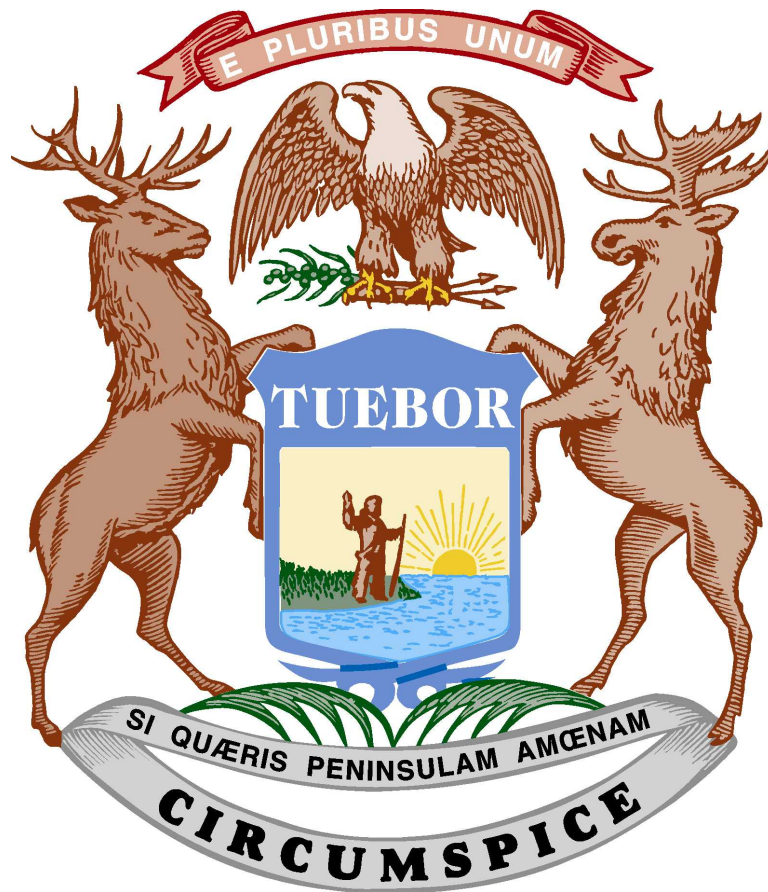


2021 Home Heating Expenses Reported by Home Heating Credit Filers



Prepared by
Office of Revenue and Tax Analysis
Michigan Department of Treasury
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Data

The detailed information in this report was gathered from the Department of Treasury's Data Warehouse based on the mainframe taxpayer tapes. The overall summary totals are from the TA-12720 reports.

Summary of 2021 Home Heating Credits

About 233,200 taxpayers received a total of \$168.8 million in home heating credits for tax year 2021 (\$63.9 million in regular credits and \$104.9 million in supplemental credits), compared to a total of 203,200 taxpayers receiving \$73.4 million in total credits for tax year 2020. Like tax year 2020, Michigan residents who received a regular home heating credit in the tax year also received a supplemental credit payment. Supplemental payments were in the amount of \$575 for seniors, disabled, or filers with children 5 and under, and of \$380 for all other claimants.

The total of about \$63.9 million in regular credits represented an increase of 30,000 credits over the 2020 regular credit total, with \$20.1 million (45.9 percent) more in heating assistance provided to low-income families. The average regular credit for 2021 (\$274.10) was 27.1 percent higher than the 2020 average regular credit (\$215.69). The home heating credit proration percentage for tax year 2021 increased to 100 percent, from 85 percent in 2020.

About 16,600 taxpayers used the alternative calculation based on energy consumption claiming credits worth \$9.9 million. Including the supplemental credit, the average credit under the standard calculation was \$366.84 compared to \$597.01 under the alternative calculation. The alternate calculation uses heating costs on the claimants' homestead to compute the home heating credit amount.

Home Heating Expenses

From the total claimants of the home heating credits in tax year 2021, approximately 51.6 percent reported their heating expenses on the home heating credit form. From the total of claimants who reported their heating expenses, only 2.6 percent reported that heating expenses were included in their rent. This represents about 6.3 percent of all claimants who reported that heating was included in their rent. About 64.0 percent of all claimants who reported that heating expenses were not included in their rent disclosed their heating expenses on the credit form.

Filers likely omit their heating expenses, in part, because these expenses are not required to calculate the standard credit. The attached tables are based on two subgroups of credit filers. The first subgroup is all credits with heating expenses reported. The second is all credits using the alternate credit calculation. The tables show the number of credits, reported heating expenses, and the credit amount claimed for both 2020 and 2021. The distribution of credits for each subgroup is presented by total household resources, credit amount, and heating expenses.

