520(1)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
. Renters	206.520(2)											
. Ad Valorem Taxes		17%	17%	17%	17%	17%	17%	17%	17%	17%	17%	17%
. Service Charges		share	share	10%	10%	10%	10%	10%	10%	10%	10%	10%
. Nursing Home Patient		share	share	share	share	share	share	share	share	share	share	share
. Homeowner Veterans Cr. Requirements:												
. Taxable Value Allowance	206.506	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500
. Income Limit	206.506	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
. Homeowner Blind Cr. Requirements:												
. Taxable Value Allowance												
. Taxpayer only blind	206.522(1)(e)(i), (ii)	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
. Taxpayer and Spouse blind	206.522(3)	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
. Household Income Limit	206.520(8)	n.a.	n.a.	n.a.	n.a.	\$74,000	\$77,500	\$79,950	\$82,650	\$82,650	\$82,650	\$82,650
Credit phase out before limit		n.a.	n.a.	n.a.	n.a.	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000
. Total HPTC Limit	206.520(15)	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
. Cr. Availability/Calculation												
. General:	206.522(1)(a)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)
. Special Credits:												
. Seniors												
. General	206.522(1)(b), (c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Low Income Renters	206.520(9), (10)	n.a.	n.a.	n.a.	n.a.	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)
. 1973 Homestead Exempt	206.522(5)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)
. Para/hemi/quadruplegic	206.522(1)(c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Disabled	206.522(1)(c)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)
. Deaf	206.522(1)(c)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Veterans	206.522(1)(d)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)
. Blind	206.522(1)(e)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)
. Farmland Preservation Credit (31)	554.710(1)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

<b>Refundable Credits (cont.)</b>	<b>MCL Section</b>	<b>TY 1989</b>	<b>TY 1990</b>	<b>TY 1991</b>	<b>TY 1992</b>	<b>TY 1993</b>	<b>TY 1994</b>	<b>TY 1995</b>	<b>TY 1996</b>	<b>TY 1997</b>	<b>TY 1998</b>	<b>TY 1999</b>
. <u>Homestead Property Tax Cr.</u> (30)	206.520, 522	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)
. Eligible Property Tax Paid Percent												
. Homeowners	206.520(1)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
. Renters	206.520(2)											
. Ad Valorem Taxes		17%	17%	17%	17%	17%	20%	20%	20%	20%	20%	20%
. Service Charges		10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
. Nursing Home Patient		share	share	share	share	share	share	share	share	share	share	share
. Homeowner Veterans Cr. Requirements:												
. Taxable Value Allowance	206.506	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500
. Income Limit	206.506	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
. Homeowner Blind Cr. Requirements:												
. Taxable Value Allowance												
. Taxpayer only blind	206.522(1)(e)(i), (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	\$82,650	\$82,650
Credit phase out before limit		10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000
. Total HPTC Limit	206.520(15)	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
. Cr. Availability/Calculation												
. General:	206.522(1)(a)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)
. Special Credits:												
. Seniors												
. General	206.522(1)(b), (c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Low Income Renters	206.520(9), (10)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)
. 1973 Homestead Exempt	206.522(5)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)
. Para/hemi/quadruplegic	206.522(1)(c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Disabled	206.522(1)(c)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)
. Deaf	206.522(1)(c)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Veterans	206.522(1)(d)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)
. Blind	206.522(1)(e)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)
. Farmland Preservation Credit (31)	554.710(1)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

