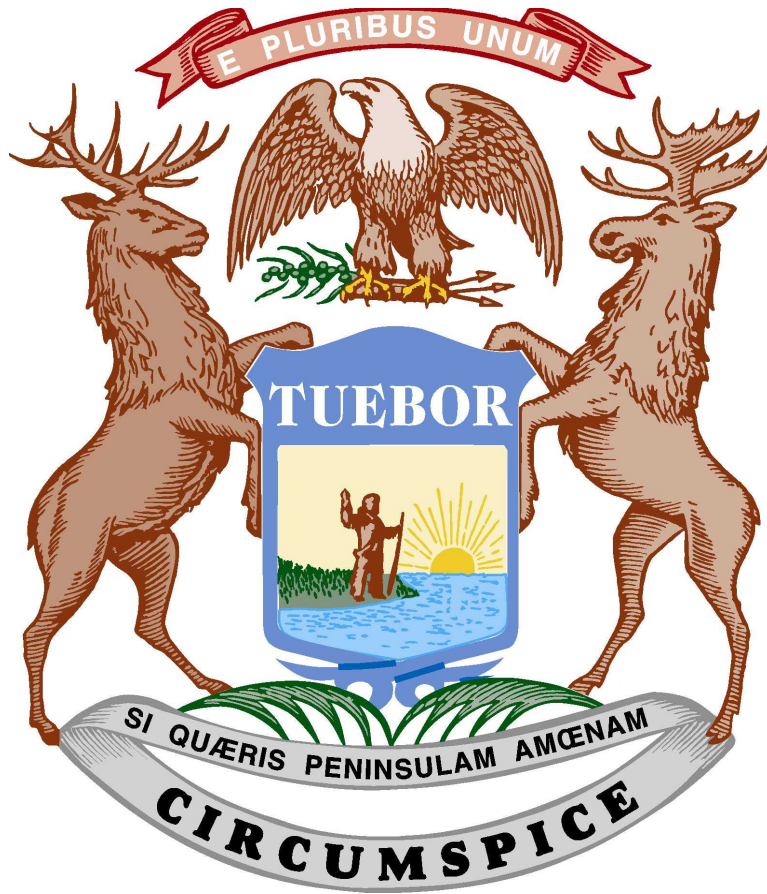
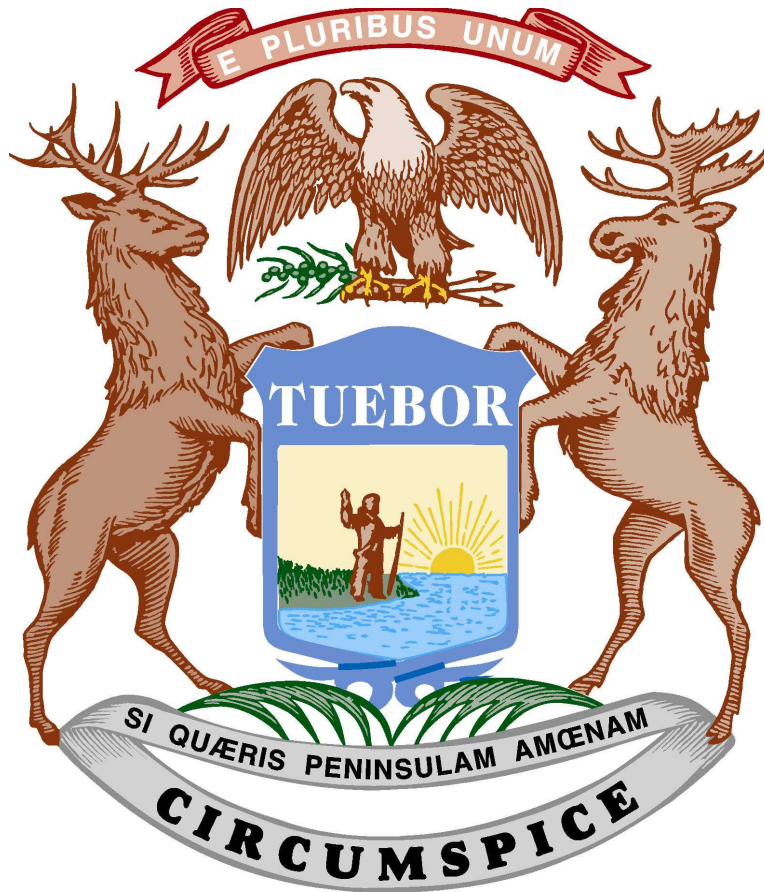


**MICHIGAN'S  
INDIVIDUAL INCOME TAX  
2020**



**Michigan Department of Treasury  
Office of Revenue and Tax Analysis  
Tax Analysis Division  
December 2022**

# MICHIGAN'S INDIVIDUAL INCOME TAX 2020



Tax Analysis Division  
December 2022

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# TABLE OF CONTENTS

	<u>Page</u>
I. EXECUTIVE SUMMARY .....	1
Returns and Revenue .....	1
Interstate Comparisons.....	1
Property Tax Credit.....	1
Home Heating Credit .....	1
Michigan Earned Income Tax Credit (EITC).....	2
Historic Preservation Credit.....	2
Credit for Income Paid to Another State.....	2
Use Tax Payments.....	2
Tax Law Changes in 2021 .....	2
II. INTRODUCTION.....	4
III. HISTORY OF THE MICHIGAN INDIVIDUAL INCOME TAX.....	5
USE TAX PAYMENTS .....	9
IV. INCIDENCE OF THE INDIVIDUAL INCOME TAX.....	11
V. INCOME TAX CREDITS .....	24
REFUNDABLE CREDITS .....	24
Homestead Property Tax Credit.....	24
Home Heating Credit .....	26
Michigan Earned Income Tax Credit.....	28
NON-REFUNDABLE CREDITS .....	28
Historic Preservation Credit.....	28
Credit for Income Paid to Another State.....	29
VI. DESIGNATED CONTRIBUTIONS.....	30
State Campaign Fund.....	30
Children’s Trust Fund.....	31
Military Family Relief Fund .....	31
Animal Welfare Fund .....	31
United Way Fund.....	31
American Red Cross Michigan Fund.....	31
Discontinued Funds .....	32

VII. INTERSTATE COMPARISONS .....	34
VIII. GEOGRAPHIC PATTERN OF TAX AND CREDITS .....	37
IX. FEDERAL INCOME TAX INTERACTION .....	38
Summary of Federal Tax Law Changes Passed Before April 2022 .....	39
2020 and after .....	39
X. MICHIGAN PUBLIC ACTS – INCOME TAX.....	42
2020.....	42
2021.....	42
XI. EXHIBITS 24 THROUGH 40.....	44
XII. APPENDIX A .....	67
FEDERAL TAX LAW CHANGES (from 2011 through 2019) .....	68
2011.....	68
2012.....	68
2013.....	70
2014.....	70
2015.....	70
2016.....	71
2017.....	71
2018.....	71
2019.....	72
MICHIGAN PERSONAL INCOME TAX LEGISLATIVE HISTORY (1967 – 2019).....	74
1967.....	74
1968.....	74
1969.....	74
1970.....	75
1971.....	75
1972.....	75
1973.....	76
1974.....	76
1975.....	77
1976.....	77
1977.....	78
1978.....	78
1979.....	78
1980.....	79

1981.....	79
1982.....	80
1983.....	80
1984.....	81
1985.....	81
1986.....	82
1987.....	82
1988.....	82
1989.....	83
1990.....	84
1991.....	84
1992.....	85
1993.....	85
1994.....	86
1995.....	86
1996.....	87
1997.....	88
1998.....	88
1999.....	88
2000.....	89
2001.....	90
2002.....	90
2003.....	91
2004.....	91
2005.....	92
2006.....	93
2007.....	93
2008.....	94
2009.....	95
2010.....	95
2011.....	96
2012.....	97
2013.....	98
2014.....	99
2015.....	100
2016.....	101
2017.....	101
2018.....	102
2019.....	104
MICHIGAN INCOME TAX REQUIREMENTS (1967 – 2021).....	105

## LIST OF EXHIBITS

<u>Exhibit</u>	<u>Page</u>
1 Michigan Individual Income Tax Exemption Allowances .....	6
2 Individual Income Tax Credits .....	7
3 Earmarking of Income Tax Gross Collections.....	8
4 Use Tax Liability Reported on Income Tax Returns .....	10
5 Fifteen-Year History of Income Tax Rates and Revenue.....	11
6 Annual Collections from Michigan Individual Income Tax.....	12
7 Individual Income Tax - Effective Tax Rate .....	13
8 Effective Income Tax Rates, 2020.....	14
9 2020 Income Tax Return Distribution by Residency .....	16
10 2020 Income Tax Returns Distribution by Filing Status .....	16
11 2020 Total AGI, Additions and Subtractions by AGI Group .....	17
12 2020 Total Additions Detail by AGI Group .....	18
13 2020 Total Subtractions Detail by AGI Group.....	20
14 Change in Michigan Income from 2019 to 2020 .....	22
15 2020 Individual Income Tax Credits .....	25
16 2020 Homestead Property Tax Credits .....	26
17 2020 Home Heating Credits.....	27
18 2020 Michigan Earned Income Tax Credits .....	28
19 Returns Designating Contributions 2004 - 2020 .....	30
20 Discontinued Contribution Funds 2008 – 2019 .....	32
21 State Individual Income Taxes for FY2020 – Per Person and Percentage of Personal Income .....	35
22 State Income Taxes Per Person - Great Lakes Region - FY 2020 .....	36

<b><u>Exhibit</u></b>	<b><u>Page</u></b>
23 State Income Taxes - Percentage of Personal Income - Great Lakes Region - FY 2020 .....	36
24 Effective Rate of the Michigan Individual Income Tax, 2020 .....	45
25 Breakdown of Upper Income Filers - Individual Income Tax, 2020.....	46
26 Tax Base Deductions as a Percentage of AGI - Individual Income Tax, 2020 .....	47
27 Distribution of Personal Exemptions Claimed on 2020 Individual Income Tax Returns.....	49
28 Distribution of Special Exemptions and Dependent Exemptions Claimed on 2020 Individual Income Tax Returns.....	51
29 Four-Year Comparison of Individual Income Tax Credits.....	52
30 Distribution of Property Tax Credits Claimed - Individual Income Tax, 2020 .....	53
31 Distribution of Senior General Property Tax Credits by Household Income - Individual Income Tax, 2020.....	54
32 Distribution of Senior Citizen Property Tax Credits by Household Income - Individual Income Tax, 2020.....	55
33 Distribution of Veterans Property Tax Credits by Household Income - Individual Income Tax, 2020.....	56
34 Distribution of Disabled Property Tax Credits by Household Income - Individual Income Tax, 2020.....	57
35 Distribution of Farmland Credits by Household Income - Individual Income Tax, 2020.....	58
36 Distribution of Home Heating Credits by Household Income - Individual Income Tax, 2020.....	59
37 2020 Income Tax Collections by County .....	60
38 2020 Income Tax Data by County .....	62
39 Average Adjusted Gross Income by County, 2020 .....	64
40 Average Property Tax Credits by County, 2020.....	65
41 Average Annual Individual Income Tax Rates.....	66

## I. EXECUTIVE SUMMARY

### **Returns and Revenue**

For tax year 2020, Michigan's personal income tax generated \$9.4 billion in state revenues after all credits and refunds were paid. Net revenue increased \$378.2 million (4.2 percent) from 2019 levels, reflecting the increase in Adjusted Gross Income (AGI) and the decrease in refundable credits from 2019 to 2020. Almost 5.0 million returns were filed for the 2020 tax year, or 77,300 more filers than the previous year.

Although the personal income tax was levied at a nominal flat rate of 4.25 percent in 2020, the average effective tax rate varied from negative 73.26 percent for filers with an AGI under \$2,000 to positive 3.43 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 2.34 percent. The negative effective rates for lower income groups arise because some taxpayers receive net payments from the state, due principally to the refundable credits for property taxes, home heating expenses, and the Michigan Earned Income Tax Credit (EITC). Most (93.1 percent) of the \$9.4 billion in net revenue was paid by income groups with income over \$50,000.

### **Interstate Comparisons**

For fiscal year 2020, Michigan's income tax revenue was eighth lowest in the nation on a per capita basis, and eighth 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 39.8 percent below average on a per capita basis, and 33.2 percent below average as a percent of personal income.

### **Property Tax Credit**

About 1.1 million Michigan homeowners, renters, and farmers received \$794.6 million in property tax credits, including farmland preservation credits, for 2020. The average property tax credit was \$712. Excluding farmland preservation credits, the average property tax credit for tax year 2020 was \$666. The total amount of property tax credits, including farmland preservation credits, decreased by \$40.3 million (-4.8 percent) with 63,200 fewer taxpayers benefiting compared to tax year 2019.

Senior citizens received about \$280.2 million in homestead property tax credits, an increase of \$8.1 million from tax year 2019. For about 376,000 senior citizens receiving homestead property tax credits, the average credit was \$745.

### **Home Heating Credit**

Home heating credits totaled \$73.4 million (including supplemental credits) for tax year 2020, with about 203,200 households qualifying for an average credit of \$361. Home heating credits increased \$13.3 million for 2020, with approximately 69,600 fewer taxpayers claiming the credit.



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

About 666,100 taxpayers claimed about \$90.2 million in Michigan EITC for 2020, resulting in an average credit of \$135 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 2020, about 57 taxpayers claimed \$86,500 in historic preservation credits. Compared with tax year 2019, this was an increase of \$19,500 with about 36 fewer taxpayers claiming a credit.

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

For tax year 2020, 52,600 taxpayers received a total of \$77.8 million credit for income tax paid to another state, resulting in an average credit of \$1,481. This represented a decrease of \$2.3 million with 3,400 fewer taxpayers claiming a credit.

### **Use Tax Payments**

Starting in tax year 1999, taxpayers were asked to remit use tax payments along with their personal income tax returns. For 2020, 55,400 taxpayers paid \$2.2 million in use tax. Compared to 2019, this was a decrease of \$0.9 million on the total use tax paid, with 21,100 fewer taxpayers reporting use tax liability.

### **Tax Law Changes in 2021**

**Public Act (PA) 7** amended the City Income Tax Act to automatically extend the due date period for taxpayers to file a return or declaration of estimated tax from on or before April 15 or April 30 if the Internal Revenue Service (IRS) extended the federal income tax filing or payment due date for that same tax year for federal taxpayers

**PA 8** amended the Income Tax Act to extend the deadline for taxpayers to file their annual tax returns until May 17, 2021, for returns originally due April 15, 2021, or later if the IRS extended the Federal filing deadline after the bill's effective date.

**PA 120** amended the Income Tax Act to allow a deduction of some income attributed to cancellation or discharge of a student loan for disabled veterans. The Act provided that for the 2016, 2017, 2018, and 2019 tax years, and for every tax year starting in 2025 and after, a taxpayer who is a qualified disabled veteran may deduct, to the extent included in AGI, income reported at the federal level attributable to the cancellation or discharge of a student loan by the US Department of Education pursuant to the total and permanent disability discharge program. For tax years 2018 through 2025, student loan debt that is forgiven due to death or disability is excluded from federal AGI.

**PA 135** amended the Income Tax Act to create a special pass-through entity tax and allow a credit under the individual income tax for taxes paid under the new pass-through entity tax. The newly created tax is levied at the same rate as the individual income tax and is paid at the business-entity level, allowing individual member of pass-through entities to avoid the federal limitation on the deduction of state and local individual income taxes.

**PA 168** amended the Income Tax Act to allow taxpayers to deduct, to the extent not deducted in determining AGI and subject to certain limitations, wagering losses claimed by the taxpayer on his or her federal income tax returns for tax years beginning on and or after January 2021.

## II. INTRODUCTION

This report summarizes information regarding the Michigan individual income tax for tax year 2020. It is based on returns filed and processed in calendar year 2021.

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 2020 and later and how those changes affect Michigan's income tax base. Section X summarizes the Michigan Public Acts (PA) in 2020 and 2021 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 2011 through changes in 2019, the Michigan personal income tax legislative history through 2019, 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 66 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 and business taxes, the Michigan personal exemption was increased to \$4,050 in 2018, up to \$4,900 in 2021. A table with chronological

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<sup>1</sup> For a complete Michigan personal income tax legislative history through 2019, see Appendix A, page 74.

changes to the Michigan Income Tax (filing requirements, average rates, maximum limits of deductions and credits, and others) can be found in Appendix A on page 105.

For 2020, the following exemptions were available for taxpayers<sup>2</sup>: \$4,750 personal exemption, \$2,800 special exemption for filers with certain disabilities, \$400 exemption for disabled veterans, \$1,500 exemption for taxpayers claimed as dependent by another taxpayer, and \$4,750 exemption for parents with a stillbirth certificate. 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		
				Blind, Deaf, or Disabled	Veteran	Stillbirth Certificate Exemption
2012	4.33% (a)	\$3,763 (b)	\$1,500	\$2,400	\$300	n.a.
2013	4.25%	3,950	1,500	2,500	300	n.a.
2014	4.25%	4,000	1,500	2,500	400	n.a.
2015	4.25%	4,000	1,500	2,600	400	n.a.
2016	4.25%	4,000	1,500	2,600	400	n.a.
2017	4.25%	4,000	1,500	2,600	400	n.a.
2018	4.25%	4,050 (c)	1,500	2,700	400	n.a.
2019	4.25%	4,400 (d)	1,500	2,700	400	\$4,400
2020	4.25%	4,750	1,500	2,800	400	4,750
2021	4.25%	4,900	1,500	2,800	400	4,900
2022	4.25%	5,000	1,500	2,900	400	5,000

(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.

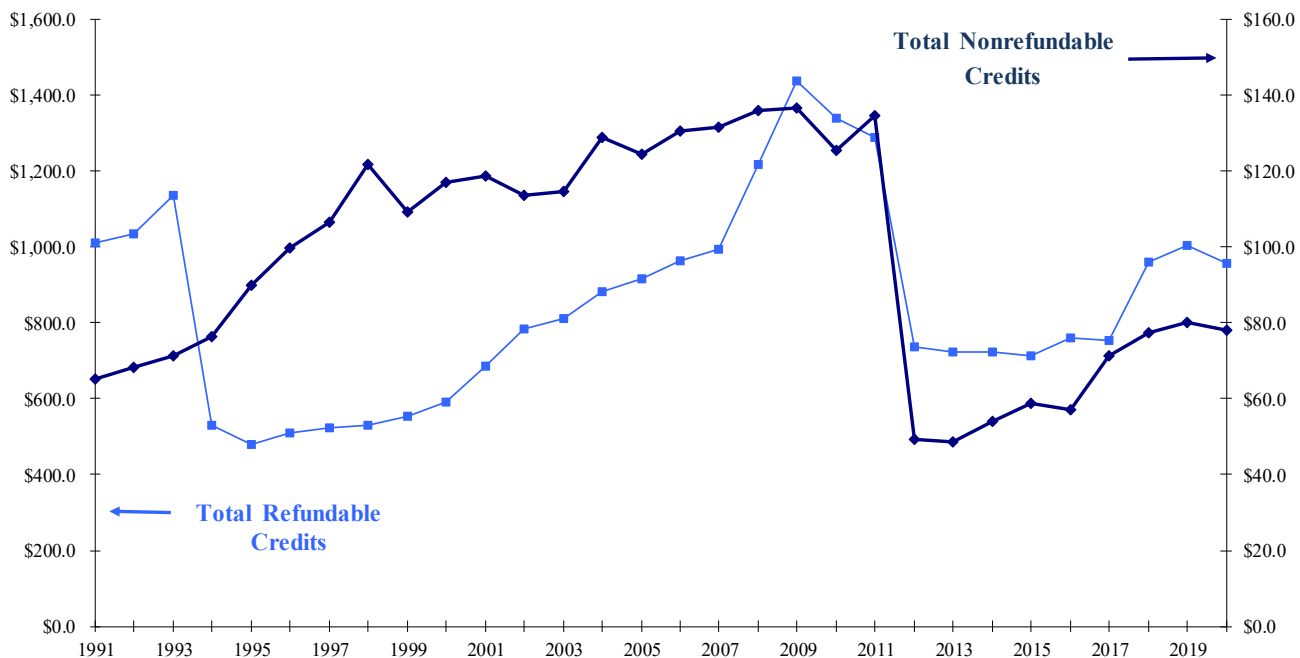
(d) Starting TY 2019, an additional personal exemption is allowed for a stillbirth certificate.

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

<sup>2</sup> For tax year 2012 and after, 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 96).

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 2020, \$958.2 million was paid in refundable credits, and an additional \$77.9 million was paid in nonrefundable credits. For a complete list of credits available in tax year 2020 see Chapter V on page 24.

**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>3</sup>, the SAF earmark percentage was reduced to 0.954 percent divided by

<sup>3</sup> The reduction in the SAF earmark resulted in more revenue going into the GF/GP annually. PA 588 of 2018 provides that such increase was to be divided between \$69 million earmarked to the Renew Michigan fund, and increased distributions to the Michigan Transportation Fund (MTF) for FY 2019 (from \$150 million to \$264 million), and FY 2020 (from \$325 million to \$468 million), while distributions beginning in FY 2021 remain the same at \$600 million annually.

the income tax rate, starting in December 2018. Using the new parameters, the calculated SAF allocated percentage was reduced from 23.81 percent to 22.45 percent for the December 2018 through September 2019 period, and restored the SAF earmark percentage calculation to 1.012 percent divided by the income tax rate for periods beginning October 2019. Exhibit 3 summarizes the income tax revenue earmarking to the SAF and GF/GP since 1995.

**Exhibit 3  
Earmarking of Income Tax Gross Collections**

Tax Years	Average Tax	Earmarking Percentages		Tax Years	Average Tax	Earmarking Percentages	
	Rate	SAF	GF/GP		Rate	SAF	GF/GP
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 - 2023	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.

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.

## 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. To simplify the use tax compliance process, 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.

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>4</sup>. Since then, more and more out-of-state sellers (e.g. on-line sellers) are collecting sale taxes for their customers.

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>5</sup> and the implementation of new requirements<sup>6</sup>, fewer use tax transactions are reported on the income tax return over the years. For tax year 2020, 55,350 taxpayers remitted \$2.2 million in use tax (see Exhibit 4).

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<sup>4</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>5</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>6</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.



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

<b>Tax Year</b>	<b>Number Of Returns</b>	<b>Use Tax Amount</b>	<b>Average Per Return</b>	<b>Tax Year</b>	<b>Number Of Returns</b>	<b>Use Tax Amount</b>	<b>Average Per Return</b>
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	2020	55,350	\$2,215,287	\$40.02

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

## IV. INCIDENCE OF THE INDIVIDUAL INCOME TAX

For tax year 2020, about 5.0 million MI-1040 returns were filed, 77,300 more than for 2019 (see Exhibit 5 below). An additional 33,200 “credit-only” returns were filed for 2020. 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, 9,200 claimed only a home heating credit, 9,500 claimed only a property tax credit, and 7,200 claimed both refundable credits.