Tables 1 through 3 present the distribution of home heating credits for all credits with heating expenses reported on the credit form for tax year 2021 by income, credit amount, and expenses. Similar distributions are presented for 2020 in Tables 7 through 9. In order to better compare

2020 and 2021 statistics, supplemental credit amounts were not included in any of the tables in this report.

The average heating expense amount reported for 2021 (\$1,094) was higher than the amount reported for 2020 (\$1,065). Total reported expenses increased by \$13.0 million to \$117.1 million for 2021. Since the number of credit claimants increased proportionally less than the total credit amount claimed (9.5 percent and -35.1 percent, respectively), the average home heating credit among those credits reporting expenses increased from \$237 for 2020 to \$293 for 2021. The average percentage of expenses reimbursed by the home heating credit increased to 26.8 percent in 2021 compared to 22.3 percent in 2020.

Tables 4 through 6 present the distribution of home heating credits for filers using the alternative credit calculation method by income, credit amount, and heating expenses for 2021. Similar distributions are presented in Tables 10 through 12 for 2020.

In general, alternative-credit filers have lower average incomes and higher average heating expenses than filers using the standard-credit calculation method. The average alternative credit is also significantly larger.

The average heating expense amount reported by filers using the alternative calculation in 2021 increased to \$2,390 (5.4 percent), compared to the average of \$2,269 reported in 2020. Total credits increased by \$2.0 million to \$8.3 million in 2021. The average credit using the alternative calculation increased from \$481 in 2020 to \$580 in 2021 (20.4 percent), reflecting the proportionally smaller increase in credit claimants (9.9 percent) compared to the increase in the amount of total credits claimed (32.4 percent). Claimants using the alternative calculation had an average of 24.3 percent of their reported heating expenses reimbursed by the home heating credit in 2021, compared to the average of 21.2 percent reported in 2020.

Table 1
2021 Home Heating Credits Reporting Heating Expenses by Household Income

Total Household Resources	Number of Credits	Total Expenses Reported	Average Expense Amount	Total Credit Amount	Average Credit Amount	Credit as Percent of Expenses
Up to \$3,000	3,298	\$2,103,494	\$638	\$1,900,371	\$576	90.3%
\$3,001 - \$6,000	4,117	3,338,670	811	2,076,636	504	62.2%
\$6,001 - \$9,000	8,621	7,695,937	893	3,523,746	409	45.8%
\$9,001 - \$12,000	24,896	22,628,053	909	7,790,631	313	34.4%
\$12,001 - \$15,000	21,073	21,414,832	1,016	5,325,381	253	24.9%
Over \$15,000	<u>45,030</u>	<u>59,876,021</u>	1,330	<u>10,740,442</u>	239	17.9%
Total	107,035	\$117,057,007	\$1,094	\$31,357,207	\$293	26.8%

Note:

- . Totals include all home heating credits, both standard and alternate calculations, reporting annual heating costs.
- . Does not include supplemental credit.

Table 2
2021 Home Heating Credits Reporting Heating Expenses by Credit Amount

Credit Amount	Number of Credits	Total Expenses Reported	Average Expense Amount	Total Credit Amount	Average Credit Amount	Credit as Percent of Expenses
Up to \$100	24,314	\$22,596,637	\$929	\$1,209,987	\$50	5.4%
\$101 - \$150	11,612	10,467,541	901	1,451,843	125	13.9%
\$151 - \$200	11,683	10,593,694	907	2,010,612	172	19.0%
\$201 - \$250	8,714	8,551,552	981	1,952,246	224	22.8%
\$251 - \$300	7,902	7,951,974	1,006	2,164,988	274	27.2%
More than \$300	<u>42,810</u>	<u>56,895,609</u>	1,329	<u>22,567,531</u>	527	39.7%
Total	107,035	\$117,057,007	\$1,094	\$31,357,207	\$293	26.8%

Note:

- . Totals include all home heating credits, both standard and alternate calculations, reporting annual heating costs.
- . Does not include supplemental credit.