<b>Refundable Credits (cont.)</b>	<b>MCL Section</b>	<b>TY 2000</b>	<b>TY 2001</b>	<b>TY 2002</b>	<b>TY 2003</b>	<b>TY 2004</b>	<b>TY 2005</b>	<b>TY 2006</b>	<b>TY 2007</b>	<b>TY 2008</b>	<b>TY 2009</b>	<b>TY 2010</b>
. <u>Homestead Property Tax Cr.</u> (30)	206.520, 522	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)	Yes (b3)
. Eligible Property Tax Paid Percent												
. Homeowners	206.520(1)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
. Renters	206.520(2)											
. Ad Valorem Taxes		20%	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
. Service Charges		10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
. Nursing Home Patient		share	share	share	share	share	share	share	share	share	share	share
. Homeowner Veterans Cr. Requirements:												
. Taxable Value Allowance	206.506	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500
. Income Limit	206.506	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
. Homeowner Blind Cr. Requirements:												
. Taxable Value Allowance												
. Taxpayer only blind	206.522(1)(e)(i), (ii)	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
. Taxpayer and Spouse blind	206.522(3)	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
. Household Income Limit	206.520(8)	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	\$82,650	n.a.	n.a.
Credit phase out before limit		10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000
. Total HPTC Limit	206.520(15)	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200
. Cr. Availability/Calculation												
. General:	206.522(1)(a)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)	Yes (c)
. Special Credits:												
. Seniors												
. General	206.522(1)(b), (c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Low Income Renters	206.520(9), (10)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)
. 1973 Homestead Exempt	206.522(5)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)
. Para/hemi/quadruplegic	206.522(1)(c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Disabled	206.522(1)(c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Deaf	206.522(1)(c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Veterans	206.522(1)(d)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)
. Blind	206.522(1)(e)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)
. Farmland Preservation Credit (31)	554.710(1)	Yes (j)	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')



**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

<b>Refundable Credits (cont.)</b>	<b>MCL Section</b>	<b>TY 2011</b>	<b>TY 2012</b>	<b>TY 2013</b>	<b>TY 2014</b>	<b>TY 2015</b>	<b>TY 2016</b>	<b>TY 2017</b>	<b>TY 2018</b>	<b>TY 2019</b>	<b>TY 2020</b>
. <u>Homestead Property Tax Cr.</u> (30)	206.520, 522	Yes (b3)	Yes (b4)	Yes (b4)	Yes (b4)	Yes (b4)	Yes (b4)	Yes (b4)	Yes (b4)	Yes (b4)	Yes (b4)
. Eligible Property Tax Paid Percent											
. Homeowners	206.520(1)	100%	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%	23%
. Service Charges		10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
. Nursing Home Patient		share	share	share	share	share	share	share	share	share	share
. Homeowner Veterans Cr. Requirements:											
. Taxable Value Allowance	206.506	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500
. Income Limit	206.506	\$7,500	\$7,500 (b4)	\$7,500 (b4)	\$7,500 (b4)	\$7,500 (b4)	\$7,500 (b4)	\$7,500 (b4)	\$7,500 (b4)	\$7,500 (b4)	\$7,500 (b4)
. 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
. 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
. 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	≤ \$135,000
. Household Income Limit	206.520(8)	\$82,650	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Household Resources Limit	206.520(8)	n.a.	\$50,000 (b4)	\$50,000 (b4)	\$50,000 (b4)	\$50,000 (b4)	\$50,000 (b4)	\$50,000 (b4)	\$60,000 (b4)	\$60,000 (b4)	\$60,000 (b4)
. Credit phase out before limit		10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000	10% per \$1,000
. Total HPTC Limit	206.520(15)	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,500	\$1,500	\$1,500
. Cr. Availability/Calculation											
. General:	206.522(1)(a)	Yes (c)	Yes (c')	Yes (c')	Yes (c')	Yes (c')	Yes (c')	Yes (c')	Yes (c')	Yes (c'')	Yes (c'')
. Special Credits:											
. Seniors											
. General	206.522(1)(b), (c)	Yes (d)	Yes (d) (d1)	Yes (d) (d1)	Yes (d) (d1)	Yes (d) (d1)	Yes (d) (d1)	Yes (d) (d1)	Yes (d) (d1)	Yes (d2) (d3)	Yes (d2) (d3)
. Low Income Renters	206.520(9), (10)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)
. 1973 Homestead Exempt	206.522(5)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)
. Para/hemi/quadruplegic	206.522(1)(c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d2)	Yes (d2)	Yes (d2)
. Disabled	206.522(1)(c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d2)	Yes (d2)	Yes (d2)
. Deaf	206.522(1)(c)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d2)	Yes (d2)	Yes (d2)
. Veterans	206.522(1)(d)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)
. Blind	206.522(1)(e)	Yes (i) or (d)	Yes (i) or (d1)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d2)	Yes (i) or (d2)	Yes (i) or (d2)
. Farmland Preservation Credit (31)	554.710(1)	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')	Yes (j')