The personal income tax generated \$9.4 billion in net revenue for tax year 2020, which is total revenue after all credits and refunds are paid. Income tax revenues increased \$378.2 million (4.2%) from 2019, reflecting increased AGI, and decreased refundable credits from the prior year.

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

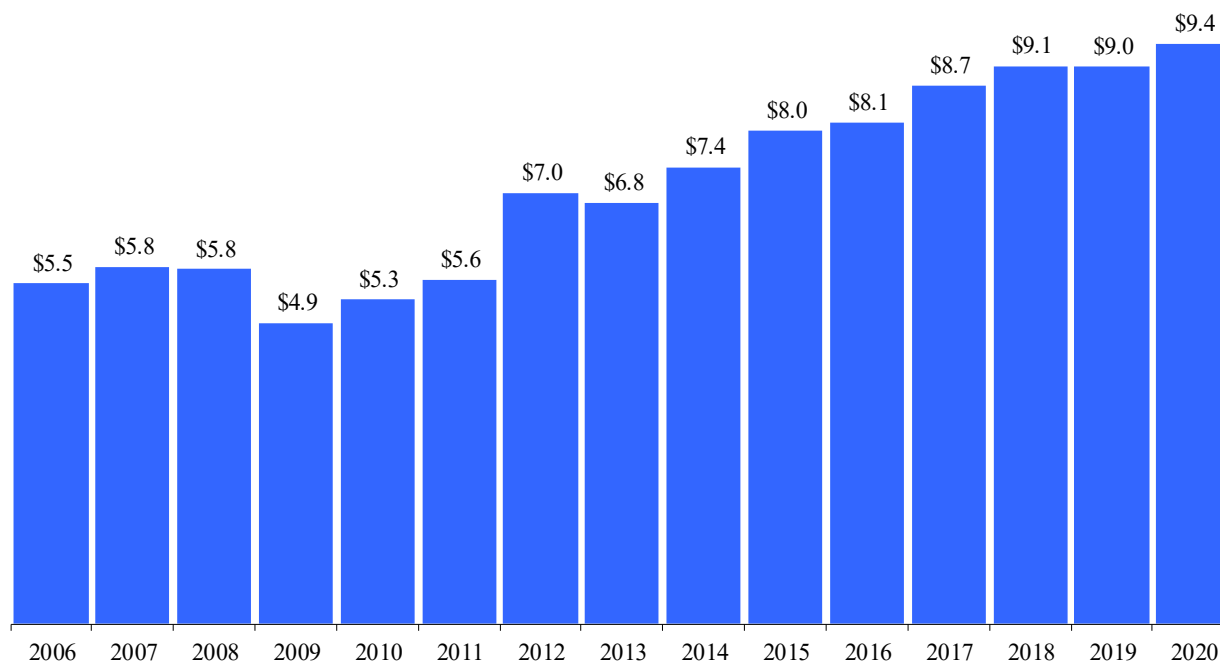
Year	Number of 1040s Filed	Adjusted Gross Income	Average AGI	Nominal Rate	Average Effective Rate	Revenue
2006	4,487,257	272,454,940,745	60,717	3.90%	2.03%	5,521,426,800
2007	4,560,672	292,321,301,678	64,096	4.01%	1.99%	5,803,415,000
2008	4,481,511	257,476,490,543	57,453	4.35%	2.24%	5,757,103,800
2009	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
2020	4,952,798	402,044,569,726	81,175	4.25%	2.34%	9,424,548,300

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

<sup>7</sup>The AGI above is reduced by returns reporting a negative AGI totaling a negative \$8.3 billion. The data for negative AGI returns are included throughout this report unless otherwise noted.

The number of income tax returns and tax revenues both generally increase when the economy expands and decrease during a recession. Changes in AGI reflect both economic growth and changes in the definition of federal AGI. Exhibit 6 below provides a graphical representation of Michigan individual income tax annual collections since 2006.

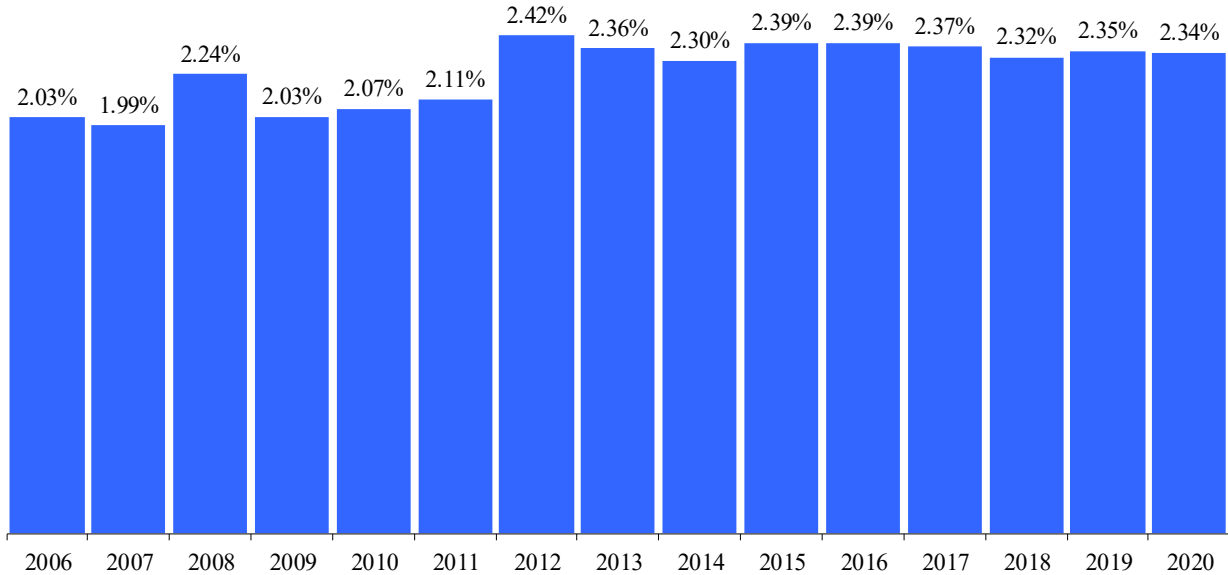
**Exhibit 6**  
**Annual Collections from Michigan Individual Income Tax**  
**(billions of dollars)**



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 2006-2020 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. From 2013 through 2020, the effective rate for each year has been very stable, ranging within 0.05 percentage point of the average effective rate of 2.35% for the period.

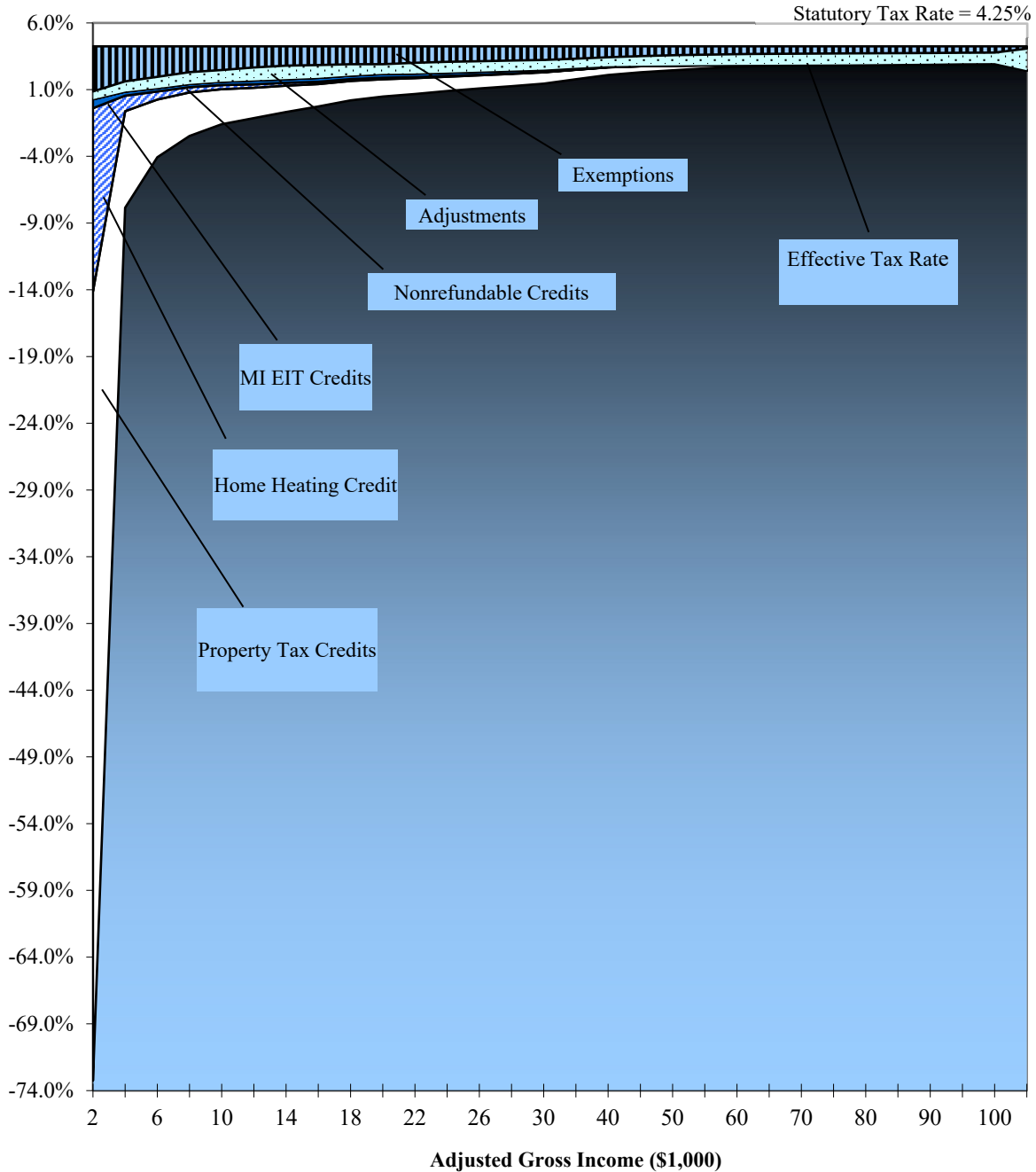
**Exhibit 7**  
**Individual Income Tax**  
**Effective Tax Rate**



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

As shown in Exhibits 8, 24 and 25 (see pages 14, 45 and 46, respectively), the effective tax rate for 2020 varied from negative 73.26 percent for taxpayers in the \$1 - \$2,000 AGI group, to positive 3.43 percent for taxpayers with an AGI between \$200,001 and \$300,000. Taxpayers with AGIs of less than \$16,000 on average received net payments from the state, mostly due to the refundable credits for property taxes, home heating expenses, and the Michigan EITC. The effective rate for taxpayers with an AGI above \$1,000,000 was 1.04 percent, lower than the peak of 3.43 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 2.94 percent. Overall, the effective tax rate for all filers was 2.34 percent rather than the nominal rate of 4.25 percent.

## Exhibit 8 Effective Income Tax Rates, 2020



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 26 (see page 47). 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 \$4,750 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 2020 show that 6.0 percent of Michigan taxpayers itemized deductions on their federal income tax returns<sup>8</sup>, continuing 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 it 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 2020, 19.3 percent of Michigan taxpayers reporting an AGI of \$100,000 or more itemized their deductions, compared to 1.6 percent of taxpayers with an AGI up to \$50,000 who itemized. The same pattern was observed for 2019, 2018 and 2017, when more Michigan taxpayers reporting AGI of \$100,000 or more itemized their federal deductions (22.7 percent for 2019, 24.4 percent for 2018, and 78.0 percent for 2017) than taxpayers reporting AGI up to \$50,000 (1.8 percent for 2019, 2.1 percent for 2018, and 9.5 percent for 2017).

Michigan taxpayers claimed about 8.9 million personal exemptions for 2020 (see Exhibit 27 on page 49). Since the total exemption amount for some taxpayers is greater than their income, not all exemptions were used at lower income levels. In the lowest income groupings, the exemptions offset all income. As noted in Exhibit 24 (see page 45), there were an estimated 7.6 million effective personal exemptions, i.e., exemptions that actually offset income. The effective exemptions for 2020 were calculated assuming all personal exemptions and special exemptions were equally likely to offset taxable income.

Michigan taxpayers claimed about 252,300 special exemptions for tax year 2020 (see Exhibit 28 on page 51). 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 27 and 28 (see pages 49 through 51) present distributions of all the exemptions claimed for tax year 2020 by income group. The number of special exemptions that actually offset taxable income for each income group can be estimated by dividing the number of effective exemptions listed for that income group in Exhibit 24 (see page 45) by the number of claimed exemptions, and then multiplying that quotient by the number of exemptions/deductions in Exhibit 28 (see page 51). For example, the number of effective deductions for disabled veterans in the \$30,001 to \$35,000 income

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<sup>8</sup>Data on itemized deductions was obtained from the Internal Revenue Service, Statistics of Income Division, Individual Master File System, December 2022.

group would be estimated by dividing 396,992 by 450,763 and then multiplying the result (0.8807) by 1,674. The result is an estimate of 1,474 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 \$83.5 billion in AGI, they claim subtractions totaling \$84.8 billion, mostly for income not taxable in Michigan. Note that the total tax liability amount in Exhibits 9 and 10 is not reduced by refundable credits claimed by taxpayers who do not file a Michigan income tax return.

**Exhibit 9**  
**2020 Income Tax Returns Distribution by Residency**

<u>Residency</u>	<u>Number of Returns</u>	<u>Adjusted Gross Income</u>	<u>Total Tax Liability</u>
Resident	4,704,389	\$310,246,550,068	\$9,082,869,037
Part-year resident	102,604	8,150,596,212	133,800,941
Nonresident	142,601	83,452,175,245	207,952,795
Residency not reported	<u>3,204</u>	<u>195,248,201</u>	<u>20,371,413</u>
Totals	4,952,798	\$402,044,569,726	\$9,444,994,186

Married taxpayers filing jointly reported 64.3 percent of AGI and paid 68.8 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**  
**2020 Income Tax Returns Distribution by Filing Status**

<u>Filing Status</u>	<u>Number of Returns</u>	<u>Adjusted Gross Income</u>	<u>Total Tax Liability</u>
Single	3,081,345	\$131,151,095,728	\$2,768,915,910
Married filing jointly	1,774,803	258,625,829,639	6,494,888,637
Married filing separately	<u>96,650</u>	<u>12,267,644,359</u>	<u>181,189,639</u>
Totals	4,952,798	\$402,044,569,726	\$9,444,994,186

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**  
**2020 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>	116,063	(\$8,322.8)	\$7,738.9	-93.0%	\$1,060.3	-12.7%	
\$ 1 - 50,000	2,782,211	\$62,579.1	\$430.0	0.7%	\$14,937.8	23.9%	
50,001 - 100,000	1,135,278	\$81,310.0	\$338.9	0.4%	\$16,545.9	20.3%	
100,001 - 150,000	493,971	\$59,810.0	\$272.3	0.5%	\$8,463.7	14.2%	
150,001 - 200,000	188,385	\$32,358.6	\$175.2	0.5%	\$5,952.0	18.4%	
200,001 - 300,000	126,761	\$30,287.8	\$242.0	0.8%	\$4,302.4	14.2%	
300,001 - 400,000	42,413	\$14,540.5	\$160.7	1.1%	\$2,411.6	16.6%	
400,001 - 500,000	19,747	\$8,774.7	\$111.5	1.3%	\$1,647.6	18.8%	
500,001 - 750,000	21,132	\$12,729.3	\$189.0	1.5%	\$2,840.1	22.3%	
750,001 - 1,000,000	8,527	\$7,330.4	\$102.3	1.4%	\$2,069.3	28.2%	
Over \$1,000,000	<u>18,310</u>	<u>\$100,646.9</u>	<u>\$1,225.4</u>	1.2%	<u>\$76,916.5</u>	76.4%	
Total	4,952,798	\$402,044.6	\$10,986.1	2.7%	\$137,147.1	34.1%	

Notes:

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

For 2020, 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 1.5 percent for those with AGI between \$500,001 and \$750,000 (see Exhibit 11). Total subtractions represented about 34.1 percent of total AGI, and varied from 14.2 percent for taxpayers with AGI between \$100,001 and \$150,000 to 76.4 percent for those with AGI over \$1 million.

Exhibit 12 depicts the components of total additions. For tax year 2020, the largest components of total additions were the add back of losses attributable to other states (58.9 percent of total additions), and the federal NOL category (17.7 percent of total additions).



**Exhibit 12**  
**2020 Total Additions Detail by AGI**  
(millions of dollars)

<u>AGI Group</u>	<u>Total Additions</u>	<u>Interest &amp; Dividends</u>	<u>Self Employment Taxes and Other Taxes</u>	<u>MI 1040D &amp; MI 4797 Gains</u>	<u>Losses Attributable to Other States</u>
Less than \$1 <sup>(2)</sup>	\$7,738.9	\$8.1	\$4.4	\$29.2	\$5,927.5
\$ 1 - 50,000	\$430.0	\$42.2	\$181.2	\$12.6	\$55.8
50,001 - 100,000	\$338.9	\$69.7	\$147.9	\$25.2	\$44.7
100,001 - 150,000	\$272.3	\$68.8	\$106.4	\$29.3	\$35.3
150,001 - 200,000	\$175.2	\$47.6	\$59.2	\$25.7	\$25.0
200,001 - 300,000	\$242.0	\$66.3	\$66.5	\$46.2	\$41.5
300,001 - 400,000	\$160.7	\$42.4	\$34.5	\$41.1	\$29.5
400,001 - 500,000	\$111.5	\$30.7	\$18.8	\$29.8	\$24.5
500,001 - 750,000	\$189.0	\$50.9	\$26.6	\$58.1	\$36.8
750,001 - 1,000,000	\$102.3	\$25.3	\$12.8	\$36.9	\$23.7
Over \$1,000,000	<u>\$1,225.4</u>	<u>\$136.9</u>	<u>\$34.6</u>	<u>\$736.2</u>	<u>\$231.2</u>
Total	\$10,986.1	\$588.8	\$692.9	\$1,070.6	\$6,475.7
% of Total Additions	100.0%	5.4%	6.3%	9.7%	58.9%

<u>AGI Group</u>	<u>Net Loss Fed Column MI 1040D or MI 4797</u>	<u>Oil, Gas &amp; Other Mineral Expenses</u>	<u>Federal NOL</u>	<u>Other<sup>(1)</sup></u>
Less than \$1 <sup>(2)</sup>	\$16.3	\$5.9	\$1,732.0	\$15.5
\$ 1 - 50,000	\$7.6	\$1.8	\$96.3	\$32.5
50,001 - 100,000	\$5.8	\$2.2	\$27.2	\$16.0
100,001 - 150,000	\$4.4	\$3.5	\$13.3	\$11.3
150,001 - 200,000	\$2.7	\$1.7	\$9.0	\$4.4
200,001 - 300,000	\$2.9	\$1.2	\$11.4	\$5.9
300,001 - 400,000	\$1.3	\$1.0	\$8.1	\$2.9
400,001 - 500,000	\$1.2	\$0.3	\$4.2	\$2.0
500,001 - 750,000	\$1.8	\$1.6	\$5.4	\$7.5
750,001 - 1,000,000	\$0.9	\$0.2	\$1.2	\$1.3
Over \$1,000,000	<u>\$24.9</u>	<u>\$0.2</u>	<u>\$37.1</u>	<u>\$24.3</u>
Total	\$69.8	\$19.7	\$1,945.2	\$123.4
% of Total Additions	0.6%	0.2%	17.7%	1.1%

Notes:

- In 2020, "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.
- The less than \$1 category includes tax returns reporting a negative AGI.

The largest components of total subtractions for tax year 2020 were income attributable to other states (67.9 percent of total subtractions), and qualified retirement and pension income included in MI-1040 subtractions (10.0 percent of total subtractions, see Exhibit 13). The average AGI reduction for taxpayers with AGI up to \$100,000 was 24.0 percent, and 39.3 percent for taxpayers with AGI above \$100,000 (see Exhibit 13).

While still significant, qualified retirement and pension income subtractions as a percentage of total subtractions have declined over the years as a result of the changes instituted by PA 38 of 2011. Beginning for 2012, pension and retirement benefits<sup>9</sup> are taxed differently depending on the age of the benefit recipient, and recipients were grouped into the following categories: (for joint filers, the age of the oldest spouse determines the age category)

- Tier 1: those with birth date prior to 1946,
- Tier 2: those born in 1946 through 1952, and
- Tier 3: those born after 1952.

For TY 2020, Tier 1 filers were allowed to exempt all taxable pension or retirement benefit income up to \$53,759 (single)/\$107,517 (joint) per return. In addition, filers born before 1946 (Tier 1) were also allowed to deduct interest, dividend and capital gains income up to the statutory limits. For 2020 this exclusion was limited to \$11,983 (single)/\$23,966 (joint) per return, and the amounts are reduced by any pension income (including US military, Michigan National Guard, and railroad retirement benefits) deducted by the taxpayer.

Tier 2 filers are allowed to exempt all taxable pension or retirement benefit income up to \$20,000 (single)/\$40,000 (joint) until age 66. Once age 67 is reached, filers no longer subtract pension and retirement benefits but must claim the Michigan standard deduction against all income, reduced by the amount of US military, Michigan National Guard, or railroad retirement benefits subtraction taken. For 2020, all of Tier 2 filers have reached age 67 and should be taking the standard deduction. The standard deduction is in the amount of \$20,000 (single)/\$40,000 (joint) for most taxpayers.<sup>10</sup>

For Tier 3 filers prior to reaching age 67, only qualified filers who receive pension from government agencies not covered by the Social Security Act (SSA) are entitled to specific maximum pension

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<sup>9</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 2020 see <https://www.michigan.gov/taxes/iit/pension/2020-retirement-pension-information>

<sup>10</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 age 67 is reached, this deduction may offset all types of income, and is reduced by any US military, Michigan National Guard or railroad pension subtraction reported on the return for the same tax year.

deduction<sup>11</sup>. Once Tier 3 filers reach age 67, except for those who were retired as of January 1, 2013 and received pension from government agencies not covered by the SSA, they are eligible to elect to take the higher of (1): \$20,000 (single)/\$40,000 (joint) standard deduction against all income, or (2): personal exemption, plus exemptions for social security, military compensation and pension, and Railroad or Michigan National Guard pensions .