Table 3
2021 Home Heating Credits Reporting Heating Expenses by Heating Expenses

Annual Heating Expenses	Number of Credits	Total Expenses Reported	Average Expense Amount	Total Credit Amount	Average Credit Amount	Credit as Percent of Expenses
Up to \$500	24,550	\$7,429,229	\$303	\$5,881,018	\$240	79.2%
\$501 - \$750	21,637	13,243,707	612	5,232,950	242	39.5%
\$751 - \$1,000	16,393	14,171,792	865	4,152,107	253	29.3%
\$1,001 - \$1,500	19,648	23,593,567	1,201	5,323,375	271	22.6%
More than \$1,500	<u>24,807</u>	<u>58,618,712</u>	2,363	<u>10,767,757</u>	434	18.4%
Total	107,035	\$117,057,007	\$1,094	\$31,357,207	\$293	26.8%

Note:

- . Totals include all home heating credits, both standard and alternate calculations, reporting annual heating costs.
- . Does not include supplemental credit.

Table 4
2021 Home Heating Credits Reporting Heating Expenses by Household Income
Alternate Credit Filers Only

Total Household Resources	Number of Credits	Total Expenses Reported	Average Expense Amount	Total Credit Amount	Average Credit Amount	Credit as Percent of Expenses
Up to \$3,000	721	\$815,751	\$1,131	\$507,273	\$704	62.2%
\$3,001 - \$6,000	848	1,327,149	1,565	616,210	727	46.4%
\$6,001 - \$9,000	1,625	3,049,157	1,876	1,120,206	689	36.7%
\$9,001 - \$12,000	3,670	7,683,370	2,094	2,277,063	620	29.6%
\$12,001 - \$15,000	3,116	7,309,275	2,346	1,692,219	543	23.2%
Over \$15,000	<u>4,355</u>	<u>14,078,690</u>	3,233	<u>2,097,868</u>	482	14.9%
Total	14,335	\$34,263,392	\$2,390	\$8,310,839	\$580	24.3%

Note:

- . The household resources limits for the alternate credit for tax year 2021 were \$15,237 for one-person households, \$20,504 for two, \$25,775 for three, and \$27,700 for all others.
- . Does not include supplemental credit.

Table 5
2021 Home Heating Credits Reporting Heating Expenses by Credit Amount
Alternate Credit Filers Only

Credit Amount	Number of Credits	Total Expenses Reported	Average Expense Amount	Total Credit Amount	Average Credit Amount	Credit as Percent of Expenses
Up to \$100	392	\$737,861	\$1,882	\$24,943	\$64	3.4%
\$101 - \$150	393	793,216	2,018	49,693	126	6.3%
\$151 - \$200	542	1,158,681	2,138	95,568	176	8.2%
\$201 - \$250	662	1,415,934	2,139	148,971	225	10.5%
\$251 - \$300	794	1,701,173	2,143	218,426	275	12.8%
More than \$300	<u>11,552</u>	<u>28,456,527</u>	2,463	<u>7,773,238</u>	673	27.3%
Total	14,335	\$34,263,392	\$2,390	\$8,310,839	\$580	24.3%

Note:

- . Does not include supplemental credit.

Table 6
2021 Home Heating Credits Reporting Heating Expenses by Heating Expenses
Alternate Credit Filers Only

Annual Heating Expenses	Number of Credits	Total Expenses Reported	Average Expense Amount	Total Credit Amount	Average Credit Amount	Credit as Percent of Expenses
Up to \$500	10	\$3,398	\$340	\$1,524	\$152	44.8%
\$501 - \$750	28	19,163	684	10,347	370	54.0%
\$751 - \$1,000	274	243,494	889	141,367	516	58.1%
\$1,001 - \$1,500	1,700	2,175,910	1,280	750,174	441	34.5%
More than \$1,500	<u>12,323</u>	<u>31,821,427</u>	2,582	<u>7,407,427</u>	601	23.3%
Total	14,335	\$34,263,392	\$2,390	\$8,310,839	\$580	24.3%

Note:

- . Does not include supplemental credit.

Table 7
2020 Home Heating Credits Reporting Heating Expenses by Household Income

Total Household Resources	Number of Credits	Total Expenses Reported	Average Expense Amount	Total Credit Amount	Average Credit Amount	Credit as Percent of Expenses
Up to \$3,000	3,439	\$2,341,554	\$681	\$1,741,228	\$506	74.4%
\$3,001 - \$6,000	3,693	2,998,367	812	1,544,547	418	51.5%
\$6,001 - \$9,000	7,924	6,926,698	874	2,594,086	327	37.5%
\$9,001 - \$12,000	23,904	20,823,515	871	6,023,874	252	28.9%
\$12,001 - \$15,000	18,493	18,597,946	1,006	3,842,161	208	20.7%
Over \$15,000	<u>40,261</u>	<u>52,353,692</u>	1,300	<u>7,458,591</u>	185	14.2%
Total	97,714	\$104,041,772	\$1,065	\$23,204,487	\$237	22.3%

Note:

- . Totals include all home heating credits, both standard and alternate calculations, reporting annual heating costs.
- . Does not include supplemental credit.