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

<b>Refundable Credits (cont.)</b>	<b>MCL Section</b>	<b>TY 1978</b>	<b>TY 1979</b>	<b>TY 1980</b>	<b>TY 1981</b>	<b>TY 1982</b>	<b>TY 1983</b>	<b>TY 1984</b>	<b>TY 1985</b>	<b>TY 1986</b>	<b>TY 1987</b>	<b>TY 1988</b>
. <u>Home Heating Credit</u>	(32) 206.527a(1)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Federal Poverty Income Limit	206.527a(1)(b)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	110%	110%	110%	110%
. General Credit	206.527a(1)(c)(i)	Yes (k)	Yes (k1)	Yes (k1)	Yes (k1)	Yes (k1)	Yes (k1)	Yes (k1)	Yes (k1)	Yes (k1)	Yes (k1)	Yes (k1)
. 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 per exemp.	+\$73 per exemp.	+\$74 per exemp.	+\$76 per 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 per exemp.	+\$2,086 per exemp.	+\$2,114 per exemp.	+\$2,171 per exemp.
. Alternative Credit	206.527a(1)(c)(ii)	No	No	No	No	No	No	Yes (1)	Yes (1)	Yes (1)	Yes (11)	Yes (11)
. 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.)**

<b>Refundable Credits (cont.)</b>	<b>MCL Section</b>	<b>TY 1989</b>	<b>TY 1990</b>	<b>TY 1991</b>	<b>TY 1992</b>	<b>TY 1993</b>	<b>TY 1994</b>	<b>TY 1995</b>	<b>TY 1996</b>	<b>TY 1997</b>	<b>TY 1998</b>	<b>TY 1999</b>
. <u>Home Heating Credit</u>	(32) 206.527a(1)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Federal Poverty Income Limit	206.527a(1)(b)	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%
. General Credit	206.527a(1)(c)(i)	Yes (k1)	Yes (k1)	Yes (k2)	Yes (k2)	Yes (k2)	Yes (k2)	Yes (k2)	Yes (k2)	Yes (k2)	Yes (k2)	Yes (k2)
. Maximum Credit:	206.527a(1)(a)											
. 0 or 1 Exemption		\$272	\$272	\$272	\$272	\$272	\$285	\$289	\$299	\$305	\$312	\$319
. 2 Exemptions		\$326	\$326	\$343	\$355	\$365	\$380	\$388	\$400	\$410	\$420	\$428
. 3 Exemptions		\$389	\$408	\$430	\$447	\$459	\$476	\$486	\$501	\$515	\$528	\$536
. 4 Exemptions		\$467	\$490	\$517	\$539	\$554	\$571	\$585	\$602	\$619	\$635	\$645
. 5 Exemptions		\$546	\$573	\$604	\$630	\$649	\$667	\$683	\$703	\$724	\$743	\$754
. 6 Exemptions		\$624	\$655	\$691	\$722	\$743	\$762	\$782	\$804	\$829	\$851	\$862
. more than 6 exemp.		+\$79 per exemp.	+\$83 per exemp.	+\$88 per exemp.	+\$92 per exemp.	+\$95 per exemp.	+\$96 per exemp.	+\$99 per exemp.	+\$101 per exemp.	+\$105 per exemp.	+\$108 per exemp.	+\$109 per exemp.
. Maximum Income Limit Requirement:												
. 0 or 1 Exemption		\$7,771	\$7,771	\$8,144	\$7,771	\$7,771	\$8,143	\$8,257	\$8,543	\$8,714	\$8,914	\$9,114
. 2 Exemptions		\$9,314	\$9,314	\$10,962	\$10,143	\$10,429	\$10,857	\$11,086	\$11,429	\$11,714	\$12,000	\$12,229
. 3 Exemptions		\$11,114	\$11,657	\$12,286	\$12,771	\$13,114	\$13,600	\$13,886	\$14,314	\$14,714	\$15,086	\$15,314
. 4 Exemptions		\$13,343	\$14,000	\$14,771	\$15,400	\$15,829	\$16,314	\$16,714	\$17,200	\$17,686	\$18,143	\$18,429
. 5 Exemptions		\$15,600	\$16,371	\$17,257	\$18,000	\$18,543	\$19,057	\$19,514	\$20,086	\$20,686	\$21,229	\$21,543
. 6 Exemptions		\$17,829	\$18,714	\$19,743	\$20,629	\$21,229	\$21,771	\$22,343	\$22,971	\$23,686	\$24,314	\$24,629
. more than 6 exemp.		+\$2,257 per exemp.	+\$2,371 per exemp.	+\$2,514 per exemp.	+\$2,629 per exemp.	+\$2,714 per exemp.	+\$2,743 per exemp.	+\$2,829 per exemp.	+\$2,886 per exemp.	+\$3,000 per exemp.	+\$3,086 per exemp.	+\$3,114 per exemp.
. Alternative Credit	206.527a(1)(c)(ii)	Yes (12)	Yes (12)	Yes (12)	Yes (12)	Yes (12)	Yes (12)	Yes (12)	Yes (12)	Yes (12)	Yes (12)	Yes (12)
. Heating Fuel Cost Limit	206.527a(1)(d)	\$1,234	\$1,264	\$1,246	\$1,289	\$1,312	\$1,312	\$1,300	\$1,335	\$1,403	\$1,404	\$1,416
. Maximum Income:												
. 0 or 1 Exemptions		\$7,420	\$7,790	\$8,144	\$8,313	\$8,523	\$8,789	\$9,068	\$9,303	\$9,558	\$9,774	\$10,011
. 2 Exemptions		\$9,986	\$10,485	\$10,962	\$11,190	\$11,473	\$11,831	\$11,818	\$12,136	\$12,755	\$12,764	\$12,873
. 3 or more		\$11,218	\$11,491	\$11,327	\$11,718	\$11,927	\$11,927	\$11,818	\$12,136	\$12,755	\$12,764	\$12,873
. Credit Proration (%)	206.527a(18)	100%	100%	100%	100%	100%	100%	62%	70%	74%	82%	90%