Surviving spouses in Tier 2 or Tier 3 who have reached age 67, are not remarried, and claimed a subtraction for retirement and pension benefits on a return jointly filed with the deceased spouse in the year the spouse died may elect to take the larger of the standard deduction against all types of income based on the surviving spouse's date of birth, or the retirement and pension benefits deduction based on the deceased spouse's year of birth subject to the limits available for a single filer.

**Exhibit 13**  
**2020 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>	\$1,060.3	\$3.5	\$1.4	\$39.3	\$88.2	\$1.1
\$ 1 - 50,000	\$14,937.8	\$35.8	\$167.4	\$17.1	\$1,458.4	\$2,437.7
50,001 - 100,000	\$16,545.9	\$60.5	\$230.3	\$34.8	\$2,387.3	\$5,735.0
100,001 - 150,000	\$8,463.7	\$38.9	\$126.6	\$36.0	\$1,790.8	\$2,845.7
150,001 - 200,000	\$5,952.0	\$34.9	\$82.4	\$55.9	\$2,092.8	\$1,527.1
200,001 - 300,000	\$4,302.4	\$23.9	\$40.3	\$79.3	\$2,417.7	\$681.6
300,001 - 400,000	\$2,411.6	\$11.5	\$11.0	\$71.9	\$1,725.3	\$222.1
400,001 - 500,000	\$1,647.6	\$6.3	\$3.6	\$53.4	\$1,326.5	\$92.9
500,001 - 750,000	\$2,840.1	\$7.5	\$2.6	\$103.4	\$2,446.1	\$98.7
750,001 - 1,000,000	\$2,069.3	\$3.6	\$1.1	\$68.6	\$1,886.8	\$38.3
Over \$1,000,000	\$76,916.5	\$31.5	\$0.8	\$1,074.3	\$75,442.0	\$67.4
Total	\$137,147.1	\$257.8	\$667.4	\$1,633.8	\$93,062.0	\$13,747.8
% of Total Subtractions	100.0%	0.2%	0.5%	1.2%	67.9%	10.0%

<sup>11</sup> Tier 3 filers age 62 through 66 who were not retired as of January 1, 2013 and receive pensions from government agencies not covered by the SSA are entitled to a lower maximum pension deduction limit of \$15,000 (single or joint filer) or \$30,000 for joint filers when both spouses worked for an “uncovered” agency.

Beginning in 2018, for Tier 3 filers who were retired as of January 1, 2013 with pensions from government agencies not covered by the 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 these filers reach age 67, this deduction may offset all types of income, but is reduced by the amount of US military, Michigan National Guard, or railroad pension subtractions reported on the return for the same tax year.

**Exhibit 13 (cont.)**

<b>AGI Group</b>	<b>Renssnc Zones Income</b>	<b>State and Local IIT Refunds</b>	<b>MESP Subtraction</b>	<b>MET Subtraction</b>	<b>Oil &amp; Gas Income Subtraction</b>	<b>NOL Subtraction</b>
Less than \$1 <sup>(2)</sup>	\$0.1	\$1.3	\$0.7	\$0.2	\$2.1	\$305.5
\$ 1 - 50,000	\$6.1	\$12.6	\$7.7	\$1.8	\$3.6	\$14.3
50,001 - 100,000	\$4.6	\$18.8	\$25.5	\$3.5	\$4.3	\$9.5
100,001 - 150,000	\$2.3	\$11.3	\$43.3	\$4.6	\$3.2	\$5.0
150,001 - 200,000	\$1.1	\$7.4	\$67.8	\$6.0	\$3.4	\$5.4
200,001 - 300,000	\$1.5	\$3.4	\$66.1	\$6.6	\$1.8	\$3.7
300,001 - 400,000	\$1.2	\$1.4	\$30.8	\$2.6	\$1.5	\$3.4
400,001 - 500,000	\$1.7	\$0.7	\$15.9	\$1.2	\$0.5	\$1.8
500,001 - 750,000	\$1.9	\$1.1	\$18.4	\$1.4	\$1.0	\$6.3
750,001 - 1,000,000	\$1.7	\$0.5	\$6.3	\$0.3	\$0.3	\$1.1
Over \$1,000,000	\$0.0	\$2.8	\$8.4	\$0.9	\$0.3	\$15.3
<b>Total</b>	<b><u>\$22.2</u></b>	<b><u>\$61.3</u></b>	<b><u>\$290.8</u></b>	<b><u>\$29.0</u></b>	<b><u>\$22.1</u></b>	<b><u>\$371.3</u></b>
% of Total Subtractions	0.0%	0.0%	0.2%	0.0%	0.0%	0.3%

<b>AGI Group</b>	<b>Resident Tribal Income Subtraction</b>	<b>Standard Deduction Based on Year</b>	<b>Social Security &amp; Active Military Benefits</b>	<b>Dividend/ Interest/ Capital Gain Exemption</b>	<b>Miscellaneous Subtraction<sup>(1)</sup></b>
Less than \$1 <sup>(2)</sup>	\$0.1	\$403.7	\$36.0	\$13.5	\$163.7
\$ 1 - 50,000	\$98.9	\$5,834.3	\$3,601.6	\$297.4	\$943.1
50,001 - 100,000	\$96.6	\$3,451.9	\$3,728.5	\$114.7	\$640.2
100,001 - 150,000	\$35.6	\$1,573.3	\$1,570.0	\$50.3	\$326.9
150,001 - 200,000	\$17.3	\$834.2	\$974.7	\$37.2	\$204.3
200,001 - 300,000	\$9.0	\$390.0	\$443.9	\$27.3	\$106.4
300,001 - 400,000	\$2.6	\$137.2	\$138.9	\$12.6	\$37.8
400,001 - 500,000	\$1.5	\$62.1	\$55.3	\$7.1	\$17.2
500,001 - 750,000	\$2.1	\$68.8	\$53.8	\$9.4	\$17.5
750,001 - 1,000,000	\$0.6	\$31.7	\$14.9	\$4.4	\$9.0
Over \$1,000,000	<u>\$3.5</u>	<u>\$73.9</u>	<u>\$26.7</u>	<u>\$11.1</u>	<u>\$157.6</u>
<b>Total</b>	<b>\$267.8</b>	<b>\$12,861.0</b>	<b>\$10,644.3</b>	<b>\$585.0</b>	<b>\$2,623.6</b>
of Total Subtractions	0.2%	9.4%	7.8%	0.4%	1.9%

Notes:

1. In 2020, 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; qualified losses from the disposal of property reported in the MI column of MI-1040D, or MI-4797; qualified ordinary and necessary expenses included in determining AGI and for carrying out a trade or business licensed under the MI Regulation and Taxation of Marihuana Act.
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 7.9 percent overall in 2020, with strong growth in transfer payments (41.3 percent), and proprietor's income (7.8 percent).

**Exhibit 14**  
**Growth in Michigan Income from 2019 to 2020**  
**(millions)**

		<u>2019</u>	<u>2020</u>	<b>Percentage Change</b>
Labor Earnings				
Wage and Salary Disbursements		\$246,973	\$242,644	-1.8%
Other Labor Income		39,683	38,263	-3.6%
Proprietors' Income		<u>32,010</u>	<u>34,496</u>	7.8%
Total Labor Earnings	(A)	\$318,665	\$315,403	-1.0%
Adjustments				
Personal Contributions for Social Insurance		-\$21,938	-\$22,062	0.6%
Adjustment for Residence		<u>2,519</u>	<u>2,471</u>	-1.9%
Total Adjustments	(B)	-\$19,419	-\$19,592	0.9%
Net Michigan Labor Earnings	(C)=(A)-(B)	\$299,246	\$295,812	-1.1%
Dividends, Interest, and Rent	(D)	\$89,034	\$88,456	-0.7%
Transfer Payments	(E)	<u>103,742</u>	<u>146,541</u>	41.3%
Michigan Personal Income	(C)+(D)+(E)	\$492,022	\$530,809	7.9%

Source: Bureau of Economic Analysis, U.S. Department of Commerce, March 23, 2022 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 11), net tax revenues increased by 7.44 percent from 2016 to 2017, and total AGI increased by 8.49 percent for the same period. This resulted in an elasticity estimate of 0.876 (7.44 divided by 8.49), meaning that a 10 percent increase/decrease in income will, on average, increase/decrease tax revenues by 8.76 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 2012 and 2013 data, the reported changes of net income tax revenues (2.21 percent decrease) and of AGI (0.46 percent increase) the simple method yields an income elasticity estimate of -4.756, suggesting that a 10 percent increase in income will lead, on average, to tax revenues declining 47.56 percent. The problem with this estimate is that the tax revenue drop in 2013 reflected the decrease in the tax rate and the increase in the exemption amount, which cannot be accounted for using this simple method.

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 2021 results in an estimated elasticity of 0.935, suggesting that a 10 percent increase in income will increase tax revenue by, on average, 9.35 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>12</sup>

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<sup>12</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 2020, 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>13</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>14</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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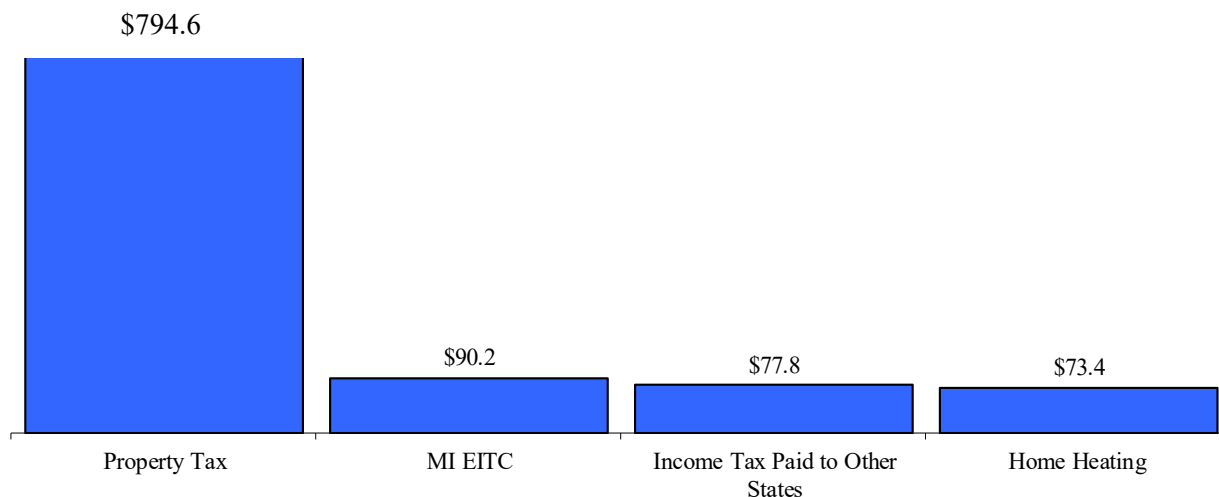
<sup>13</sup> Household resources exclude net losses from business (including farm), rental and royalties, and also excludes net operating losses. For more information on total household resources, visit <https://www.michigan.gov/taxes/iit/tax-time/total-household-resources> .

<sup>14</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 – 2019) 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 1.1 million Michigan taxpayers received \$739.0 million of homestead property tax credits and \$55.7 million in farmland preservation property tax credits for tax year 2020. The \$794.6 million in total 2020 property tax credits represented a decrease of \$40.3 million (-4.8 percent) from the prior year, and 63,200 fewer taxpayers received assistance. Senior citizens received \$280.2 million of the credits, an \$8.1 million increase from 2019. Exhibit 15 compares the amount of property tax credits paid to taxpayers compared to other credits.

**Exhibit 15**  
**2020 Individual Income Tax Credits**  
**(millions of dollars)**



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

The average 2020 homestead property tax credit was \$666 (excluding the farmland credit), a \$3 decrease from the tax year 2019 average. Senior citizens' credits averaged \$745, an \$8 increase from 2019 (see Exhibit 29 on page 52). Exhibit 16 (on page 26) provides a summary of the number of credits received by taxpayers, according to AGI levels.

Exhibits 16 and 26 (on pages 26 and 47) 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 2.3 percent of total AGI, taxpayers with incomes between \$10,001 and \$20,000 received 20.7 percent of the total homestead credits. On the other hand, taxpayers with AGIs over \$50,000 accounted for 86.5 percent of total 2020 Michigan AGI, but received only 3.5 percent of total homestead credits. Exhibits 30 through 35 (see pages 53 through 58) provide the distribution of property tax credits by income group.



**Exhibit 16**  
**2020 Homestead Property Tax Credits**  
**(Excludes Farmland Credit)**

AGI Range		Number of Credits Allowed	Dollar Amount of Credit	Average Credit
Under	\$10,000	276,089	\$235,077,844	\$851.46
	\$10,001 - \$20,000	217,166	152,751,022	703.38
	\$20,001 - \$50,000	540,012	324,997,942	601.83
Over	\$50,000	<u>75,594</u>	<u>26,137,373</u>	<u>345.76</u>
Total		1,108,861	\$738,964,181	\$666.42

The farmland preservation program, originally PA 116 of 1974 which was replaced by PA 451 of 1994 (part 361 of chapter 1, article III of the Natural Resources and Environmental Protection Act), provides additional property tax relief for farmers. Under the farmland program, farmers may receive additional property tax relief by entering into an agreement with the state not to convert the farmland to other uses for at least seven years. The program benefited over 7,200 farms in 2020, providing credits of \$55.7 million for an average credit of \$7,717.43. Including the farmland preservation credit, the average property tax credit was \$712.00 in tax year 2020. For 2,800 farmers claiming both a farmland credit and homestead property tax credit, the combined credits averaged about 93.7 percent of total property taxes paid. Those taxpayers paid \$17.8 million in property taxes, receiving \$13.4 million in farmland credits, and \$3.3 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 2020, 8,700 senior citizens claimed an additional \$2.3 million using this alternate homestead property tax credit calculation, representing a \$261.83 average credit. The amount of this credit is included in the senior citizens' homestead property tax credit statistics, but shown separately in Exhibit 29 (see page 52).

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 29 (see page 52).

**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

2020, individuals who are disabled, deaf, blind, or qualified disabled veteran were entitled to extra exemptions.

Home heating credits for tax year 2020 totaled \$73.4 million (including \$29.5 million in supplemental payments), with 203,200 households qualifying. This represented a \$13.3 million increase from the previous year total credit amount, with 69,200 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. Including supplemental payments, senior citizens received a total of \$12.2 million of the total home heating credits claimed for tax year 2020 (see Exhibit 17 below). Exhibit 36 (see page 59) provides information on the distribution of the home heating credit by household resources.

**Exhibit 17  
2020 Home Heating Credits**

	<b>Number of Credits</b>	<b>Credit Amount</b>	<b>Supplemental Credit</b>	<b>Total Credit</b>
Senior Citizen	34,786	\$5,915,111	\$6,271,900	\$12,187,011
General	137,004	30,480,877	17,620,700	48,101,577
Disabled	31,220	7,388,749	5,595,700	12,984,449
Veteran	184	43,035	34,200	77,235
Totals	203,194	\$43,827,772	\$29,522,500	\$73,350,272

	<b>Average Credit Amount</b>		
	<b>Regular Credit</b>	<b>Supplemental Credit</b>	<b>Total Credit</b>
Senior Citizen	\$170.04	\$180.30	\$350.34
General	\$222.48	\$128.61	\$351.10
Disabled	\$236.67	\$179.23	\$415.90
Veteran	\$233.89	\$185.87	\$419.76
Totals	\$215.69	\$145.29	\$360.99

About 14,400 taxpayers used the alternative calculation based on energy consumption claiming credits worth \$6.7 million. Including the supplemental credit, the average credit under the standard calculation was \$172.64 compared to \$463.60 under the alternative calculation.

## **Michigan Earned Income Tax Credit**

About 666,100 taxpayers claimed \$90.2 million in Michigan EITC in 2020, resulting in an average credit of \$135 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 2020 Michigan Earned Income Tax Credits**

<b>AGI Range</b>	<b>Number of Credits</b>	<b>Amount of Credit</b>	<b>Average Credit</b>
Under \$10,000	138,513	\$9,198,264	\$66.41
\$10,001 - \$15,000	104,397	10,667,657	\$102.18
\$15,001 - \$20,000	73,567	15,248,542	\$207.27
\$20,001 - \$25,000	75,747	17,070,720	\$225.36
\$25,001 - \$30,000	78,528	15,972,900	\$203.40
\$30,001 - \$40,000	127,965	17,327,039	\$135.40
Over \$40,000	67,376	4,752,729	\$70.54
Total	666,093	\$90,237,851	\$135.47

## **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 2020, 57 taxpayers claimed a total of \$86,500 in historic preservation credits (see Exhibit 29 on page 52). For tax year 2012 through 2020, 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>15</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 2020, 52,600 Michigan taxpayers received a total of \$77.8 million in credits for income tax paid to another state on income also subject to tax in Michigan, resulting in an average credit of \$1,480.98. This credit was designed so that taxpayers were not taxed twice (in two states) for the same income (see Exhibit 29 on page 52).

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<sup>15</sup> For more information on the legislation, see Michigan Public Acts – Income Tax on page 40.

## VI. DESIGNATED CONTRIBUTIONS

For tax year 2020, Michigan taxpayers could make six 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, and the American Red Cross Michigan Fund. Unlike contributions to the State Campaign Fund that result in a designated portion of the taxpayers’ tax liability to be deposited in the campaign fund, contributions to all other funds either reduce taxpayers’ refund or increase their tax liability.

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

### Exhibit 19 Returns Designating Contributions 2004 – 2020

Tax Year	Number of 1040's	State Campaign Fund		Children's Trust Fund		Military Family Relief Fund		Animal Welfare Fund		United Way Fund		American Red Cross Michigan Fund	
		Filed	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number
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	2,382	\$31,034
2017	4,775,673	188,295	564,885	6,876	83,744	7,760	122,920	9,329	114,336	4,667	118,901	7,117	98,336
2018	4,817,752	197,061	591,183	6,604	76,706	6,635	101,021	8,885	112,195	3,985	92,473	6,740	88,556
2019	4,875,471	209,862	629,586	7,127	85,383	6,806	99,512	9,459	119,908	4,781	125,128	8,317	119,499
2020	4,952,798	185,976	557,928	10,686	137,594	9,302	140,418	12,570	162,871	7,103	157,588	10,436	157,604

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 2020 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 2020, 186,000 taxpayers contributed \$557,900 to the State Campaign Fund (see Exhibit 19). On average, there was one designation for every 27 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>16</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 2020, 10,700 taxpayers contributed a total of \$137,600 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 2020, it received contributions by 9,300 taxpayers totaling \$140,400 (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. \$162,900 was contributed by 12,600 taxpayers to fund this program in tax year 2020 (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 2020, 7,100 taxpayers contributed a total of \$157,600 to the fund (see Exhibit 19).

### **American Red Cross Michigan Fund**

Since tax year 2016, taxpayers may contribute to the American Red Cross Michigan Fund. The Fund allows the organization to help disaster victims, support military members and their families, and collect, test and supply blood and blood products across the nation. For tax year 2020, 10,400 taxpayers contributed a total of \$157,600 to the fund. (see Exhibit 19).

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<sup>16</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.

## **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 20).

### **Exhibit 20 Discontinued Contribution Funds 2006 – 2019**

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

<b><u>Discontinued Contributions:</u></b>	<b>TY 2012</b>		<b>TY 2013</b>		<b>TY 2014</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	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

**Exhibit 20 (cont.)**

<b><u>Discontinued Contributions:</u></b>	<b>TY 2015</b>		<b>TY 2016</b>		<b>TY 2017</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	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

<b><u>Discontinued Contributions:</u></b>	<b>TY 2018</b>		<b>TY 2019</b>	
	<b>Number</b>	<b>Amount</b>	<b>Number</b>	<b>Amount</b>
Fostering Futures				
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



## VII. INTERSTATE COMPARISONS

In 2020, Michigan along with eight other states (Colorado, Illinois, Indiana, Kentucky, Massachusetts, North Carolina, Pennsylvania, and Utah) had a flat rate income tax. Seven states (Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming) had no state personal income tax. Two states (New Hampshire and Tennessee) taxed only dividend and interest income. The remaining 32 states had income taxes with graduated rates. A state-by-state comparison of the income tax burden per person and tax revenue as a percent of personal income is shown in Exhibit 21 (see page 35). Exhibits 22 and 23 (see page 36) compare Michigan's income tax to that of other states in the Great Lakes region.

Michigan ranked eighth lowest in income taxes per person among the 41 states with a general income tax in fiscal year 2020, and New York ranked highest. For fiscal year 2020, the average collections of \$897 per person in Michigan were lower than the average of \$975 in fiscal year 1999, when the tax rate was 4.4 percent (for Michigan income tax rates from 1968 to present, see Exhibit 41 on page 66). National average income tax collections per person were \$1,170, and for the 41 states with an income tax, average income tax collections per person were \$1,490.

For fiscal year 2020, Michigan ranked eighth lowest in state income taxes as a percent of personal income among the 41 states with a general income tax, with Oregon ranking highest. Michigan's income tax as a percent of personal income was 1.72 percent, 0.32 percentage point below the U.S. average, and 0.85 percentage point below the average of the 41 states with a general income tax. This represents a decrease from the results in 2019, when Michigan's income tax as a percent of personal income was 2.08 percent. The above calculations use estimates of quarterly state personal income, released by the U.S. Bureau of Economic Analysis on March 2022, 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.

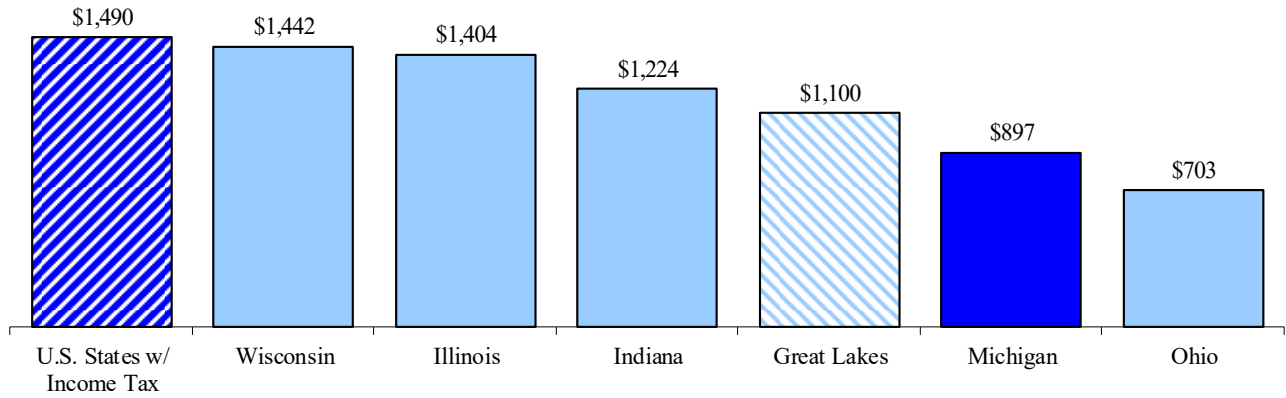
The income tax burden in Michigan has been declining relative to that in other states over the FY 1994-2020 period. In fiscal year 1994, Michigan ranked 11<sup>th</sup> highest in per capita income taxes and 14<sup>th</sup> highest in income taxes as a percent of personal income. For fiscal year 2020, Michigan ranked 33<sup>rd</sup> highest in per capita income taxes and 33<sup>rd</sup> highest in the income taxes as a percent of personal income category.

**Exhibit 21**  
**State Individual Income Taxes for FY 2020**  
**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	\$851	34	1.88%	32
Alaska	No Tax	N/A	No Tax	N/A
Arizona	631	38	1.29%	40
Arkansas	968	30	2.08%	29
California	2,137	4	3.20%	4
Colorado	1,303	15	2.08%	28
Connecticut	2,271	3	2.98%	7
Delaware	1,700	9	3.11%	6
Florida	No Tax	N/A	No Tax	N/A
Georgia	1,091	25	2.17%	24
Hawaii	1,625	11	2.90%	8
Idaho	1,036	28	2.23%	23
Illinois	1,404	13	2.33%	20
Indiana	1,224	19	2.43%	14
Iowa	1,242	17	2.39%	17
Kansas	1,151	22	2.11%	26
Kentucky	1,073	27	2.35%	19
Louisiana	842	36	1.70%	35
Maine	1,353	14	2.59%	12
Maryland	1,733	8	2.72%	10
Massachusetts	2,480	2	3.32%	3
Michigan	897	33	1.72%	33
Minnesota	1,914	6	3.19%	5
Mississippi	629	39	1.53%	37
Missouri	959	31	1.89%	31
Montana	1,233	18	2.39%	18
Nebraska	1,247	16	2.25%	22
Nevada	No Tax	N/A	No Tax	N/A
New Hampshire	89	42	0.14%	42
New Jersey	1,661	10	2.42%	15
New Mexico	580	40	1.29%	39
New York	2,662	1	3.91%	1
North Carolina	1,196	20	2.41%	16
North Dakota	484	41	0.82%	41
Ohio	703	37	1.36%	38
Oklahoma	849	35	1.71%	34
Oregon	2,036	5	3.74%	2
Pennsylvania	952	32	1.62%	36
Rhode Island	1,133	24	1.99%	30
South Carolina	993	29	2.09%	27
South Dakota	No Tax	N/A	No Tax	N/A
Tennessee	8	43	0.02%	43
Texas	No Tax	N/A	No Tax	N/A
Utah	1,138	23	2.27%	21
Vermont	1,187	21	2.12%	25
Virginia	1,737	7	2.89%	9
Washington	No Tax	N/A	No Tax	N/A
West Virginia	1,088	26	2.46%	13
Wisconsin	1,442	12	2.67%	11
Wyoming	No Tax	N/A	No Tax	N/A
U.S. Average	\$1,170		2.04%	
U.S. Average for States W/ General Income Tax	\$1,490		2.57%	

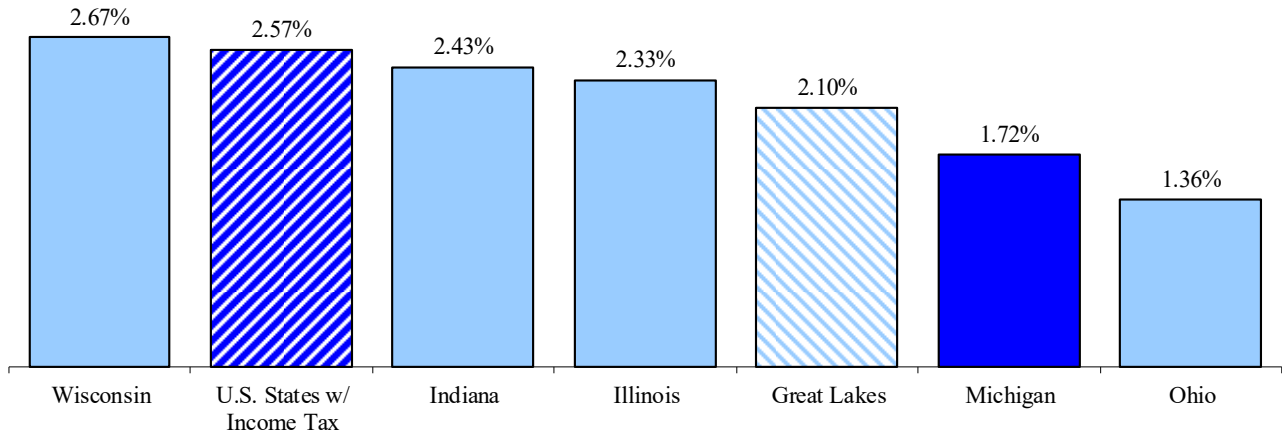
Sources: Census Bureau and Bureau of Economic Analysis, U.S. Department of Commerce.

**Exhibit 22**  
**State Income Taxes Per Person**  
**Great Lakes Region – FY 2020**



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

**Exhibit 23**  
**State Income Taxes**  
**Percentage of Personal Income**  
**Great Lakes Region – FY 2020**



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

## VIII. GEOGRAPHIC PATTERN OF TAX AND CREDITS

Exhibit 37 (see pages 60 and 61) 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 62 and 63) 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 38 is provided below.

Exhibits 39 and 40 (see pages 64 and 65) 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 2020 County Data Summary

	<u>State Average</u>	<u>Highest County</u>	<u>Lowest County</u>
Average AGI	\$81,175	\$98,581 Oakland	\$41,902 Lake
Average Income Tax Before Credits	\$2,110	\$3,430 Oakland	\$1,079 Montmorency
Average Income Tax After Credits	\$1,903	\$3,254 Oakland	\$899 Huron
Income Tax Credits as a Percent of Tax Before Credits	9.8%	40.0% Huron	4.5% Livingston
Ratio of Property Tax Credits to 1040s Filed	22.5%	30.5% Wayne	10.3% Luce
Average Property Tax Credit	\$712	\$2,310 Huron	\$356 Luce

Note: Property tax credits include farmland preservation credits.

## IX. FEDERAL INCOME TAX INTERACTION

The starting point for calculating the Michigan income tax is federal AGI. Thus, Michigan income tax revenues can be influenced by changes in federal tax law that modify the calculation of AGI. For example, a change in federal tax law requiring self-employed individuals and rental property owners to depreciate their assets over a longer time period would expand the Michigan tax base and increase tax revenues. Conversely, a change in federal tax law increasing the amount a taxpayer can contribute each year to a tax-deferred retirement account would reduce the Michigan tax base, thus lowering revenues.

The Michigan income tax base increased due to significant changes in federal tax law contained in the Tax Reform Act of 1986 (TRA-86). Almost all of the changes to federal law during the 1990s caused AGI to become narrower, thus reducing the Michigan tax base. Changes observed since 2000 in the federal tax law continued the 1990s trend to narrow AGI (like increases in deduction limits, and temporarily generous depreciation allowances), but the most significant changes have provided sizable federal tax relief mainly via targeted new credits and lower tax rates (and brackets), which have no direct effect on the calculation of the federal AGI, and therefore, the Michigan income tax base.

Changes in AGI at the federal level can be offset or reinforced at the state level. Expansions in the tax base can be offset with tax cuts. In response to TRA-86, the Michigan personal exemption was increased steadily from \$1,500 in 1986 to \$2,100 for 1990, and the Michigan special exemptions for senior citizens, blind, disabled persons, and those taxpayers with 50 percent or more of their AGI attributable to unemployment compensation were created in 1987. For 2020, the Michigan personal exemption was \$4,750, and Michigan special exemptions were \$2,800.

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>17</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>17</sup> For more information on the changes from the TCJA see changes for 2019 on the Federal Tax Law Changes (from 2011 through 2019) section of Appendix A on page 62.

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 2022**

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 2020, see Appendix A on page 68.

#### **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 ;

- Cryptocurrency reporting prior to 2022 is generally only required in the context of reporting requirements applicable to capital property (generally of \$600 or more), or where the currency is used as compensation to employees or independent contractors. Starting 2023, reporting requirement extends to any other transaction where the current rules do not apply;
- Starting 2022, the Infrastructure Investment and Jobs Act (IIJA of 2021) allows the issuance of tax-exempt private activity bonds for (1) qualified broadband projects, and (2) qualified carbon dioxide capture facilities. The Act also increases the aggregate nationwide cap for qualified private activity bonds issued to finance “qualified highway or surface freight transfer facilities” from \$15 billion to \$30 billion.



## X. MICHIGAN PUBLIC ACTS – INCOME TAX

For changes prior to 2020, see Appendix A on page 74.

### 2020

**Public Act 65** amended the Income Tax Act to allow qualified surviving spouses to claim the retirement and pension benefits 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 pension 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.

### 2021

**Public Act 7** amended the City Income Tax Act to specify that taxpayers required to make and file a return or declaration of estimated tax that otherwise was due on or before April 15 or April 30 would automatically receive an extension to file those returns and declarations if the Internal

Revenue Service (IRS) extended the federal income tax filing or payment due date for that same tax year for federal taxpayers.

**Public Act 8** amended the Income Tax Act to extend the deadline for taxpayers to file their annual tax returns until May 17, 2021, for returns originally due April 15, 2021, or later if the IRS extended the Federal filing deadline after the bill's effective date.

**Public Act 120** amended the Income Tax Act to allow a deduction of some income attributed to cancellation or discharge of a student loan for disabled veterans. The Act provided that for the 2016, 2017, 2018, and 2019 tax years, and for every tax year starting in 2025 and after, a taxpayer who is a disabled veteran may deduct, to the extent included in AGI, income reported at the federal level attributable to the cancellation or discharge of a student loan by the US Department of Education pursuant to the total and permanent disability discharge program. For this deduction, disabled veteran means an individual who has either been determined by the US Department of Veterans Affairs (VA) to be permanently and totally disabled as a result of military service and entitled to veterans' benefits at the 100% rate, or has been rated by the VA as a individually unemployable. For tax years 2018 through 2025, student loan debt that is forgiven due to death or disability is excluded from federal AGI.

**Public Act 135** amended the Income Tax Act to create a special pass-through entity tax (new Part 4 in the Act) and allow a credit under the individual income tax for taxes paid under the new pass-through entity tax. The newly created tax is levied at the same rate as the individual income tax and is paid at the business-entity level, allowing individual member of pass-through entities to avoid the federal limitation on the deduction of state and local individual income taxes (currently \$10,000).

**Public Act 168** amended the Income Tax Act to allow taxpayers to deduct, to the extent not deducted in determining AGI and subject to the limitations regarding residency, wagering losses claimed by the taxpayer on his or her federal income tax returns for tax years beginning on and after January 2021. For residents, losses from wagering transactions are allowed only to the extent of the gains from those transactions. For nonresidents, only wagering losses attributable to wagering transactions placed at or through a casino or licensed race meeting located in Michigan may be deducted and may not exceed the gains on those transactions allocated to Michigan under the Act.

**XI. EXHIBITS 24 THROUGH 40**

**Exhibit 24**  
**Effective Rate of the Michigan Individual Income Tax, 2020**

<b>Adjusted Gross Income Group</b>	<b>Number of Returns Filed <sup>(1)</sup></b>	<b>Adjusted Gross Income</b>	<b>Effective Personal Exemptions <sup>(2)</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</b>
Less than \$1 <sup>(3)</sup>	149,223	(\$8,322,761,966)		157,871	(\$6,678,600,803)	\$86,441,598	(\$76,467,805)	
\$ 1 - 2,000	163,711	114,678,585	16,237	159,691	555,864,406	84,331,745	(84,009,255)	-73.26%
2,001 - 4,000	118,839	356,603,836	39,082	94,505	302,043,918	31,066,980	(28,022,975)	-7.86%
4,001 - 6,000	118,938	595,312,604	58,558	103,113	337,503,128	30,928,562	(24,254,666)	-4.07%
6,001 - 8,000	124,252	873,347,236	75,218	119,806	392,965,263	34,095,921	(21,622,873)	-2.48%
8,001 - 10,000	133,131	1,191,405,286	96,566	141,932	442,914,634	38,050,840	(18,987,914)	-1.59%
10,001 - 12,000	125,418	1,379,091,966	102,031	146,843	498,725,154	38,906,497	(15,606,032)	-1.13%
12,001 - 14,000	119,380	1,550,744,022	105,830	148,336	536,166,713	38,169,435	(10,527,251)	-0.68%
14,001 - 16,000	117,911	1,769,032,386	118,743	158,836	545,682,430	38,073,214	(4,746,440)	-0.27%
16,001 - 18,000	120,006	2,042,634,638	131,707	166,975	535,993,618	37,963,044	4,019,817	0.20%
18,001 - 20,000	139,316	2,639,202,904	171,402	205,727	570,427,149	44,817,633	12,641,351	0.48%
20,001 - 22,000	126,394	2,654,133,773	159,717	193,019	996,579,959	40,647,136	17,925,288	0.68%
22,001 - 24,000	124,131	2,854,386,250	161,991	193,700	639,087,524	39,497,324	25,527,777	0.89%
24,001 - 26,000	122,276	3,057,112,133	166,388	196,551	654,113,310	38,782,036	33,124,668	1.08%
26,001 - 28,000	119,500	3,226,101,960	168,680	196,750	667,417,068	37,463,013	40,632,715	1.26%
28,001 - 30,000	116,187	3,368,422,266	169,274	194,621	645,638,915	35,370,607	48,888,067	1.45%
30,001 - 35,000	269,068	8,733,036,709	396,992	450,763	1,557,633,454	74,980,626	155,251,831	1.78%
35,001 - 40,000	239,043	8,950,762,415	360,059	404,625	1,521,637,957	59,666,659	187,198,264	2.09%
40,001 - 45,000	205,515	8,720,527,546	314,973	354,812	1,546,331,167	44,094,821	200,205,139	2.30%
45,001 - 50,000	179,195	8,502,591,961	281,604	317,634	1,561,104,028	32,631,070	207,893,542	2.45%
Over 50,000	<u>2,054,524</u>	<u>347,788,203,216</u>	<u>4,474,737</u>	<u>4,812,164</u>	<u>118,331,743,531</u>	<u>130,171,512</u>	<u>8,775,485,048</u>	2.52%
Totals	4,985,958	\$402,044,569,726	7,569,791	8,918,274	\$126,160,972,523	\$1,036,150,273	\$9,424,548,296	2.34%

<sup>(1)</sup>Includes 33,160 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 25**  
**Breakdown of Upper Income Filers**  
**Individual Income Tax, 2020**

Adjusted Gross Income Group	Number of Returns Filed	Adjusted Gross Income	Effective Personal Exemptions <sup>(1)</sup>	Claimed Exemptions	Subtractions Minus Additions	Total Credits	Effective Tax	Effective Tax as a % of Income <sup>(2)</sup>
\$50,001 - 55,000	160,760	\$8,434,745,169	258,710	291,825	\$1,590,475,821	\$21,102,219	\$219,103,141	2.60%
55,001 - 60,000	147,357	8,467,283,117	244,493	275,538	1,666,737,647	9,455,670	231,243,812	2.73%
60,001 - 65,000	134,844	8,424,234,243	235,331	261,307	1,673,325,368	3,451,560	236,554,089	2.81%
65,001 - 70,000	124,950	8,430,047,367	229,223	250,471	1,670,321,092	3,099,838	238,716,980	2.83%
70,001 - 75,000	114,911	8,327,772,148	221,335	238,577	1,642,760,016	2,916,328	237,563,931	2.85%
75,001 - 80,000	105,225	8,151,827,840	213,068	226,688	1,569,369,733	2,920,908	234,663,779	2.88%
80,001 - 85,000	97,217	8,016,875,056	204,769	216,904	1,530,562,179	2,849,744	232,063,999	2.89%
85,001 - 90,000	89,793	7,853,248,862	194,940	205,496	1,501,086,787	2,775,855	228,387,816	2.91%
90,001 - 95,000	82,564	7,634,168,106	183,521	193,541	1,425,395,610	2,520,887	224,882,759	2.95%
95,001 - 100,000	77,657	7,569,831,489	176,913	186,688	1,936,995,265	2,382,183	224,119,328	2.96%
100,001 - 110,000	139,626	14,641,000,291	327,316	344,528	2,641,267,010	4,502,397	440,469,158	3.01%
110,001 - 120,000	115,720	13,289,398,264	282,046	295,995	2,206,564,593	4,366,720	410,554,457	3.09%
120,001 - 130,000	94,809	11,835,654,915	236,816	248,001	1,832,821,028	3,940,295	374,274,370	3.16%
130,001 - 140,000	78,808	10,624,778,062	201,304	210,791	1,556,163,395	3,387,550	342,105,166	3.22%
140,001 - 150,000	65,008	9,419,186,498	169,016	176,502	1,328,649,188	3,223,623	307,184,555	3.26%
150,001 - 160,000	49,505	7,667,697,821	128,746	134,494	1,126,491,062	2,794,311	249,772,431	3.26%
160,001 - 170,000	43,684	7,202,385,735	115,230	119,860	999,979,108	2,858,457	238,118,380	3.31%
170,001 - 180,000	37,428	6,545,155,114	98,970	103,344	855,671,499	2,264,519	220,124,805	3.36%
180,001 - 190,000	31,429	5,810,377,659	82,789	86,716	759,289,384	1,981,774	196,437,819	3.38%
190,001 - 200,000	26,339	5,132,970,184	70,177	73,357	661,319,265	2,233,052	174,129,886	3.39%
200,001 - 300,000	126,761	30,287,791,391	335,985	356,882	4,060,380,576	11,671,121	1,038,394,488	3.43%
300,001 - 400,000	42,413	14,540,493,425	111,175	121,242	2,250,843,781	6,471,389	495,186,057	3.41%
400,001 - 500,000	19,747	8,774,694,584	50,070	56,739	1,536,098,349	3,515,793	294,899,472	3.36%
500,001 - 750,000	21,132	12,729,289,062	53,036	61,480	2,651,103,479	6,099,260	413,390,795	3.25%
750,001 - 1,000,000	8,527	7,330,441,535	18,945	24,511	1,966,984,402	3,072,150	222,230,646	3.03%
Over \$1,000,000	<u>18,310</u>	<u>100,646,855,279</u>	<u>30,811</u>	<u>50,687</u>	<u>75,691,087,894</u>	<u>14,313,909</u>	<u>1,050,912,929</u>	1.04%
Totals for AGI over \$50,000	2,054,524	\$347,788,203,216	4,474,737	4,812,164	\$118,331,743,531	\$130,171,512	\$8,775,485,048	2.52%

<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 4.17%.

**Exhibit 26**  
**Tax Base Deductions as a Percentage of AGI**  
**Individual Income Tax, 2020**

<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	79.5%	484.7%	0.0%	1384.0%	323.1%	15.6%
2,001 - 4,000	62.0%	84.7%	0.0%	168.2%	27.2%	7.2%
4,001 - 6,000	53.9%	56.7%	0.0%	100.4%	14.2%	6.0%
6,001 - 8,000	45.6%	45.0%	0.0%	75.6%	9.3%	5.7%
8,001 - 10,000	41.9%	37.2%	0.0%	60.7%	7.1%	6.1%
10,001 - 12,000	37.5%	36.2%	0.0%	52.6%	6.1%	6.9%
12,001 - 14,000	34.1%	34.6%	0.0%	45.5%	5.0%	6.2%
14,001 - 16,000	33.2%	30.8%	0.0%	38.8%	4.0%	6.9%
16,001 - 18,000	31.7%	26.2%	0.0%	33.5%	3.2%	6.2%
18,001 - 20,000	31.7%	21.6%	0.0%	30.0%	2.8%	6.5%
20,001 - 22,000	29.3%	37.5%	0.0%	27.3%	2.0%	6.1%
22,001 - 24,000	27.5%	22.4%	0.0%	24.7%	1.5%	5.6%
24,001 - 26,000	26.3%	21.4%	0.0%	23.0%	0.9%	5.3%
26,001 - 28,000	25.3%	20.7%	0.0%	21.2%	0.8%	4.7%
28,001 - 30,000	24.3%	19.2%	0.0%	19.4%	0.5%	4.2%
30,001 - 35,000	21.9%	17.8%	0.0%	16.3%	0.2%	3.0%
35,001 - 40,000	19.4%	17.0%	0.0%	13.2%	0.1%	1.7%
40,001 - 45,000	17.4%	17.7%	0.0%	10.3%	0.1%	0.8%
45,001 - 50,000	15.9%	18.4%	0.0%	7.9%	0.0%	0.4%
50,001 - 55,000	14.7%	18.9%	0.0%	5.0%	0.0%	0.1%
55,001 - 60,000	13.9%	19.7%	0.0%	1.9%	0.0%	0.0%
60,001 - 65,000	13.4%	19.9%	0.0%	0.2%	0.0%	0.0%
65,001 - 70,000	13.1%	19.8%	0.0%	0.1%	0.0%	0.0%
70,001 - 75,000	12.8%	19.7%	0.0%	0.0%	0.0%	0.0%
75,001 - 80,000	12.5%	19.3%	0.0%	0.0%	0.0%	0.0%

**Exhibit 26 (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	12.2%	19.1%	0.0%	0.0%	0.0%	0.0%
85,001 - 90,000	11.9%	19.1%	0.0%	0.0%	0.0%	0.0%
90,001 - 95,000	11.5%	18.7%	0.0%	0.0%	0.0%	0.0%
95,001 - 100,000	11.2%	25.6%	0.0%	0.0%	0.0%	0.0%
100,001 - 110,000	10.7%	18.0%	0.0%	0.0%	0.0%	0.0%
110,001 - 120,000	10.1%	16.6%	0.0%	0.0%	0.0%	0.0%
120,001 - 130,000	9.6%	15.5%	0.0%	0.0%	0.0%	0.0%
130,001 - 140,000	9.0%	14.6%	0.0%	0.0%	0.0%	0.0%
140,001 - 150,000	8.6%	14.1%	0.0%	0.0%	0.0%	0.0%
150,001 - 160,000	8.0%	14.7%	0.0%	0.0%	0.0%	0.0%
160,001 - 170,000	7.6%	13.9%	0.0%	0.0%	0.0%	0.0%
170,001 - 180,000	7.2%	13.1%	0.0%	0.0%	0.0%	0.0%
180,001 - 190,000	6.8%	13.1%	0.0%	0.0%	0.0%	0.0%
190,001 - 200,000	6.5%	12.9%	0.0%	0.0%	0.0%	0.0%
200,001 - 300,000	5.3%	13.4%	0.0%	0.0%	0.0%	0.0%
300,001 - 400,000	3.6%	15.5%	0.0%	0.0%	0.0%	0.0%
400,001 - 500,000	2.7%	17.5%	0.0%	0.0%	0.0%	0.0%
500,001 - 750,000	2.0%	20.8%	0.0%	0.0%	0.0%	0.0%
750,001 - 1,000,000	1.2%	26.8%	0.0%	0.0%	0.0%	0.0%
Over \$1,000,000	0.1%	75.2%	0.0%	0.0%	0.0%	0.0%
Overall Percent	9.1%	31.4%	0.0%	4.3%	0.4%	0.5%

<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 2020 are: the Other State Tax credit, and the Michigan Historic Preservation credit.