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

<b>Refundable Credits (cont.)</b>	<b>MCL Section</b>	<b>TY 2000</b>	<b>TY 2001</b>	<b>TY 2002</b>	<b>TY 2003</b>	<b>TY 2004</b>	<b>TY 2005</b>	<b>TY 2006</b>	<b>TY 2007</b>	<b>TY 2008</b>	<b>TY 2009</b>	<b>TY 2010</b>
. <u>Home Heating Credit</u> (32)	206.527a(1)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Federal Poverty Income Limit	206.527a(1)(b)	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%
. General Credit	206.527a(1)(c)(i)	Yes (k2)	Yes (k2)	Yes (k2)	Yes (k2)	Yes (k2)	Yes (k2)	Yes (k2)	Yes (k2)	Yes (k2)	Yes (k2)	Yes (k2)
. 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 per exemp.	+\$116 per exemp.	+\$119 per exemp.	+\$121 per exemp.	+\$122 per exemp.	+\$126 per exemp.	+\$131 per exemp.	+\$134 per exemp.	+\$139 per exemp.	+\$144 per exemp.	+\$144 per 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 per exemp.	+\$3,322 per exemp.	+\$3,388 per exemp.	+\$3,498 per exemp.	+\$3,498 per exemp.	+\$3,586 per exemp.	+\$3,740 per exemp.	+\$3,829 per exemp.	+\$3,971 per exemp.	+\$4,114 per exemp.	+\$4,114 per exemp.
. Alternative Credit	206.527a(1)(c)(ii)	Yes (12)	Yes (12)	Yes (12)	Yes (12)	Yes (12)	Yes (12)	Yes (12)	Yes (12)	Yes (12)	Yes (12)	Yes (12)
. Heating Fuel Cost Limit	206.527a(1)(d)	\$1,453	\$1,493	\$1,578	\$1,687	\$1,843	\$2,028	\$2,231	\$2,231	\$2,351	\$2,430	\$2,506
. Maximum Income:												
. 0 or 1 Exemptions		\$10,350	\$10,703	\$10,922	\$11,211	\$11,360	\$11,635	\$12,066	\$12,263	\$12,590	\$12,590	\$12,691
. 2 Exemptions		\$13,209	\$13,573	\$14,345	\$15,088	\$15,287	\$15,658	\$16,230	\$16,502	\$16,942	\$16,942	\$17,078
. 3 or more		\$13,209	\$13,573	\$14,345	\$15,340	\$16,757	\$18,433	\$20,282	\$20,282	\$21,298	\$21,298	\$21,469
. Credit Proration (%)	206.527a(18)	100%	100%	100%	80%	76%	76%	76%	53%	65%	65%	52%