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

**Exhibit 27**  
**Distribution of Personal Exemptions**  
**Claimed on 2020 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	2,497	82,699	23,516	3,745	2,165	921	520	116,063	157,871
\$ 1 - 2,000	36,958	101,608	20,299	2,946	1,279	408	213	163,711	159,691
2,001 - 4,000	45,672	57,438	12,188	2,157	948	312	124	118,839	94,505
4,001 - 6,000	39,241	62,570	13,178	2,397	1,068	332	152	118,938	103,113
6,001 - 8,000	32,404	71,619	15,286	3,114	1,238	408	183	124,252	119,806
8,001 - 10,000	27,110	80,825	18,307	4,352	1,758	524	255	133,131	141,932
10,001 - 12,000	19,252	77,659	20,932	4,625	1,985	625	340	125,418	146,843
12,001 - 14,000	14,067	75,960	20,683	5,354	2,292	694	330	119,380	148,336
14,001 - 16,000	10,941	73,683	21,709	6,937	3,203	977	461	117,911	158,836
16,001 - 18,000	8,570	75,865	23,158	7,373	3,497	1,057	486	120,006	166,975
18,001 - 20,000	7,300	86,171	28,460	10,319	4,957	1,456	653	139,316	205,727
20,001 - 22,000	4,872	77,183	27,613	9,859	4,682	1,495	690	126,394	193,019
22,001 - 24,000	3,295	75,625	28,232	9,994	4,734	1,532	719	124,131	193,700
24,001 - 26,000	2,416	72,466	29,610	10,260	5,083	1,667	774	122,276	196,551
26,001 - 28,000	1,739	69,903	28,979	10,921	5,392	1,702	864	119,500	196,750
28,001 - 30,000	1,280	67,618	27,720	11,229	5,644	1,786	910	116,187	194,621
30,001 - 35,000	1,972	158,110	64,876	24,569	12,795	4,604	2,142	269,068	450,763
35,001 - 40,000	991	140,728	57,997	20,790	11,732	4,515	2,290	239,043	404,625
40,001 - 45,000	523	119,509	50,699	17,109	10,573	4,714	2,388	205,515	354,812
45,001 - 50,000	328	100,316	47,387	14,185	9,822	4,699	2,458	179,195	317,634
50,001 - 55,000	207	85,935	45,609	13,047	9,123	4,417	2,422	160,760	291,825
55,001 - 60,000	152	74,019	44,933	12,487	9,212	4,267	2,287	147,357	275,538
60,001 - 65,000	108	62,865	43,893	12,228	9,288	4,207	2,255	134,844	261,307
65,001 - 70,000	90	54,215	42,451	12,141	9,606	4,311	2,136	124,950	250,471
70,001 - 75,000	83	45,494	41,465	11,723	9,826	4,280	2,040	114,911	238,577
75,001 - 80,000	54	37,482	39,880	11,719	9,937	4,265	1,888	105,225	226,688



**Exhibit 27 (cont.)**

<b>Adjusted Gross Income Group</b>	<b>Exemptions Claimed</b>							<b>Total</b>	<b>Total</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>	<b>Returns</b>	<b>Exemptions<sup>(2)</sup></b>
80,001 - 85,000	53	30,914	38,859	11,148	10,193	4,147	1,903	97,217	216,904
85,001 - 90,000	39	25,618	37,557	10,748	10,079	4,030	1,722	89,793	205,496
90,001 - 95,000	28	21,050	35,745	10,523	9,854	3,766	1,598	82,564	193,541
95,001 - 100,000	30	17,669	34,631	10,056	9,916	3,780	1,575	77,657	186,688
100,001 - 110,000	47	27,420	64,253	18,764	19,178	7,075	2,889	139,626	344,528
110,001 - 120,000	38	19,800	52,402	16,569	17,791	6,660	2,460	115,720	295,995
120,001 - 130,000	24	14,489	42,801	14,078	15,549	5,798	2,070	94,809	248,001
130,001 - 140,000	15	10,868	35,158	11,927	13,902	5,174	1,764	78,808	210,791
140,001 - 150,000	19	8,205	28,808	9,992	12,183	4,317	1,484	65,008	176,502
150,001 - 160,000	n.a.	6,300	21,888	7,473	9,384	3,354	1,099	49,505	134,494
160,001 - 170,000	12	4,958	19,454	6,877	8,468	2,957	958	43,684	119,860
170,001 - 180,000	13	4,271	16,227	5,973	7,534	2,653	757	37,428	103,344
180,001 - 190,000	16	3,383	14,043	4,872	6,306	2,128	681	31,429	86,716
190,001 - 200,000	n.a.	2,735	11,532	4,213	5,417	1,890	543	26,339	73,357
200,001 - 300,000	70	13,048	54,730	19,863	26,537	9,477	3,036	126,761	356,882
300,001 - 400,000	11	4,350	18,066	6,330	8,884	3,585	1,187	42,413	121,242
400,001 - 500,000	10	2,221	8,212	2,789	4,084	1,813	618	19,747	56,739
500,001 - 750,000	n.a.	2,271	8,841	2,850	4,349	2,055	758	21,132	61,480
750,001 - 1,000,000	n.a.	949	3,700	1,047	1,672	862	289	8,527	24,511
Over \$1,000,000	<u>n.a.</u>	<u>2,638</u>	<u>8,064</u>	<u>2,185</u>	<u>3,026</u>	<u>1,727</u>	<u>661</u>	<u>18,310</u>	<u>50,687</u>
Totals	262,588	2,310,722	1,394,031	433,857	356,145	137,423	58,032	4,952,798	8,918,274

<sup>(1)</sup> Values in this table are based on 4,952,798 MI-1040 tax returns on file.

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

<sup>(3)</sup> 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 28**  
**Distribution of Special Exemptions and Dependent Exemptions**  
**Claimed on 2020 Individual Income Tax Returns<sup>(1)</sup>**

<b>Adjusted Gross Income Group</b>	<b>Deaf/Blind/ Disabled Exemptions</b>	<b>Disabled Veteran Exemptions</b>	<b>Claimed as Dependent Exemptions</b>	<b>Total</b>
Zero Income	19,769	1,491	2,458	23,718
\$ 1 - 2,000	29,513	1,084	36,983	67,580
2,001 - 4,000	6,117	626	45,701	52,444
4,001 - 6,000	5,686	668	39,252	45,606
6,001 - 8,000	6,086	628	32,411	39,125
8,001 - 10,000	6,588	647	27,140	34,375
10,001 - 12,000	5,984	669	19,264	25,917
12,001 - 14,000	5,417	712	14,070	20,199
14,001 - 16,000	5,162	758	10,949	16,869
16,001 - 18,000	5,056	701	8,579	14,336
18,001 - 20,000	6,064	843	7,305	14,212
20,001 - 22,000	5,346	749	4,878	10,973
22,001 - 24,000	4,972	743	3,310	9,025
24,001 - 26,000	4,899	786	2,426	8,111
26,001 - 28,000	4,597	718	1,745	7,060
28,001 - 30,000	4,578	740	1,289	6,607
30,001 - 35,000	9,651	1,674	1,998	13,323
35,001 - 40,000	8,573	1,617	1,019	11,209
40,001 - 45,000	7,286	1,461	543	9,290
45,001 - 50,000	6,136	1,408	347	7,891
50,001 - 55,000	5,564	1,305	225	7,094
55,001 - 60,000	5,207	1,344	169	6,720
60,001 - 65,000	4,871	1,272	121	6,264
65,001 - 70,000	4,357	1,246	113	5,716
70,001 - 75,000	4,098	1,090	94	5,282
75,001 - 80,000	3,731	1,006	60	4,797
80,001 - 85,000	3,362	1,016	64	4,442
85,001 - 90,000	3,062	937	46	4,045
90,001 - 95,000	2,679	804	39	3,522
95,001 - 100,000	2,479	831	44	3,354
Over \$100,000	18,540	7,267	413	26,220
Totals	215,430	36,841	263,055	515,326

<sup>(1)</sup> Values in this table are based on 4,952,798 MI-1040 tax returns on file.

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

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

	2017			2018			2019			2020		
	Number	Amount	Average	Number	Amount	Average	Number	Amount	Average	Number	Amount	Average
Property Tax Credits												
General	603.4	\$283,917.2	\$470.50	691.1	\$403,648.4	\$584.05	724.6	\$447,364.1	\$617.38	663.5	\$401,863.2	\$605.65
Senior Citizen <sup>(1)</sup>												
Total	310.3	\$194,587.2	\$627.13	363.3	\$263,603.2	\$725.55	368.9	\$272,087.1	\$737.51	376.0	\$280,207.7	\$745.18
Low Income Rent	10.5	\$2,568.4	\$244.21	9.2	\$2,533.9	\$274.20	9.2	\$2,486.8	\$269.87	8.7	\$2,280.0	\$261.83
Veteran	2.8	\$336.9	\$118.85	3.3	\$403.2	\$123.80	3.1	\$503.6	\$162.41	2.9	\$366.8	\$127.40
Blind	0.6	\$72.0	\$122.70	0.6	\$74.3	\$126.22	0.5	\$80.6	\$152.61	0.5	\$64.1	\$129.69
Disabled	76.5	\$50,909.0	\$665.84	76.6	\$63,454.3	\$827.92	75.3	\$64,786.5	\$860.52	65.9	\$56,462.4	\$856.39
Farmland	7.3	\$49,520.0	\$6,776.13	7.3	\$52,129.8	\$7,127.39	6.8	\$50,128.1	\$7,354.48	7.2	\$55,681.3	\$7,717.43
Total Property Tax Credits	1,000.9	\$579,342.3	\$578.82	1,142.2	\$783,313.2	\$685.77	1,179.3	\$834,950.0	\$708.02	1,116.1	\$794,645.5	\$712.00
Homeowners Total Credits <sup>(2)</sup>	515.6	\$296,345.4	\$574.77	609.2	\$393,449.3	\$645.86	611.3	\$409,394.4	\$669.71	583.7	\$392,113.3	\$671.81
Renters Total Credits <sup>(2)</sup>	474.6	\$233,068.0	\$491.10	521.9	\$337,256.6	\$646.23	557.5	\$374,843.3	\$672.34	521.8	\$346,420.0	\$663.86
Home Heating Credit Total	319.6	\$62,875.2	\$196.75	303.9	\$67,255.6	\$221.34	272.8	\$60,011.8	\$219.99	203.2	\$73,350.3	\$360.99
HHC regular credit		\$62,875.2	\$196.75		\$60,900.0	\$200.42		\$60,011.8	\$219.99		\$43,827.8	\$215.69
HHC supplemental		n.a.	n.a.		\$6,355.6	\$20.92		n.a.	n.a.		\$29,522.5	\$165.24
MI Earned Income Tax Credit	748.6	\$112,242.7	\$149.94	729.6	\$109,544.7	\$150.14	738.4	\$110,581.2	\$149.76	666.1	\$90,237.9	\$135.47
Credit for Income Tax Paid to Another State	52.7	\$71,199.9	\$1,350.81	54.9	\$77,298.9	\$1,408.89	56.0	\$80,132.9	\$1,431.00	52.6	\$77,830.2	\$1,480.98
Historic Preservation Credit	0.2	\$109.6	\$730.54	0.1	\$89.7	\$897.02	0.1	\$67.0	\$720.01	0.1	\$86.5	\$1,517.49

<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.

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

**Exhibit 30**  
**Distribution of Property Tax Credits Claimed**  
**Individual Income Tax, 2020 <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>	12,130	1.8%	\$8,769,915	38,262	10.2%	\$36,209,337	192	6.7%	\$31,234	14,708	22.1%	\$12,936,895
\$ 1 - 2,000	11,105	1.7%	7,661,998	43,583	11.6%	42,657,177	133	4.6%	20,091	18,516	27.9%	17,115,773
2,001 - 4,000	7,265	1.1%	4,866,903	19,813	5.3%	18,326,802	65	2.3%	9,560	2,537	3.8%	2,290,825
4,001 - 6,000	9,158	1.4%	6,112,909	19,692	5.2%	17,486,183	88	3.1%	11,923	2,085	3.1%	1,791,298
6,001 - 8,000	12,892	1.9%	8,626,667	20,483	5.4%	17,466,237	90	3.1%	11,978	2,260	3.4%	1,953,790
8,001 - 10,000	17,748	2.7%	12,025,780	20,749	5.5%	16,576,325	91	3.2%	12,506	2,444	3.7%	2,105,738
10,001 - 12,000	19,509	2.9%	13,502,249	20,543	5.5%	15,560,839	106	3.7%	15,484	2,067	3.1%	1,747,689
12,001 - 14,000	20,468	3.1%	14,355,091	19,583	5.2%	14,080,564	97	3.4%	16,027	1,811	2.7%	1,565,487
14,001 - 16,000	22,566	3.4%	15,733,623	17,436	4.6%	12,073,592	107	3.7%	16,282	1,614	2.4%	1,367,249
16,001 - 18,000	25,305	3.8%	17,521,809	14,997	4.0%	10,100,872	112	3.9%	16,457	1,628	2.5%	1,428,093
18,001 - 20,000	32,647	4.9%	22,431,142	14,495	3.9%	9,553,556	126	4.4%	15,739	1,949	2.9%	1,649,178
20,001 - 22,000	31,044	4.7%	20,824,716	13,661	3.6%	8,712,504	119	4.1%	16,363	1,517	2.3%	1,232,229
22,001 - 24,000	31,867	4.8%	20,883,864	12,721	3.4%	7,917,827	114	4.0%	14,384	1,406	2.1%	1,161,489
24,001 - 26,000	33,498	5.0%	21,816,595	11,571	3.1%	7,078,937	114	4.0%	12,868	1,267	1.9%	1,005,057
26,001 - 28,000	33,478	5.0%	21,603,561	10,998	2.9%	6,544,406	116	4.0%	14,444	1,141	1.7%	923,223
28,001 - 30,000	33,731	5.1%	21,351,403	9,490	2.5%	5,502,917	116	4.0%	15,688	1,143	1.7%	874,783
30,001 - 35,000	78,617	11.8%	47,809,703	19,709	5.2%	11,056,394	224	7.8%	26,338	2,328	3.5%	1,745,299
35,001 - 40,000	69,211	10.4%	40,236,383	15,286	4.1%	8,519,393	221	7.7%	27,531	1,963	3.0%	1,395,691
40,001 - 45,000	55,201	8.3%	30,963,632	11,774	3.1%	6,298,395	185	6.4%	18,910	1,509	2.3%	1,007,969
45,001 - 50,000	44,218	6.7%	23,320,690	9,199	2.4%	4,412,619	185	6.4%	19,456	1,070	1.6%	632,281
50,001 - 55,000	33,433	5.0%	14,964,509	6,700	1.8%	2,692,609	122	4.2%	13,112	765	1.2%	373,423
55,001 - 60,000	24,728	3.7%	5,428,478	4,317	1.1%	1,064,275	134	4.7%	7,821	536	0.8%	165,438
60,001 - 65,000	2,601	0.4%	583,329	702	0.2%	174,079	14	0.5%	822	98	0.1%	25,418
65,001 - 70,000	544	0.1%	180,582	125	0.0%	47,567	n.a.	0.1%	n.a.	35	0.1%	14,319
70,001 - 75,000	194	0.0%	75,987	38	0.0%	18,370	n.a.	0.0%	n.a.	12	0.0%	4,871
75,001 - 80,000	103	0.0%	37,673	22	0.0%	16,937	n.a.	0.0%	n.a.	n.a.	0.0%	n.a.
80,001 - 85,000	46	0.0%	24,127	17	0.0%	14,648	-	0.0%	-	n.a.	0.0%	n.a.
85,001 - 90,000	33	0.0%	15,021	n.a.	0.0%	n.a.	n.a.	0.0%	n.a.	-	0.0%	-
90,001 - 95,000	25	0.0%	20,699	n.a.	0.0%	n.a.	-	0.0%	-	-	0.0%	-
95,001 - 100,000	26	0.0%	13,644	10	0.0%	6,339	-	0.0%	-	n.a.	0.0%	n.a.
Over 100,000	138	0.0%	100,484	35	0.0%	24,872	n.a.	0.0%	n.a.	n.a.	0.0%	n.a.
Totals	663,529	100.0%	\$401,863,166	376,028	100.0%	\$280,207,737	2,879	100.0%	\$366,783	66,425	100.0%	\$56,526,495

Notes:

<sup>(1)</sup> Values in this table are based on a sample of the 4,985,958 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.

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

**Exhibit 31**  
**Distribution of General Property Tax Credits by Household Resources**  
**Individual Income Tax, 2020**

Household Resources	Number of Returns	Property Tax Paid	Property Tax Credit	Property Tax Paid After Credit
\$1,000 and below	2,852	\$4,291,348	\$2,146,507	\$2,144,841
1,001 - 2,000	1,052	1,398,177	703,716	694,461
2,001 - 3,000	1,217	1,537,741	778,285	759,456
3,001 - 4,000	1,598	2,014,108	1,006,303	1,007,805
4,001 - 5,000	1,779	2,255,261	1,087,156	1,168,105
5,001 - 6,000	2,157	2,750,817	1,344,775	1,406,042
6,001 - 7,000	2,615	3,325,911	1,607,929	1,717,982
7,001 - 8,000	2,919	3,859,359	1,815,741	2,043,618
8,001 - 9,000	3,653	4,902,890	2,294,164	2,608,726
9,001 - 10,000	5,745	7,819,812	3,648,408	4,171,404
10,001 - 11,000	5,432	7,953,939	3,623,599	4,330,340
11,001 - 12,000	6,015	9,142,520	4,091,418	5,051,102
12,001 - 13,000	6,532	10,308,518	4,576,534	5,731,984
13,001 - 14,000	7,128	11,259,996	4,913,259	6,346,737
14,001 - 15,000	7,874	12,755,885	5,521,400	7,234,485
15,001 - 16,000	8,817	14,482,748	6,123,501	8,359,247
16,001 - 17,000	9,759	16,398,008	6,835,574	9,562,434
17,001 - 18,000	11,914	20,043,420	8,235,298	11,808,122
18,001 - 19,000	17,738	30,691,884	12,381,270	18,310,614
19,001 - 20,000	14,242	24,731,522	9,802,572	14,928,950
20,001 - 21,000	14,930	26,448,192	10,190,075	16,258,117
21,001 - 22,000	15,228	26,911,260	10,177,443	16,733,817
22,001 - 23,000	15,662	28,219,045	10,408,036	17,811,009
23,001 - 24,000	16,125	29,796,684	10,856,441	18,940,243
24,001 - 25,000	16,592	30,630,550	10,941,353	19,689,197
25,001 - 26,000	17,542	33,224,603	11,710,729	21,513,874
26,001 - 27,000	17,699	34,085,871	11,859,452	22,226,419
27,001 - 28,000	17,825	34,528,905	11,684,763	22,844,142
28,001 - 29,000	18,531	36,115,390	12,041,043	24,074,347
29,001 - 30,000	17,837	35,318,511	11,469,005	23,849,506
30,001 - 35,000	88,947	182,086,328	56,204,503	125,881,825
35,001 - 40,000	80,978	176,444,712	49,637,310	126,807,402
40,001 - 45,000	67,808	157,408,341	40,674,204	116,734,137
45,001 - 50,000	55,302	137,363,538	32,751,962	104,611,576
50,001 - 60,000	81,468	221,556,882	28,707,660	192,849,222
60,001 - 70,000	11	33,691	6,584	27,107
70,001 - 80,000	n.a.	n.a.	n.a.	n.a.
Over 80,000	n.a.	n.a.	n.a.	n.a.
Totals	663,529	\$1,382,218,570	\$401,863,166	\$980,355,404

(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 32**  
**Distribution of Senior Citizen Property Tax Credits by Household Resources**  
**Individual Income Tax, 2020**

Household Resources	Number of Returns	Property Tax Paid	Property Tax Credit	Property Tax Paid After Credit
\$1,000 and below	450	\$969,889	\$538,917	\$430,972
1,001 - 2,000	171	322,906	167,767	155,139
2,001 - 3,000	233	332,379	236,301	96,078
3,001 - 4,000	370	485,749	352,659	133,090
4,001 - 5,000	518	690,443	501,375	189,068
5,001 - 6,000	722	1,025,428	700,141	325,287
6,001 - 7,000	1,095	1,536,866	1,061,237	475,629
7,001 - 8,000	1,611	2,267,326	1,623,043	644,283
8,001 - 9,000	2,484	3,361,371	2,431,022	930,349
9,001 - 10,000	7,487	9,504,065	7,248,985	2,255,080
10,001 - 11,000	4,172	5,816,137	4,046,105	1,770,032
11,001 - 12,000	4,742	7,004,497	4,648,899	2,355,598
12,001 - 13,000	5,441	8,323,541	5,391,760	2,931,781
13,001 - 14,000	5,990	9,566,306	5,949,393	3,616,913
14,001 - 15,000	7,131	11,810,215	7,252,142	4,558,073
15,001 - 16,000	7,097	11,732,842	7,013,792	4,719,050
16,001 - 17,000	7,259	12,604,419	7,285,355	5,319,064
17,001 - 18,000	7,250	12,762,196	7,273,008	5,489,188
18,001 - 19,000	7,619	13,838,085	7,682,899	6,155,186
19,001 - 20,000	7,706	14,353,846	7,769,950	6,583,896
20,001 - 21,000	8,173	15,454,515	8,230,540	7,223,975
21,001 - 22,000	8,226	15,828,954	8,108,363	7,720,591
22,001 - 23,000	8,379	16,358,827	8,056,083	8,302,744
23,001 - 24,000	8,491	16,826,555	7,866,413	8,960,142
24,001 - 25,000	8,502	16,793,117	7,613,783	9,179,334
25,001 - 26,000	8,689	17,749,511	7,590,570	10,158,941
26,001 - 27,000	8,856	18,104,854	7,399,761	10,705,093
27,001 - 28,000	8,896	18,401,090	7,097,473	11,303,617
28,001 - 29,000	8,968	18,995,930	6,857,848	12,138,082
29,001 - 30,000	8,977	19,157,522	6,579,035	12,578,487
30,001 - 35,000	44,228	97,951,076	30,421,093	67,529,983
35,001 - 40,000	42,625	100,055,605	28,413,790	71,641,815
40,001 - 45,000	38,475	96,436,529	25,281,385	71,155,144
45,001 - 50,000	33,627	89,375,439	21,861,837	67,513,602
50,001 - 60,000	51,354	148,326,616	19,644,936	128,681,680
60,001 - 70,000	n.a.	n.a.	n.a.	n.a.
70,001 - 80,000	n.a.	n.a.	n.a.	n.a.
Over 80,000	n.a.	n.a.	n.a.	n.a.
Totals	376,028	\$834,219,999	\$280,207,737	\$554,012,262

(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 Veterans Property Tax Credits by Household Resources**  
**Individual Income Tax, 2020**

<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	16	\$19,705	\$2,603	\$17,102
1,001 - 2,000	n.a.	n.a.	n.a.	n.a.
2,001 - 3,000	0	0	0	0
3,001 - 4,000	n.a.	n.a.	n.a.	n.a.
4,001 - 5,000	0	0	0	0
5,001 - 6,000	n.a.	n.a.	n.a.	n.a.
6,001 - 7,000	n.a.	n.a.	n.a.	n.a.
7,001 - 8,000	n.a.	n.a.	n.a.	n.a.
8,001 - 9,000	n.a.	n.a.	n.a.	n.a.
9,001 - 10,000	n.a.	n.a.	n.a.	n.a.
10,001 - 11,000	n.a.	n.a.	n.a.	n.a.
11,001 - 12,000	n.a.	n.a.	n.a.	n.a.
12,001 - 13,000	10	8,840	1,958	6,882
13,001 - 14,000	15	11,531	2,769	8,762
14,001 - 15,000	12	15,259	2,952	12,307
15,001 - 16,000	13	8,623	1,422	7,201
16,001 - 17,000	12	10,660	1,902	8,758
17,001 - 18,000	15	10,113	3,082	7,031
18,001 - 19,000	15	11,845	1,729	10,116
19,001 - 20,000	13	10,115	1,814	8,301
20,001 - 21,000	28	27,549	4,884	22,665
21,001 - 22,000	22	15,619	3,198	12,421
22,001 - 23,000	24	16,801	3,314	13,487
23,001 - 24,000	25	20,146	3,585	16,561
24,001 - 25,000	26	22,612	4,566	18,046
25,001 - 26,000	37	28,790	5,601	23,189
26,001 - 27,000	36	29,981	5,669	24,312
27,001 - 28,000	39	27,898	5,069	22,829
28,001 - 29,000	47	40,301	8,763	31,538
29,001 - 30,000	33	27,927	7,662	20,265
30,001 - 35,000	246	229,478	38,265	191,213
35,001 - 40,000	365	396,281	54,090	342,191
40,001 - 45,000	389	422,976	55,477	367,499
45,001 - 50,000	509	588,649	71,835	516,814
50,001 - 60,000	897	1,190,795	67,887	1,122,908
60,001 - 70,000	0	0	0	0
70,001 - 80,000	0	0	0	0
Over 80,000	0	0	0	0
Totals	2,879	\$3,217,941	\$366,783	\$2,851,158

(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 Disabled Property Tax Credits by Household Resources**  
**Individual Income Tax, 2020**

<u>Household Resources</u>	<u>Number of Returns</u>	<u>Property Tax Paid</u>	<u>Property Tax Credit</u>	<u>Property Tax Paid After Credit</u>
\$1,000 and below	192	\$199,721	\$147,440	\$52,281
1,001 - 2,000	73	62,925	48,794	14,131
2,001 - 3,000	74	64,849	57,099	7,750
3,001 - 4,000	129	115,595	86,615	28,980
4,001 - 5,000	187	182,508	142,625	39,883
5,001 - 6,000	283	288,951	201,958	86,993
6,001 - 7,000	400	412,415	297,228	115,187
7,001 - 8,000	612	672,247	491,810	180,437
8,001 - 9,000	1,151	1,307,923	974,788	333,135
9,001 - 10,000	8,211	9,499,478	7,035,316	2,464,162
10,001 - 11,000	2,515	3,064,123	2,182,612	881,511
11,001 - 12,000	2,659	3,404,268	2,354,923	1,049,345
12,001 - 13,000	2,399	3,262,501	2,201,952	1,060,549
13,001 - 14,000	2,343	3,273,395	2,191,124	1,082,271
14,001 - 15,000	2,556	3,789,601	2,401,086	1,388,515
15,001 - 16,000	2,168	3,223,250	2,050,123	1,173,127
16,001 - 17,000	2,166	3,274,111	2,009,512	1,264,599
17,001 - 18,000	1,705	2,671,175	1,592,917	1,078,258
18,001 - 19,000	1,898	3,160,687	1,825,791	1,334,896
19,001 - 20,000	1,637	2,691,588	1,537,842	1,153,746
20,001 - 21,000	1,588	2,638,385	1,465,683	1,172,702
21,001 - 22,000	1,413	2,423,018	1,324,042	1,098,976
22,001 - 23,000	1,416	2,468,154	1,317,443	1,150,711
23,001 - 24,000	1,363	2,420,274	1,243,616	1,176,658
24,001 - 25,000	1,279	2,290,250	1,166,440	1,123,810
25,001 - 26,000	1,273	2,329,721	1,174,147	1,155,574
26,001 - 27,000	1,226	2,292,826	1,132,015	1,160,811
27,001 - 28,000	1,409	2,575,964	1,259,264	1,316,700
28,001 - 29,000	1,229	2,296,778	1,088,252	1,208,526
29,001 - 30,000	1,219	2,240,603	1,013,680	1,226,923
30,001 - 35,000	5,135	10,154,661	4,381,171	5,773,490
35,001 - 40,000	4,306	9,134,640	3,510,366	5,624,274
40,001 - 45,000	3,466	7,793,001	2,742,882	5,050,119
45,001 - 50,000	2,730	6,397,016	2,064,981	4,332,035
50,001 - 60,000	4,011	10,414,636	1,807,125	8,607,511
60,001 - 70,000	n.a.	n.a.	n.a.	n.a.
70,001 - 80,000	0	0	0	0
Over 80,000	n.a.	n.a.	n.a.	n.a.
Totals	66,425	\$112,501,898	\$56,526,495	\$55,975,403

Notes:

Includes blind, blind/deaf, paraplegic, quadriplegic, and totally disabled.

(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, 2020**

<b>Household Resources</b>	<b>Farmland Credit</b>		
	<b>Number of Returns</b>	<b>Credit Amount</b>	<b>Average Credit</b>
Up to \$ 1,000	74	\$525,267	\$7,098
1,001 - 2,000	21	\$139,534	\$6,644
2,001 - 3,000	23	\$99,421	\$4,323
3,001 - 4,000	612	\$5,235,889	\$8,555
4,001 - 5,000	36	\$145,453	\$4,040
5,001 - 6,000	41	\$207,932	\$5,072
6,001 - 7,000	393	\$3,835,778	\$9,760
7,001 - 8,000	41	\$152,782	\$3,726
8,001 - 9,000	38	\$138,900	\$3,655
9,001 - 10,000	40	\$174,528	\$4,363
10,001 - 11,000	441	\$5,575,140	\$12,642
11,001 - 12,000	41	\$171,836	\$4,191
12,001 - 13,000	44	\$182,731	\$4,153
13,001 - 14,000	57	\$206,357	\$3,620
14,001 - 15,000	58	\$217,696	\$3,753
15,001 - 16,000	11	\$82,896	\$7,536
16,001 - 17,000	50	\$214,096	\$4,282
17,001 - 18,000	54	\$231,431	\$4,286
18,001 - 19,000	51	\$201,383	\$3,949
19,001 - 20,000	68	\$388,839	\$5,718
20,001 - 21,000	66	\$269,107	\$4,077
21,001 - 22,000	63	\$282,172	\$4,479
22,001 - 23,000	65	\$308,780	\$4,750
23,001 - 24,000	60	\$273,625	\$4,560
24,001 - 25,000	68	\$241,697	\$3,554
25,001 - 26,000	73	\$372,788	\$5,107
26,001 - 27,000	n.a.	n.a.	n.a.
27,001 - 28,000	353	\$1,532,979	\$4,343
28,001 - 29,000	406	\$2,099,184	\$5,170
29,001 - 30,000	15	\$72,019	\$4,801
30,001 - 35,000	360	\$1,913,838	\$5,316
35,001 - 40,000	383	\$1,892,173	\$4,940
40,001 - 45,000	n.a.	n.a.	n.a.
45,001 - 50,000	661	\$3,783,840	\$5,724
50,001 - 60,000	28	\$158,744	\$5,669
60,001 - 70,000	558	\$3,470,104	\$6,219
70,001 - 80,000	20	\$90,872	\$4,544
80,001 - 90,000	519	\$3,590,594	\$6,918
90,001 - 100,000	14	\$65,094	\$4,650
100,001 - 125,000	418	\$2,857,174	\$6,835
125,001 - 150,000	34	\$97,783	\$2,876
150,001 - 200,000	316	\$2,133,712	\$6,752
Over \$200,000	<u>524</u>	<u>\$11,994,550</u>	<u>\$22,890</u>
Totals	7,215	\$55,681,277	\$7,717.43

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

**Exhibit 36**  
**Distribution of Home Heating Credits by Household Resources**  
**Individual Income Tax, 20120**

Household Resources	Senior Citizens				General				Disabled <sup>(1)</sup>				Veterans			
	Count	Amount	Spplmntl	Total	Count	Amount	Spplmntl	Total	Count	Amount	Spplmntl	Total	Count	Amount	Spplmntl	Total
Up to \$ 1,000	713	\$373,897	\$58,400	\$432,297	7,875	\$3,193,953	\$717,600	\$3,911,553	542	\$324,415	\$31,100	\$355,515	n.a.	n.a.	n.a.	n.a.
1,001 - 2,000	182	81,453	17,200	98,653	2,477	900,720	247,100	1,147,820	113	61,306	10,100	71,406	n.a.	n.a.	n.a.	n.a.
2,001 - 3,000	196	77,129	25,000	102,129	2,347	795,696	226,600	1,022,296	91	42,621	8,800	51,421	n.a.	n.a.	n.a.	n.a.
3,001 - 4,000	247	96,079	37,800	133,879	2,709	929,523	280,700	1,210,223	136	63,261	16,800	80,061	n.a.	n.a.	n.a.	n.a.
4,001 - 5,000	358	120,194	58,400	178,594	2,990	952,315	306,300	1,258,615	197	86,693	27,900	114,593	n.a.	n.a.	n.a.	n.a.
5,001 - 6,000	527	164,447	88,800	253,247	3,200	957,078	346,400	1,303,478	270	108,534	41,300	149,834	n.a.	n.a.	n.a.	n.a.
6,001 - 7,000	796	222,312	140,400	362,712	3,574	1,035,533	400,500	1,436,033	361	135,860	58,300	194,160	n.a.	n.a.	n.a.	n.a.
7,001 - 8,000	1,253	320,763	227,100	547,863	3,845	1,025,290	440,700	1,465,990	553	197,981	94,200	292,181	n.a.	n.a.	n.a.	n.a.
8,001 - 9,000	1,940	422,109	351,100	773,209	4,579	1,111,658	555,900	1,667,558	960	291,215	171,300	462,515	n.a.	n.a.	n.a.	n.a.
9,001 - 10,000	6,621	1,179,850	1,228,300	2,408,150	10,691	2,340,371	1,481,300	3,821,671	7,194	1,841,376	1,309,200	3,150,576	n.a.	n.a.	n.a.	n.a.
10,001 - 11,000	3,259	507,737	609,100	1,116,837	6,601	1,314,212	843,400	2,157,612	2,195	560,624	401,800	962,424	n.a.	n.a.	n.a.	n.a.
11,001 - 12,000	3,686	485,426	699,200	1,184,626	6,725	1,194,471	869,400	2,063,871	2,151	525,483	399,800	925,283	n.a.	n.a.	n.a.	n.a.
12,001 - 13,000	3,995	442,886	753,300	1,196,186	6,961	1,162,673	902,800	2,065,473	2,042	452,746	381,800	834,546	n.a.	n.a.	n.a.	n.a.
13,001 - 14,000	3,950	350,037	747,400	1,097,437	7,146	1,090,180	920,200	2,010,380	1,931	408,259	358,400	766,659	12	2,330	2,000	4,330
14,001 - 15,000	1,891	393,445	350,100	743,545	4,204	1,090,717	603,100	1,693,817	2,055	439,459	389,300	828,759	n.a.	n.a.	n.a.	n.a.
15,001 - 16,000	866	136,347	151,500	287,847	3,947	952,345	566,200	1,518,545	1,669	298,606	315,600	614,206	n.a.	n.a.	n.a.	n.a.
16,001 - 17,000	940	119,529	168,100	287,629	4,129	885,919	592,000	1,477,919	1,568	244,642	298,200	542,842	n.a.	n.a.	n.a.	n.a.
17,001 - 18,000	852	100,308	152,900	253,208	4,936	945,025	692,500	1,637,525	1,214	171,254	228,600	399,854	14	2,578	2,600	5,178
18,001 - 19,000	818	71,200	144,800	216,000	7,307	1,257,314	1,038,300	2,295,614	1,263	180,337	238,400	418,737	10	677	2,000	2,677
19,001 - 20,000	233	47,959	39,000	86,959	3,769	876,703	544,200	1,420,903	503	128,442	89,900	218,342	n.a.	n.a.	n.a.	n.a.
Over 20,000	<u>1,463</u>	<u>202,004</u>	<u>224,000</u>	<u>426,004</u>	<u>36,992</u>	<u>6,469,181</u>	<u>5,045,500</u>	<u>11,514,681</u>	<u>4,212</u>	<u>825,635</u>	<u>724,900</u>	<u>1,550,535</u>	<u>85</u>	<u>16,676</u>	<u>15,700</u>	<u>32,376</u>
Totals	34,786	\$5,915,111	\$6,271,900	\$12,187,011	137,004	\$30,480,877	\$17,620,700	\$48,101,577	31,220	\$7,388,749	\$5,595,700	\$12,984,449	184	\$43,035	\$34,200	\$77,235
Average Credit		\$170.04	\$180.30	\$350.34		\$222.48	\$128.61	\$351.10		\$236.67	\$179.23	\$415.90		\$233.89	\$185.87	\$419.76

<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**  
**2020 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	\$356,889	\$111,552	\$82,508	\$5,502,153	0.1%
ALGER	316,008	76,301	58,284	5,197,100	0.1%
ALLEGAN	7,339,635	561,933	751,703	93,204,816	1.0%
ALPENA	1,324,643	318,452	232,415	18,930,719	0.2%
ANTRIM	1,092,970	154,334	199,519	19,531,978	0.2%
ARENAC	907,496	152,065	120,208	7,895,822	0.1%
BARAGA	190,860	75,330	62,553	3,940,313	0.0%
BARRY	3,531,488	273,803	358,982	46,743,642	0.5%
BAY	7,866,938	926,957	865,227	74,597,727	0.8%
BENZIE	762,963	120,418	125,034	12,890,228	0.1%
BERRIEN	9,946,949	1,564,903	1,657,484	133,129,287	1.4%
BRANCH	3,319,484	321,527	402,972	24,867,872	0.3%
CALHOUN	10,433,333	1,264,091	1,380,663	85,782,456	0.9%
CASS	2,643,637	309,791	384,685	25,843,900	0.3%
CHARLEVOIX	1,545,618	152,090	200,638	25,889,473	0.3%
CHEBOYGAN	1,046,539	252,606	224,810	15,229,019	0.2%
CHIPPEWA	1,343,416	273,824	324,966	17,779,257	0.2%
CLARE	1,387,678	427,897	335,209	16,822,253	0.2%
CLINTON	4,365,189	223,341	312,439	57,218,757	0.6%
CRAWFORD	462,448	124,170	110,536	6,355,819	0.1%
DELTA	1,723,792	335,674	281,979	25,517,274	0.3%
DICKINSON	1,279,812	207,036	206,052	19,645,534	0.2%
EATON	9,320,474	537,813	773,838	97,792,593	1.0%
EMMET	2,097,811	191,756	238,898	42,856,729	0.5%
GENESEE	28,228,979	4,124,822	4,843,074	298,704,052	3.2%
GLADWIN	1,211,356	275,257	212,777	15,164,935	0.2%
GOGEBIC	568,646	214,315	127,000	7,459,821	0.1%
GRAND TRAVERSE	7,015,937	407,239	593,230	113,648,404	1.2%
GRATIOT	4,281,016	359,597	376,031	25,098,463	0.3%
HILLSDALE	3,045,100	449,129	412,294	26,583,177	0.3%
HOUGHTON	1,202,811	303,707	224,419	22,373,593	0.2%
HURON	10,364,354	295,688	244,322	14,810,991	0.2%
INGHAM	26,125,133	2,095,676	2,459,292	235,028,517	2.5%
IONIA	3,775,774	365,236	476,849	47,045,025	0.5%
IOSCO	1,096,617	295,850	242,325	14,199,030	0.2%
IRON	418,186	136,524	101,998	5,993,766	0.1%
ISABELLA	3,666,940	418,263	441,032	36,308,865	0.4%
JACKSON	10,330,483	1,191,984	1,402,575	116,705,793	1.2%
KALAMAZOO	20,693,512	1,683,568	1,995,365	245,336,429	2.6%
KALKASKA	\$647,187	137,368	\$173,476	\$12,338,276	0.1%
KENT	51,866,371	3,679,683	5,336,438	727,533,332	7.7%
KEWEENAW	53,068	19,195	10,778	1,278,112	0.0%
LAKE	419,781	186,426	95,865	3,629,547	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	3,819,183	401,875	597,279	72,741,816	0.8%
LEELANAU	730,885	62,466	74,891	22,545,312	0.2%
LENAWEE	9,105,304	646,365	793,320	65,277,786	0.7%
LIVINGSTON	8,287,891	378,027	575,651	213,316,650	2.3%
LUCE	91,115	62,579	48,879	3,285,847	0.0%
MACKINAC	383,452	92,888	78,661	7,061,532	0.1%
MACOMB	95,184,159	5,996,909	7,599,270	764,954,229	8.1%
MANISTEE	1,290,598	225,789	199,817	14,951,444	0.2%
MARQUETTE	2,997,764	403,980	376,857	50,189,117	0.5%
MASON	2,256,692	233,399	261,478	19,355,591	0.2%
MECOSTA	1,857,583	307,389	314,127	23,534,544	0.2%
MENOMINEE	972,908	205,973	177,131	13,559,644	0.1%
MIDLAND	4,724,799	493,160	530,186	90,260,112	1.0%
MISSAUKEE	1,445,436	129,727	124,142	7,088,324	0.1%
MONROE	8,308,335	695,126	1,025,413	122,275,116	1.3%
MONTCALM	4,731,706	581,153	617,078	39,256,760	0.4%
MONTMORENCY	413,722	114,078	92,484	4,829,983	0.1%
MUSKEGON	13,056,865	1,492,656	1,957,691	112,989,793	1.2%
NEWAYGO	2,723,626	423,730	420,949	26,245,536	0.3%
OAKLAND	87,020,468	4,598,813	6,060,812	2,000,653,003	21.2%
OCEANA	1,701,400	293,276	278,826	16,151,754	0.2%
OGEMAW	1,175,009	273,021	216,034	10,827,288	0.1%
ONTONAGON	192,829	60,450	34,515	2,901,413	0.0%
OSCEOLA	1,315,302	259,994	253,860	15,002,062	0.2%
OSCODA	218,440	85,912	69,072	3,193,400	0.0%
OTSEGO	1,158,774	177,552	213,566	16,939,635	0.2%
OTTAWA	20,278,567	930,285	1,552,092	329,889,605	3.5%
PRESQUE ISLE	520,307	147,548	107,391	8,664,504	0.1%
ROSCOMMON	1,193,033	306,902	225,209	14,446,951	0.2%
SAGINAW	14,483,278	2,086,683	2,232,636	126,246,788	1.3%
ST. CLAIR	10,713,295	1,136,237	1,311,502	131,729,096	1.4%
ST. JOSEPH	4,004,417	409,951	550,030	35,659,275	0.4%
SANILAC	4,611,960	402,369	369,426	24,602,217	0.3%
SCHOOLCRAFT	214,513	92,824	68,847	5,068,546	0.1%
SHIAWASSEE	5,712,952	526,065	601,928	52,396,945	0.6%
TUSCOLA	6,880,162	436,472	487,920	31,107,419	0.3%
VAN BUREN	5,345,627	666,517	749,585	62,133,561	0.7%
WASHTENAW	27,814,045	1,592,927	1,689,012	469,397,011	5.0%
WAYNE (excludes Detroit)	100,534,483	7,005,527	9,235,166	865,983,637	9.2%
WEXFORD	2,028,547	338,712	347,642	22,293,381	0.2%
OUTSIDE OF MICHIGAN	5,307,411	928,974	1,801,743	328,184,778	3.5%
DETROIT	<u>80,221,295</u>	<u>12,048,801</u>	<u>16,454,991</u>	<u>324,952,042</u>	<u>3.4%</u>
<b>TOTAL</b>	<b>\$794,645,458</b>	<b>\$73,350,272</b>	<b>\$90,237,851</b>	<b>\$9,424,548,296</b>	<b>100.0%</b>

Note: Home Heating Credit amounts include \$29,522,500 in supplemental credit.