**MICHIGAN INCOME TAX REQUIREMENTS (cont.)**

<b>Refundable Credits (cont.)</b>	<b>MCL Section</b>	<b>TY 2011</b>	<b>TY 2012</b>	<b>TY 2013</b>	<b>TY 2014</b>	<b>TY 2015</b>	<b>TY 2016</b>	<b>TY 2017</b>	<b>TY 2018</b>	<b>TY 2019</b>	<b>TY 2020</b>
. <u>Home Heating Credit</u>	(32) 206.527a(1)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Federal Poverty Income Limit	206.527a(1)(b)	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%
. General Credit	206.527a(1)(c)(i)	Yes (k2)	Yes (k3)	Yes (k3)	Yes (k3)	Yes (k3)	Yes (k3)	Yes (k3)	Yes (k3)	Yes (k3)	Yes (k3)
. Maximum Credit:	206.527a(1)(a)										
. 0 or 1 Exemption		\$420	\$431	\$443	\$450	\$454	\$458	\$465	\$468	\$482	\$492
. 2 Exemptions		\$567	\$584	\$598	\$607	\$614	\$618	\$626	\$635	\$652	\$665
. 3 Exemptions		\$714	\$736	\$753	\$763	\$774	\$777	\$787	\$801	\$822	\$837
. 4 Exemptions		\$861	\$888	\$908	\$919	\$935	\$937	\$948	\$967	\$992	\$1,010
. 5 Exemptions		\$1,009	\$1,041	\$1,062	\$1,076	\$1,095	\$1,096	\$1,109	\$1,134	\$1,163	\$1,182
. 6 Exemptions		\$1,156	\$1,193	\$1,217	\$1,232	\$1,255	\$1,255	\$1,270	\$1,300	\$1,333	\$1,355
. more than 6 exemp.		+\$147 per exemp.	+\$152 per exemp.	+\$155 per exemp.	+\$156 per exemp.	+\$160 per exemp.	+\$160 per exemp.	+\$161 per exemp.	+\$166 per exemp.	+\$170 per exemp.	+\$173 per 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	\$14,043
. 2 Exemptions		\$16,186	\$16,671	\$17,071	\$17,329	\$17,528	\$17,642	\$17,871	\$18,129	\$18,614	\$18,986
. 3 Exemptions		\$20,387	\$21,014	\$21,500	\$21,786	\$22,099	\$22,185	\$22,471	\$22,871	\$23,471	\$23,900
. 4 Exemptions		\$24,587	\$25,357	\$25,929	\$26,243	\$26,699	\$26,753	\$27,071	\$27,614	\$28,328	\$28,842
. 5 Exemptions		\$28,815	\$29,728	\$30,328	\$30,728	\$31,270	\$31,299	\$31,671	\$32,386	\$33,214	\$33,757
. 6 Exemptions		\$33,014	\$34,071	\$34,757	\$35,186	\$35,842	\$35,842	\$36,271	\$37,129	\$38,071	\$38,700
. more than 6 exemp.		+\$4,200 per exemp.	+\$4,343 per exemp.	+\$4,429 per exemp.	+\$4,457 per exemp.	+\$4,571 per exemp.	+\$4,571 per exemp.	+\$4,600 per exemp.	+\$4,743 per exemp.	+\$4,857 per exemp.	+\$4,943 per exemp.
. Alternative Credit	206.527a(1)(c)(ii)	Yes (12)	Yes (13)	Yes (13)	Yes (13)	Yes (13)	Yes (13)	Yes (13)	Yes (13)	Yes (13)	Yes (13)
. 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	\$2,870
. Maximum Income:											
. 0 or 1 Exemptions		\$12,973	\$13,317	\$13,576	\$13,727	\$13,727	\$13,826	\$14,111	\$14,472	\$14,632	\$14,849
. 2 Exemptions		\$17,458	\$17,920	\$18,269	\$18,472	\$18,472	\$18,605	\$18,989	\$19,475	\$19,690	\$19,982
. 3 or more		\$21,946	\$22,527	\$22,967	\$23,222	\$23,222	\$23,389	\$23,872	\$24,483	\$24,753	\$25,119
. Credit Proration (%)	206.527a(18)	52%	48%	49%	50%	50%	67%	75%	75%	80%	85%