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

## Exhibit 38 2020 Income Tax Data by County

County	2020	2020	Income Tax		Average		Average		Credits as a		Ratio of Property		Average		
	AGI	Average	Before	Rank	Income Tax	Rank	Income Tax	Rank	% of Tax	Rank	Tax Credits	Rank	Property Tax	Rank	
	(Millions)	AGI	Rank	Credits	Rank	Before Credits	Rank	After Credits	Rank	Before Credit	Rank	to 1040s Filed	Rank	Credit <sup>(1)</sup>	Rank
ALCONA	\$233.4	\$48,503	69	\$6,088,376	74	\$1,265	74	\$1,143	71	9.6%	50	15.8%	75	\$469	66
ALGER	204.5	51,639	50	5,664,935	75	1,431	59	1,312	54	8.3%	64	16.3%	74	491	62
ALLEGAN	3,156.4	63,241	16	102,214,197	19	2,048	14	1,867	13	8.8%	59	20.6%	34	714	17
ALPENA	725.0	50,750	54	20,931,016	52	1,465	55	1,325	50	9.6%	51	20.2%	38	459	70
ANTRIM	723.0	61,360	18	21,125,710	51	1,793	26	1,658	23	7.5%	71	16.8%	70	551	51
ARENAC	309.2	47,211	75	9,079,051	68	1,386	67	1,205	66	13.0%	18	19.9%	41	695	21
BARAGA	170.2	49,880	59	4,312,780	79	1,264	75	1,155	70	8.6%	62	13.4%	81	418	81
BARRY	1,579.7	64,363	14	50,840,115	30	2,071	13	1,905	12	8.1%	67	19.5%	48	740	14
BAY	2,754.0	53,619	36	84,208,644	22	1,640	36	1,452	32	11.4%	32	24.8%	10	619	38
BENZIE	490.4	59,779	23	14,122,086	64	1,722	29	1,571	27	8.7%	61	19.1%	54	488	63
BERRIEN	4,926.5	64,774	13	152,442,311	11	2,004	18	1,750	17	12.7%	23	22.3%	23	586	44
BRANCH	975.5	52,267	48	29,333,889	41	1,572	40	1,332	49	15.2%	11	22.4%	21	793	9
CALHOUN	3,232.8	53,711	35	99,041,480	20	1,646	35	1,425	37	13.4%	16	25.5%	6	679	26
CASS	1,148.8	60,901	20	33,293,006	36	1,765	28	1,370	44	22.4%	3	18.1%	63	774	12
CHARLEVOIX	940.7	66,633	12	28,375,846	42	2,010	15	1,834	14	8.8%	60	19.4%	50	564	49
CHEBOYGAN	588.8	52,833	43	16,934,874	58	1,520	49	1,367	46	10.1%	47	20.1%	40	467	67
CHIPPEWA	786.3	49,868	60	19,854,716	53	1,259	76	1,128	75	10.5%	43	18.0%	65	472	65
CLARE	678.3	45,830	78	19,189,430	54	1,296	71	1,137	73	12.3%	26	18.6%	58	504	57
CLINTON	2,064.4	72,032	10	66,875,106	26	2,333	10	1,996	11	14.4%	13	18.7%	57	816	8
CRAWFORD	256.3	47,936	72	7,079,636	72	1,324	70	1,189	67	10.2%	46	18.7%	56	462	69
DELTA	954.4	53,470	37	28,023,530	43	1,570	41	1,430	35	8.9%	56	19.6%	45	493	61
DICKINSON	712.3	55,622	31	21,412,996	50	1,672	32	1,534	28	8.3%	65	20.2%	39	495	60
EATON	3,498.0	61,052	19	108,507,419	18	1,894	21	1,707	19	9.9%	49	23.5%	16	693	22
EMMET	1,443.5	75,215	6	45,601,993	31	2,376	8	2,233	8	6.0%	80	19.2%	52	571	47
GENESEE	10,909.5	54,846	33	336,750,377	7	1,693	31	1,502	29	11.3%	33	24.5%	11	579	45
GLADWIN	596.3	49,622	62	16,952,024	57	1,411	63	1,262	61	10.5%	42	19.7%	44	512	54
GOGEBIC	320.4	48,454	70	8,439,252	70	1,276	73	1,128	74	11.6%	29	19.0%	55	453	75
GRAND TRAVERSE	3,795.8	72,390	9	122,421,657	17	2,335	9	2,167	9	7.2%	73	20.9%	32	639	31
GRATIOT	955.9	52,881	42	29,781,579	39	1,648	34	1,388	42	15.7%	9	21.7%	27	1,090	4
HILLSDALE	1,029.5	49,811	61	30,996,424	37	1,500	53	1,286	56	14.2%	14	19.5%	47	757	13
HOUGHTON	821.7	52,820	44	24,221,504	47	1,557	45	1,438	33	7.6%	70	16.3%	73	474	64
HURON	831.6	50,501	56	24,695,664	46	1,500	52	899	83	40.0%	1	27.2%	3	2,310	1
INGHAM	8,323.3	62,718	17	266,465,749	9	2,008	16	1,771	16	11.8%	28	27.6%	2	714	18
IONIA	1,627.2	57,838	28	51,902,624	29	1,845	23	1,672	21	9.4%	55	19.7%	43	681	25
IOSCO	594.7	46,809	76	15,886,776	62	1,251	77	1,118	76	10.6%	41	18.6%	59	464	68
IRON	254.1	46,307	77	6,769,028	73	1,234	79	1,092	77	11.5%	31	16.9%	69	451	76
ISABELLA	1,372.9	53,122	40	40,896,982	34	1,582	39	1,405	40	11.2%	35	21.8%	26	652	29
JACKSON	4,118.9	57,744	29	130,049,252	15	1,823	24	1,636	26	10.3%	45	23.5%	15	616	39
KALAMAZOO	8,329.5	69,210	11	270,744,471	8	2,250	12	2,039	10	9.4%	54	24.8%	9	693	23
KALKASKA	446.5	51,540	51	13,384,643	65	1,545	46	1,424	38	7.8%	69	16.7%	71	448	78
KENT	23,526.4	72,588	8	790,565,388	4	2,439	7	2,245	7	8.0%	68	23.9%	14	671	28
KEWEENAW	55.2	58,671	26	1,372,931	83	1,459	56	1,358	47	6.9%	74	10.7%	82	525	53
LAKE	164.5	41,902	83	4,374,670	78	1,114	82	924	82	17.0%	8	23.4%	17	458	72
LAPEER	2,439.8	60,324	21	77,676,718	23	1,921	20	1,799	15	6.4%	76	16.6%	72	569	48

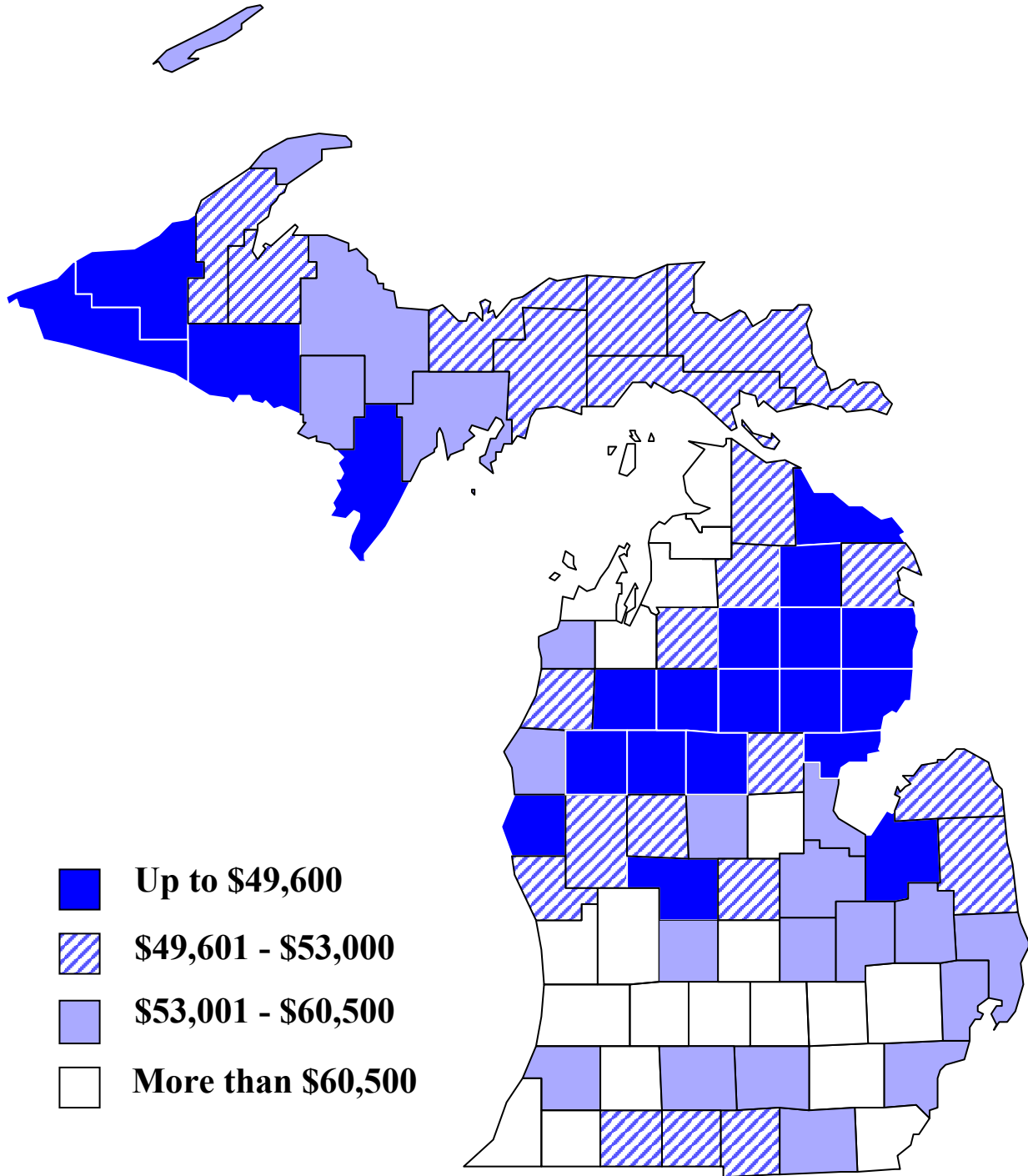
**Exhibit 38 (cont.)**

County	2020	2020	Income Tax		Average		Average		Credits as a		Ratio of Property		Average		
	AGI	Average	Before	Rank	Income Tax	Rank	Income Tax	Rank	% of Tax	Rank	Tax Credits	Rank	Property Tax	Rank	
	(Millions)	AGI	Rank	Credits	Rank	Before Credits	Rank	After Credits	Rank	Before Credit	Rank	to 1040s Filed	Rank	Credit <sup>(1)</sup>	Rank
LEELANAU	\$788.0	\$91,645	2	\$23,765,998	48	\$2,764	4	\$2,622	4	5.1%	82	14.0%	79	\$608	40
LENAWEE	2,543.4	55,720	30	77,361,752	24	1,695	30	1,430	34	15.6%	10	24.2%	12	824	7
LIVINGSTON	6,674.0	83,268	4	223,297,331	10	2,786	3	2,661	3	4.5%	83	14.9%	78	693	24
LUCE	127.6	51,086	53	3,498,299	81	1,401	65	1,316	53	6.1%	79	10.3%	83	356	83
MACKINAC	291.7	53,102	41	7,682,360	71	1,398	66	1,285	57	8.1%	66	15.3%	77	456	73
MACOMB	27,001.5	60,102	22	875,613,163	3	1,949	19	1,703	20	12.6%	24	26.9%	5	788	10
MANISTEE	599.8	50,289	57	16,797,951	60	1,408	64	1,254	63	11.0%	38	21.5%	28	503	58
MARQUETTE	1,802.5	59,226	24	54,222,669	28	1,782	27	1,649	24	7.4%	72	19.4%	51	509	55
MASON	752.9	53,196	39	22,179,000	49	1,567	42	1,367	45	12.7%	21	25.1%	7	636	34
MECOSTA	891.6	52,388	47	26,160,284	44	1,537	47	1,383	43	10.0%	48	19.1%	53	572	46
MENOMINEE	516.7	49,146	66	14,965,525	63	1,424	62	1,290	55	9.4%	53	18.3%	60	505	56
MIDLAND	2,936.0	75,906	5	96,329,090	21	2,490	6	2,334	5	6.3%	77	20.7%	33	591	42
MISSAUKEE	288.3	47,943	71	8,728,463	69	1,452	57	1,179	68	18.8%	4	20.5%	36	1174	3
MONROE	4,538.1	63,491	15	143,317,046	14	2,005	17	1,711	18	14.7%	12	18.3%	61	636	33
MONTCALM	1,474.4	49,492	65	45,252,860	32	1,519	50	1,318	52	13.3%	17	22.8%	18	697	20
MONTMORENCY	219.0	43,082	81	5,484,170	77	1,079	83	950	81	11.9%	27	18.1%	62	449	77
MUSKEGON	4,183.3	51,709	49	129,750,202	16	1,604	38	1,397	41	12.9%	19	27.0%	4	598	41
NEWAYGO	992.2	50,526	55	30,040,608	38	1,530	48	1,337	48	12.6%	25	22.4%	22	619	36
OAKLAND	60,614.8	98,581	1	2,109,088,314	1	3,430	1	3,254	1	5.1%	81	18.1%	64	784	11
OCEANA	627.3	49,091	67	18,496,718	56	1,448	58	1,264	60	12.7%	22	21.0%	30	633	35
OGEMAW	442.8	43,761	80	12,535,680	66	1,239	78	1,070	78	13.6%	15	21.0%	31	553	50
ONTONAGON	124.6	45,718	79	3,234,376	82	1,187	80	1,065	79	10.3%	44	15.6%	76	454	74
OSCEOLA	565.2	47,688	74	16,888,662	59	1,425	61	1,266	59	11.2%	36	17.9%	66	619	37
OSCODA	128.8	42,555	82	3,573,258	80	1,181	81	1,055	80	10.6%	40	17.0%	68	425	80
OTSEGO	623.2	52,511	45	18,593,085	55	1,567	43	1,427	36	8.9%	57	19.5%	46	501	59
OTTAWA	10,633.8	75,190	7	353,353,780	6	2,499	5	2,333	6	6.6%	75	19.9%	42	721	16
PRESQUE ISLE	345.2	49,515	64	9,503,760	67	1,363	68	1,243	65	8.8%	58	17.1%	67	438	79
ROSCOMMON	606.8	47,811	73	16,211,983	61	1,277	72	1,138	72	10.9%	39	20.5%	35	458	71
SAGINAW	4,753.7	53,242	38	144,913,109	13	1,623	37	1,414	39	12.9%	20	25.0%	8	650	30
ST. CLAIR	4,679.6	58,237	27	145,420,461	12	1,810	25	1,639	25	9.4%	52	22.7%	19	587	43
ST. JOSEPH	1,463.3	52,395	46	43,541,131	33	1,559	44	1,277	58	18.1%	6	20.4%	37	704	19
SANILAC	980.4	50,139	58	29,664,687	40	1,517	51	1,258	62	17.1%	7	22.0%	24	1073	5
SCHOOLCRAFT	209.8	51,456	52	5,546,336	76	1,360	69	1,243	64	8.6%	63	13.6%	80	387	82
SHIAWASSEE	1,925.2	54,025	34	59,210,225	27	1,662	33	1,470	31	11.5%	30	23.9%	13	671	27
TUSCOLA	1,304.5	48,737	68	38,201,180	35	1,427	60	1,162	69	18.6%	5	21.1%	29	1217	2
VAN BUREN	2,194.3	58,778	25	69,933,993	25	1,873	22	1,664	22	11.2%	37	22.5%	20	636	32
WASHTENAW	14,747.2	89,617	3	500,150,511	5	3,039	2	2,852	2	6.1%	78	19.4%	49	869	6
WAYNE (including Detroit)	44,515.8	55,075	32	1,859,055,043	2	2,300	11	1,473	30	35.9%	2	30.5%	1	733	15
WEXFORD	837.0	49,516	63	25,130,073	45	1,487	54	1,319	51	11.3%	34	21.9%	25	548	52
OUTSIDE MICHIGAN	90,034.3	406,391		341,206,698		1,540		1,481		3.8%		3.4%		703	
DETROIT	14,187.8	43,628		435,630,381		1,340		999		25.4%		36.1%		684	
<b>TOTALS</b>	<b>\$402,044.6</b>	<b>\$81,175</b>		<b>\$10,451,170,312</b>		<b>\$2,110</b>		<b>\$1,903</b>		<b>9.8%</b>		<b>22.5%</b>		<b>\$712</b>	

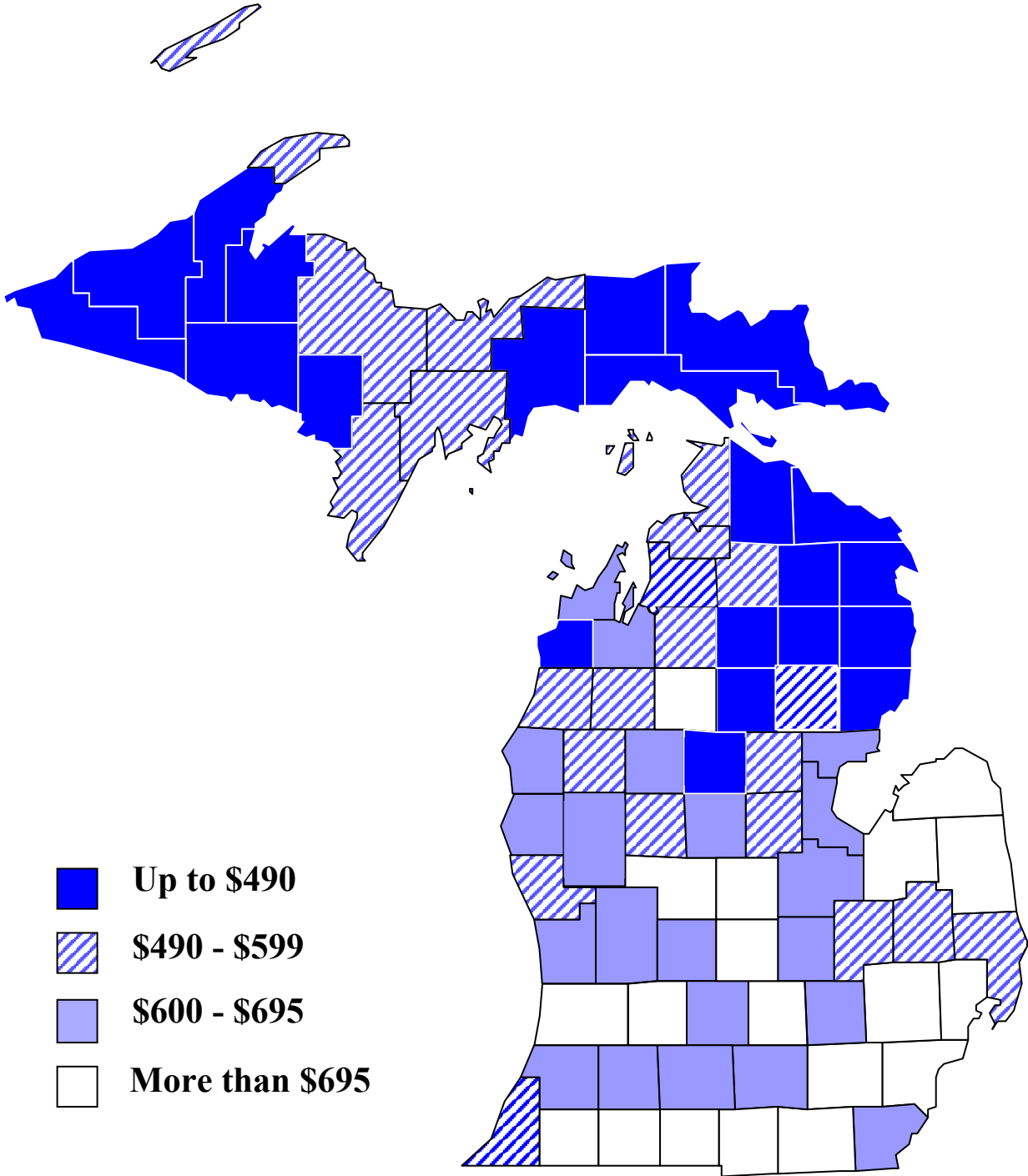
<sup>(1)</sup>Includes credits for blind/deaf, paraplegic, quadriplegic, and totally disabled persons.

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

**Exhibit 39**  
**Average Adjusted Gross Income by County**  
**2020**



**Exhibit 40**  
**Average Property Tax Credits by County**  
**2020**





**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%	2021	4.25%

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

## **XII. APPENDIX A**

## FEDERAL TAX LAW CHANGES<sup>18</sup> (from 2011 through 2019)

### 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 (effective in tax year 2002) 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. After March 12, 2020 the deduction includes amounts paid of incurred for personal protective equipment, disinfectant, and other supplies used for the prevention of the spread of coronavirus;
- 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. In 2015 the exclusion was made permanent;
- 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 first enacted for tax year 2002, and was set to expire in 2012. Since then, it was extended for many years, until it was finally eliminated for taxable year 2021 and after;
- The exclusion from gross income of otherwise taxable distributions from traditional or Roth IRA made directly to a qualified charitable organization was first enacted for tax year 2006, and was set to expire in 2012. The provision 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.

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<sup>18</sup> For federal legislative changes from 1987 through 2010, see reports listed below and found at <https://www.michigan.gov/treasury/reference/reports/reports-archive/archived-tax-reports/iit> .

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

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

- The exclusion from gross receipts of qualified discharges of indebtedness on principal residence (of up to \$2 million or \$1 million per spouse, if married filing separately for tax years 2007 through 2015, and up to \$750,000 or \$375,000 if married filing separately after 2015) was first enacted for tax year 2007 through 2012, but it was extended to apply for indebtedness discharged through 2025. It includes 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 insurance purchased in connection with acquisition indebtedness on the taxpayer's principal residence;
- The placed-in-service deadline for certain longer-lived property, transportation property, or certain noncommercial aircraft eligible to the additional first-year depreciation deduction of 50 percent of the adjusted basis was extended many times, to calendar year 2027;
- 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 that commences after October 22, 2004, 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 2026. In 2015, the provision was also extended to include qualified live theatrical productions;
- The domestic production activities deduction (DPAD) for activities in Puerto Rico provision was extended to taxable year 2016. Except for specified agricultural or horticultural cooperatives, TCJA repealed the DPDA for all activities for all years after 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 ITA within 180

days of the receipt of the payment or, if later, within 180 days of February 14, 2012. Individuals making a rollover contribution to a traditional IRA may exclude the amount contributed from gross income in the taxable year in which the airline payment was made to the employee.

After July 6, 2012 and before January 2026, 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 1.3 percentage points.

After December 2013, and before January 2026, 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 2020;
- 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 2020.;

## **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**

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 was changed. To the extent that cancellation of debt is a taxable event affecting governmental receipts and those provisions affect AGI, they would affect Michigan individual taxes revenues.

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

## **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 of 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 2021;
- The seven-year depreciation recovery period for motorsports entertainment complexes was extended to tax year 2025;
- The energy tax deduction for energy-efficient commercial buildings was extended to tax year 2020; but it was made permanent in 2020, and the limits are inflation-adjustment for tax years beginning in 2020 and later;
- 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 employee and an exclusion from income for moving expenses

reimbursed by an employer were repealed for taxpayers other than members of the Armed Forces, effective for taxable years 2018 through 2025;

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

## **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;



## MICHIGAN PERSONAL INCOME TAX LEGISLATIVE HISTORY (1967 – 2019)<sup>19</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>19</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 [https://www.house.mi.gov/hfa/Archives/PDF/inco\\_tax.pdf](https://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>20</sup> with the Michigan Department of Treasury to deduct all non-business income

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<sup>20</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

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.

**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

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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.

Act. Any balance remaining after nine months would be refunded to the claimant. The Act also allows for the Department of Treasury to begin a pilot program that would allow the Department to remit energy drafts directly to a claimant's energy provider. Also, up to \$9 million is allowed to be deducted from the total home energy assistance program (LIHEAP) block grant funds for weatherization purposes.

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

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

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

## **2005**

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

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

**PA 234** allowed taxpayers who had been issued tax voucher certificates due to investment in the Michigan Early Stage Venture Investment Fund (2007 PA 102) to use them to pay an income tax liability for a tax year beginning on or after January 2009. Under the new law, the amount of the tax voucher that could be used to pay a liability in any tax year cannot exceed the lesser of: 1) the amount of the tax voucher stated in the voucher certificate; 2) the amount authorized to be used in the tax year under the terms of the certificate; or 3) the taxpayer's liability for the tax year in which the voucher was to be used. If an amount of a voucher certificate exceeded the amount the taxpayer could use in a tax year, the excess can be used to pay any future liability.

**PA 249** allowed taxpayers to designate a minimum of \$2 via a new checkoff box on the Michigan income tax return to fund the newly created Children of Veterans Tuition Program. The change is

effective tax year 2006, and, like the other income tax checkoffs, contributions will be subtracted from the taxpayer's refund or added to the taxpayer's tax liability.

## **2006**

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

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

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

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

## **2007**

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

**PA 133** established four new checkoffs on the income tax return effective tax year 2009. Taxpayers will be allowed to contribute \$5, \$10, or more to the Prostate Cancer Research Fund; Amanda's Fund (for breast cancer prevention and treatment); the Animal Welfare Fund; and the Michigan Housing and Community Development fund. Taxpayers' contributions to those funds decrease their refunds or increase their tax liability, and Treasury may cease to include a contribution designation on the income tax form if that contribution designation fails to raise \$100,000 in any tax year for 2 consecutive tax years. Moreover, starting on tax year 2011, both the Children of Veteran Tuition Grant Program and the Children's Trust Fund contribution designation will follow the same guidelines regarding contribution amount and availability in the form as prescribed to the newly enacted checkoffs.

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

## **2008**

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

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

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

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

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

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

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

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

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

## **2009**

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

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

## **2010**

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

**PA 214** allowed taxpayers who are customers of municipally owned electric utility to claim a credit for charges imposed to cover the cost of the utility's compliance with the renewable energy standard in the Clean, Renewable, and Efficient Energy Act. Prior to this law, credit could be taken by all customers of entities whose distribution of electricity is regulated by the Public Service Commission, but it did not include a municipal utility. This change is effective for the life of the credit, which is effective for tax years 2011 and 2012.

**PA 235** created the Venture Investment credit, which allows a taxpayer to claim a nonrefundable credit equal to 25 percent of a qualified investment made in a qualified business during tax years

2011 and 2012. The new credit may be carried forward for up to 15 years. Qualified investment must be certified by the Michigan Strategic Fund (MSF) and the total amount of certified credits is limited to \$10 million in one year.

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

## **2011**

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

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

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

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

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

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<sup>21</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/-/media/Project/Websites/taxes/MISC/2017/2017\\_CC41011.pdf?rev=dde85d4bf22348629291fb0ea0bb75f5](https://www.michigan.gov/-/media/Project/Websites/taxes/MISC/2017/2017_CC41011.pdf?rev=dde85d4bf22348629291fb0ea0bb75f5)

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.

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

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

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

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

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

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

## **2012**

**PA 211** amended the Revenue Act to provide that filing a return includes filing a combined, consolidated, composite return regardless of whether any tax was paid or the taxpayer reported any amount in the tax line including zero. Once the return is filed, the 4-year period of review



under the general statute of limitations begins. The Public Act was applied retroactively and took effect for all tax years open under the statute of limitations.

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

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

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

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

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

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

## **2013**

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

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

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

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

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

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

## **2014**

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

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

**PA 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.

**PA 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.

**PA 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.

**PA 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.

**PA 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).

**PA 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).

**PA 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).

**PA 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).

**PA 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.

**PA 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 2020 (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%.

**PA 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.

## **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.

**MICHIGAN INCOME TAX REQUIREMENTS  
(1967 – 2021)**

<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)	206.315	GI	GI	GI	AGI	AGI	AGI	AGI	AGI	AGI	AGI
(Gross income (GI) or AGI above threshold)		Single Return	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,500	\$1,500	\$1,500
		Joint Return	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$3,000	\$3,000	\$3,000
. Reciprocity States		IN, WI	IN, WI, KY	IN, WI, KY	IN, WI, KY	IN, WI, KY, IL	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH
. Liability Threshold for Estimated Pmt	(3)	206.301	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
. Tax Rate	206.51(1), 51(b)-51(h)	2.60%	2.60%	2.60%	2.60%	3.14%	3.90%	3.90%	3.90%	4.37%	4.60%	4.60%

**Exemptions Amounts:**

. Personal Exemption:	206.30(2), 30a	\$1,200	\$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)	206.315	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI
(Gross income (GI) or AGI above threshold)	Single Return	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,600	\$1,800
	Joint Return	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,200	\$3,600
. Reciprocity States		IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN
. Liability Threshold for Estimated Pmt (3)	206.301	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$500	\$500
. Use Tax Return in MI-1040 Booklet		n.a.	n.a.	n.a.	n.a.	n.a.	Yes	Yes	No	No	Yes	Yes
. Tax Rate	206.51(1), 51(b)-51(h)	4.60%	4.60%	4.60%	4.60%	5.10%	6.35%	5.85%	5.33%	4.60%	4.60%	4.60%

**Exemptions Amounts:**

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

## MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

### Exemptions Amounts:

. Personal Exemption:	206.30(2), 30a	\$2,000	\$2,100	\$2,100	\$2,100	\$2,100	\$2,100	\$2,400	\$2,400	\$2,500	\$2,800	\$2,800
. Special Exemptions:	(4)											
. Para/Hemi/Quadriplegic (**)(***)	206.30(3)	\$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
. 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.	\$600	\$600
. 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>General MI-IIT Information:</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>
. IRC compliance (*)	206.12(3)	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC	1996 IRC
. Exemption from MI - IIT:	206.201	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT	Exempt from Federal IIT
. Revenue Distribution:	(1)											
. To School Aid Fund:	206.51(2)	Formula	Formula	Formula	Formula	Formula	Formula	Formula	Formula	Formula	Formula	Formula
. Filing Requirement:	(2)											
(Gross income (GI) or AGI above threshold)	206.315	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI
	Single Return	\$2,900	\$2,900	\$3,000	\$3,100	\$3,100	\$3,200	\$3,300	\$3,400	\$3,500	\$3,600	\$3,600
	Joint Return	\$5,800	\$5,800	\$6,000	\$6,200	\$6,200	\$6,400	\$6,600	\$6,800	\$7,000	\$7,200	\$7,200
. Reciprocity States		IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN
. Liability Threshold for Estimated Pmt	(3)	206.301	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
. 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)	4.20%	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
. Para/Hemi/Quadriplegic (**) (***)	206.30(3)	\$1,800	\$1,900	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200	\$2,300	\$2,300
. Disabled	206.30(3)	\$1,800	\$1,900	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200	\$2,300	\$2,300
. Blind (***)	206.30(3)	\$1,800	\$1,900	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200	\$2,300	\$2,300
. Deaf (****)	206.30(3)	\$1,800	\$1,900	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200	\$2,300	\$2,300
. Senior	206.30(3)	\$1,800	\$1,900	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200	\$2,300	\$2,300
. Unemployed	206.30(3)	\$1,800	\$1,900	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200	\$2,300	\$2,300
. Claimed as Dependent	206.30(4)	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
. Child . Age 6 and Under	206.30d(2)	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600
. . Age 7 to 12		\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600
. Disabled Veteran	206.30(3)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$250	\$300	\$300

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

<b><u>General MI-IIT Information:</u></b>	<b><u>Section</u></b>	<b><u>TY 2011</u></b>	<b><u>TY 2012</u></b>	<b><u>TY 2013</u></b>	<b><u>TY 2014</u></b>	<b><u>TY 2015</u></b>	<b><u>TY 2016</u></b>	<b><u>TY 2017</u></b>	<b><u>TY 2018</u></b>	<b><u>TY 2019</u></b>	<b><u>TY 2020</u></b>	<b><u>TY 2021</u></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	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	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	\$264m
. To Brownfield Redevelopment Fund:		206.51e	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes
. To Good Jobs for Michigan Fund:	(1b)	206.51(4)	No	No	No	No	No	Yes	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%

**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>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>	<u>2021</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	\$4,900
. 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	\$4,900
. Special Exemptions:	(4) 206.30(3)	Yes	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	\$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	\$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	\$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	\$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.	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.	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	\$1,500
. Child	(4) 206.30d(2)	\$600	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Age 6 and Under												
. Age 7 to 12		\$600	n.a.	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	\$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

111

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

		<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>
<b>Check-Offs:</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:													
. Nongame Wildlife Trust Fund	(6)	206.439	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
. Children's Trust Fund		206.440	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<b>Tax Base Adjustments Limits</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	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
		Joint Return	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000
. Political Contribution		206.30(1)(j)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
		Single Return	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
		Joint Return	\$50	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
. Federal Taxable Wage Base for FICA			\$17,700	\$22,900	\$25,900	\$29,700	\$32,400	\$35,700	\$37,800	\$39,600	\$42,000	\$43,800	\$45,000
. Federal Salary Elective Deferrals													
. 401(k)			\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$7,000

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

		<u>MCL</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>
		<u>Section</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
<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: (6)													
. Nongame Wildlife Trust Fund		206.439	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Children's Trust Fund		206.440	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<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>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>
<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 5000 10000	Yes \$5,000 \$10,000	Yes \$5,000 \$10,000	Yes \$5,000 \$10,000	Yes \$5,000 \$10,000	Yes \$5,000 \$10,000
. Federal Taxable Wage Base for FICA		\$76,200	\$80,400	\$84,900	\$87,000	\$87,900	\$90,000	\$94,200	\$97,500	\$102,000	\$106,800	\$106,800
. Federal Salary Elective Deferrals												
. 401(k)		\$10,500	\$10,500	\$11,000	\$12,000	\$13,000	\$14,000	\$15,000	\$15,500	\$15,500	\$16,500	\$16,500
. 403(b), or 457		\$8,000	\$8,500	\$11,000	\$12,000	\$13,000	\$14,000	\$15,000	\$15,500	\$15,500	\$16,500	\$16,500
. 50 and over		n.a.	n.a.	\$12,000	\$14,000	\$16,000	\$18,000	\$20,000	\$20,500	\$20,500	\$22,000	\$22,000
. Federal IRA Contribution Limit		Yes	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.)**

		<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>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>	<u>2021</u>
<b>Check-Offs:</b>													
. State Campaign Fund	(5)	169.261(2)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
			\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3	\$3
			\$6	\$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	No
. Military Family Relief Fund		206.438	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
. Animal Welfare Fund		206.435	Yes	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	Yes
. Girl Scout of Michigan Fund		206.435	Yes	Yes	Yes	No	No	No	No	No	No	No	No
. Special Olympics Michigan Fund		206.435	No	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No
. AMBER Alert Fund of Michigan		206.435	No	No	Yes	Yes	No	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	No
.     of Michigan		206.435	No	No	Yes	Yes	Yes	Yes	No	No	No	No	No
. Michigan Junior Achievement		206.435	No	No	No	No	No	Yes	Yes	No	No	No	No
. American Red Cross Michigan		206.435	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
. Fostering Futures Scholarship													
Trust Fund		206.435	No	No	No	No	No	No	No	Yes	Yes	No	No
. Kiwanis Fund		206.435	No	No	No	No	No	No	No	Yes	Yes	No	No
. Lions of Michigan Foundation													
Fund		206.435	No	No	No	No	No	No	No	Yes	Yes	No	No
. Michigan World War II													
Legacy Memorial Fund		206.435	No	No	No	No	No	No	No	Yes	Yes	No	No

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

	<u>MCL</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>
	<u>Section</u>	<u>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>	<u>2021</u>
<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
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	\$54,404
		\$91,684	\$94,618	\$96,605	\$98,054	\$99,623	\$99,723	\$101,019	\$103,140	\$105,615	\$107,517	\$108,808
For those born after 1945 and before 1953 (7)	203.30(9)	Yes	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	\$20,000
		\$91,684	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
For those born after 1952 (7 <sup>n</sup> )	203.30(9)	Yes	No	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.	n.a.
		\$91,684	n.a.	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	No
		\$50	n.a.	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.	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	Yes
		\$10,218	\$10,545	\$10,767	\$10,929	\$11,104	\$11,115	\$11,259	\$11,495	\$11,771	\$11,983	\$12,127
		\$20,437	\$21,091	\$21,534	\$21,857	\$22,207	\$22,229	\$22,518	\$22,991	\$23,542	\$23,966	\$24,254
For those born after 1945 (8)	206.30(1)(p)	Yes	No	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.	n.a.
		\$20,437	n.a.	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	Yes
		\$5,000	\$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	\$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	\$142,800
. 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	\$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	\$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	\$26,000
. Federal IRA Contribution Limit		Yes	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	\$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	\$7,000

**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>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	(22)	206.258(1)	No	No	No	No	No	No	Yes	Yes	Yes	No	No
or Franchise Fee Cr		206.258(1)	No	No	No	No	No	No	Yes	Yes	Yes	No	No

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

		<u>MCL</u> <u>Section</u>	<u>TY</u> <u>1978</u>	<u>TY</u> <u>1979</u>	<u>TY</u> <u>1980</u>	<u>TY</u> <u>1981</u>	<u>TY</u> <u>1982</u>	<u>TY</u> <u>1983</u>	<u>TY</u> <u>1984</u>	<u>TY</u> <u>1985</u>	<u>TY</u> <u>1986</u>	<u>TY</u> <u>1987</u>	<u>TY</u> <u>1988</u>
<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 or Franchise Fee Cr	(22)	206.258(1) 206.258(1)	No No	No No	No No	No No	No No	No No	No No	No No	No No	No No	No No

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

		<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.)**

		<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>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 Cr	(13) (#)	206.261	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')	Yes (a')
. MI Historic Preservation Cr	(16)	206.266	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Vehicle Donation Cr	(17) (#)	206.269	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
. College Tuition Cr	(18) (#)	206.274	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Individual or Family													
Development Account Cr		206.276	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes
. Film Production Cr	(19) (#)	206.367	No	No	No	No	No	No	No	No	Yes	Yes	Yes
<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 Section</u></b>	<b><u>TY 2011</u></b>	<b><u>TY 2012</u></b>	<b><u>TY 2013</u></b>	<b><u>TY 2014</u></b>	<b><u>TY 2015</u></b>	<b><u>TY 2016</u></b>	<b><u>TY 2017</u></b>	<b><u>TY 2018</u></b>	<b><u>TY 2019</u></b>	<b><u>TY 2020</u></b>	<b><u>TY 2021</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	No	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	No
. Community Foundation Cr (13) (#)	206.261	Yes (a')	No	No	No	No	No	No	No	No	No	No
. Homeless Shelter/Foodbank Cr (13) (#)	206.261	Yes (a')	No	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	Yes
	206.266a	No	No	No	No	No	No	No	No	No	No	Yes
. Credit for SBT Paid	206.269	No	No	No	No	No	No	No	No	No	No	No
. Vehicle Donation Cr (17) (#)	206.269	Yes	No	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	No
. Individual or Family Development Account Cr	206.276	Yes	No	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	No
. Energy Cost Recovery Surcharge Cr (20) (#)	206.253(2)	Yes	No	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	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	Yes	No	No	No	No	No	No	No	No	No	No
. Stillbirth Credit (26) (#)	206.275	Yes	No	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	Yes
. Energy Efficient Qualified (28) (#)	206.253(1)	Yes	No	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	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.	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500
. Income Limit	206.506	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
. Homeowner Blind Cr Requirements:												
. Taxable Value Allowance												
. Taxpayer only blind	206.522(1)(e)(i), (ii)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
. Taxpayer and Spouse blind	206.522(3)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$3,500	\$7,000	\$7,000	\$7,000	\$7,000
. Total HPTC Limit	206.520(15)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$500	\$500	\$500	\$1,200	\$1,200
. Cr Availability/Calculation												
. General:	206.522(1)(a)	n.a.	Yes (b)	Yes (b)	Yes (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.	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. 1973 Homestead Exempt	206.522(5)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (f)	Yes (f)	Yes (f)	Yes (f)
. Para/hemi/quadruplegic	206.522(1)(c)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (d)	Yes (d)	Yes (d)	Yes (d)
. Disabled	206.522(1)(c)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (g)	Yes (g)	Yes (g)	Yes (g)
. Veterans	206.522(1)(d)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)
. Blind	206.522(1)(e)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)
. Farmland Preservation Credit (31)	554.710(1)	No	No	No	No	No	No	No	No	No	Yes (j)	Yes (j)

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

<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)(c)(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)(e)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
. Veterans	206.522(1)(d)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)
. Blind	206.522(1)(e)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)
. Farmland Preservation Credit (31)	554.710(1)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)

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

<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>	<b>TY 2021</b>
. <b>Homestead Property Tax Cr</b> (30)	206.520, 522	Yes (b3)	Yes (b4)	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%	100%
. Renters	206.520(2)											
. Ad Valorem Taxes		20%	20%	20%	20%	20%	20%	20%	23%	23%	23%	23%
. 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 (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)	\$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	\$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
. 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	≤ \$136,600
. 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.	\$0
. 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)	\$60,600 (b5)
. 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	\$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'')	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 (d) (d3)	Yes (d) (d3)	Yes (d) (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)	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 (d2)	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)	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)	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)	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)	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')	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 (I)	Yes (I)	Yes (I)	Yes (II)	Yes (II)
. 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>
. Home Heating Credit	(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 (l2)	Yes (l2)	Yes (l2)	Yes (l2)	Yes (l2)	Yes (l2)	Yes (l2)	Yes (l2)	Yes (l2)	Yes (l2)	Yes (l2)
. 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>	<b>TY 2021</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 (k3)	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	\$497
. 2 Exemptions		\$567	\$584	\$598	\$607	\$614	\$618	\$626	\$635	\$652	\$665	\$672
. 3 Exemptions		\$714	\$736	\$753	\$763	\$774	\$777	\$787	\$801	\$822	\$837	\$846
. 4 Exemptions		\$861	\$888	\$908	\$919	\$935	\$937	\$948	\$967	\$992	\$1,010	\$1,021
. 5 Exemptions		\$1,009	\$1,041	\$1,062	\$1,076	\$1,095	\$1,096	\$1,109	\$1,134	\$1,163	\$1,182	\$1,196
. 6 Exemptions		\$1,156	\$1,193	\$1,217	\$1,232	\$1,255	\$1,255	\$1,270	\$1,300	\$1,333	\$1,355	\$1,371
. 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.	+\$175 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	\$14,186
. 2 Exemptions		\$16,186	\$16,671	\$17,071	\$17,329	\$17,528	\$17,642	\$17,871	\$18,129	\$18,614	\$18,986	\$19,186
. 3 Exemptions		\$20,387	\$21,014	\$21,500	\$21,786	\$22,099	\$22,185	\$22,471	\$22,871	\$23,471	\$23,900	\$24,157
. 4 Exemptions		\$24,587	\$25,357	\$25,929	\$26,243	\$26,699	\$26,753	\$27,071	\$27,614	\$28,328	\$28,842	\$29,156
. 5 Exemptions		\$28,815	\$29,728	\$30,328	\$30,728	\$31,270	\$31,299	\$31,671	\$32,386	\$33,214	\$33,757	\$34,157
. 6 Exemptions		\$33,014	\$34,071	\$34,757	\$35,186	\$35,842	\$35,842	\$36,271	\$37,129	\$38,071	\$38,700	\$39,157
. 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.	+\$5,000 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)	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	\$3,047
. 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	\$15,237
. 2 Exemptions		\$17,458	\$17,920	\$18,269	\$18,472	\$18,472	\$18,605	\$18,989	\$19,475	\$19,690	\$19,982	\$20,504
. 3 or more		\$21,946	\$22,527	\$22,967	\$23,222	\$23,222	\$23,389	\$23,872	\$24,483	\$24,753	\$25,119	\$25,775
. Credit Proration (%)	206.527a(18)	52%	48%	49%	50%	50%	67%	75%	75%	80%	85%	100%

**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 were to fall 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 would be deposited into the RMF, and MTF distributions would be 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 credit 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.  
Credit was restored for qualified taxpayers with a certificate of completed rehabilitation issued after December 2020 and before January 2031 (PA 343 of 2020). Credit equals to 25% of qualified expenses, is nonrefundable but may be carried forward for up to 10 years, and subject to recapture under certain circumstances. Up to \$5 million in credits may be issued preapproved letters per calendar year.
- (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 credit 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 credit amount that exceeds liability (10 yrs), taxpayer may elect to have 90% of the excess credit amount refunded, where maximum equals 90% of \$250,000 per completed project, subject to a total of \$250,000 credit amount. Starting in TY 2012, only taxpayers with a rehabilitation certificate issued between 1999 and 2011 are eligible to claim this credit.
- (30) Property Tax Credit eligibility requirements and calculations:
- (b). In TY 1968 and 1969, credit was non-refundable, applicable also to non-homestead property tax paid by the taxpayer, and its percent was inversely proportioned to the total eligible ad valorem taxes paid by the taxpayers as follows:
- | Eligible Property Taxes (PPT) Amount: Credit |                                       |
|--|---------------------------------------|
| . $\leq \$100$                               | 20% of property taxes                 |
| . $> \$100, \leq \$150$                      | $\$20 + 15\%$ of excess over \$100    |
| . $> \$150, \leq \$200$                      | $\$27.50 + 10\%$ of excess over \$150 |
| . $> \$200, \leq \$10,000$                   | $\$32.50 + 5\%$ of excess over \$200  |
| . $> \$10,000$                               | 4% of property taxes                  |
- (b1). In TY 1970, credit was non-refundable and applicable only to homestead property taxes paid. Credit equaled to  $\min \{12\%$  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                               |
|-----------------------------|--------------------------------------|
| . $\leq \$100$              | 20% of property taxes                |
| . $> \$100, \leq \$150$     | $\$20 + 10\%$ of excess over \$100   |
| . $> \$150, \leq \$200$     | $\$25 + 5\%$ of excess over \$150    |
| . $> \$200, \leq \$10,000$  | $\$27.50 + 5\%$ of excess over \$200 |
| . $> \$10,000$              | 4% of property taxes                 |
- (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 resource
- (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 resource
- (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).