**Notes:**

**General Information:**

- .(\*) Starting tax year 1970, per taxpayer preference, the IRC effective in tax year may be used instead.
  - .(\*\*) Unlike exemption for paraplegic and quadriplegic, special exemption for hemiplegics starts in TY 1977.
  - .(\*\*\*) Starting TY 1987, taxpayers who are blind, or quadriplegic, hemiplegic, or paraplegic are considered to be disabled.
  - .(\*\*\*\*) Starting TY 2000, taxpayers who are deaf are considered disabled.
  - .(\*\*\*\*\*) Limits adjusted by percentage increase of the US CPI for the immediately preceding calendar year.
  - .(#) Repealed by PA 38 of 2011.
- 
- .(1) 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 (\$7,631 per pupil) 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 equal to \$20,000 for single filer or \$40,000 for joint filer on public and private pensions. 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, both of the lower maximum pension deduction nor this deduction - for covered or uncovered agencies - may offset all types of income, and are 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. Beginning in 2018, for taxpayers with pensions from government agencies not covered by the SSA, and who are retired as of January 1, 2013, the maximum pension deduction limits are \$35,000 (single) / \$55,000 (joint) / \$70,000 (joint) 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), Vermont (TY 1987-91), 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 |                                    |
|----------------------------------------------|------------------------------------|
| . <=\$100                                    | 20% of property taxes              |
| . >\$100, <=\$150                            | \$20 + 15% of excess over \$100    |
| . >\$150, <=\$200                            | \$27.50 + 10% of excess over \$150 |
| . >\$200, <=\$10,000                         | \$32.50 + 5% of excess over \$200  |
| . >\$10,000                                  | 4% of property taxes               |
- (b1). In TY 1970, credit was non-refundable and applicable only to homestead property taxes paid. Credit equaled to  $\min \{ 12\% \text{ of eligible property taxes paid, } \$15 \}$ .
- (b2). In TY 1971 and 1972, credit was non-refundable, and applicable also to non-homestead property taxes paid. Credit calculated as follows:
- | Property Taxes (PPT) Amount | Credit                            |
|-----------------------------|-----------------------------------|
| . <=\$100                   | 20% of property taxes             |
| . >\$100, <=\$150           | \$20 + 10% of excess over \$100   |
| . >\$150, <=\$200           | \$25 + 5% of excess over \$150    |
| . >\$200, <=\$10,000        | \$27.50 + 5% of excess over \$200 |
| . >\$10,000                 | 4% of property taxes              |
- (b3). 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.
- (b4). 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.
- (c''). Starting TY 2018, General Credit (for homeowners or renters) equals to 60% of property tax amount paid in excess of 3.2% 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%

- (d1). 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%		

- (d2). 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%

(d3). 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 (d2)	>\$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.
- (k1). 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.
- (k2). 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).
- (k3). 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.
- (11). 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.
- (12). 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.
- (13). Starting TY 2012, credit calculation remains the same as before, but becomes subject to household resources (not household income).