Table 8
2020 Home Heating Credits Reporting Heating Expenses by Credit Amount

Credit Amount	Number of Credits	Total Expenses Reported	Average Expense Amount	Total Credit Amount	Average Credit Amount	Credit as Percent of Expenses
Up to \$100	27,377	\$25,309,500	\$924	\$1,345,366	\$49	5.3%
\$101 - \$150	13,971	12,345,290	884	1,757,509	126	14.2%
\$151 - \$200	10,208	9,759,217	956	1,769,847	173	18.1%
\$201 - \$250	8,709	8,569,775	984	1,948,171	224	22.7%
\$251 - \$300	10,489	9,340,119	890	2,893,809	276	31.0%
More than \$300	<u>26,960</u>	<u>38,717,871</u>	1,436	<u>13,489,785</u>	500	34.8%
Total	97,714	\$104,041,772	\$1,065	\$23,204,487	\$237	22.3%

Note:

- . Totals include all home heating credits, both standard and alternate calculations, reporting annual heating costs.
- . Does not include supplemental credit.

Table 9
2020 Home Heating Credits Reporting Heating Expenses by Heating Expenses

Annual Heating Expenses	Number of Credits	Total Expenses Reported	Average Expense Amount	Total Credit Amount	Average Credit Amount	Credit as Percent of Expenses
Up to \$500	22,577	\$6,946,667	\$308	\$4,394,448	\$195	63.3%
\$501 - \$750	20,704	12,707,648	614	4,092,056	198	32.2%
\$751 - \$1,000	15,294	13,229,734	865	3,157,833	206	23.9%
\$1,001 - \$1,500	17,821	21,443,377	1,203	3,923,328	220	18.3%
More than \$1,500	<u>21,318</u>	<u>49,714,346</u>	2,332	<u>7,636,822</u>	358	15.4%
Total	97,714	\$104,041,772	\$1,065	\$23,204,487	\$237	22.3%

Note:

- . Totals include all home heating credits, both standard and alternate calculations, reporting annual heating costs.
- . Does not include supplemental credit.

Table 10
2020 Home Heating Credits Reporting Heating Expenses by Household Income
Alternate Credit Filers Only

Total Household Resources	Number of Credits	Total Expenses Reported	Average Expense Amount	Total Credit Amount	Average Credit Amount	Credit as Percent of Expenses
Up to \$3,000	934	\$1,104,799	\$1,183	\$600,192	\$643	54.3%
\$3,001 - \$6,000	823	1,250,363	1,519	494,975	601	39.6%
\$6,001 - \$9,000	1,521	2,706,841	1,780	840,351	552	31.0%
\$9,001 - \$12,000	3,468	6,896,458	1,989	1,753,735	506	25.4%
\$12,001 - \$15,000	2,804	6,766,642	2,413	1,330,527	475	19.7%
Over \$15,000	<u>3,488</u>	<u>10,852,664</u>	3,111	<u>1,256,674</u>	360	11.6%
Total	13,038	\$29,577,767	\$2,269	\$6,276,454	\$481	21.2%

Note:

- . The household resources limits for the alternate credit for tax year 2020 were \$14,849 for one-person households, \$19,982 for two, \$25,119 for three, and \$26,091 for all others.
- . Does not include supplemental credit.

Table 11
2020 Home Heating Credits Reporting Heating Expenses by Credit Amount
Alternate Credit Filers Only

Credit Amount	Number of Credits	Total Expenses Reported	Average Expense Amount	Total Credit Amount	Average Credit Amount	Credit as Percent of Expenses
Up to \$100	498	\$969,924	\$1,948	\$31,519	\$63	3.2%
\$101 - \$150	518	1,011,003	1,952	64,962	125	6.4%
\$151 - \$200	734	1,613,407	2,198	128,688	175	8.0%
\$201 - \$250	852	1,822,895	2,140	191,980	225	10.5%
\$251 - \$300	893	1,790,974	2,006	245,608	275	13.7%
More than \$300	<u>9,543</u>	<u>22,369,564</u>	2,344	<u>5,613,697</u>	588	25.1%
Total	13,038	\$29,577,767	\$2,269	\$6,276,454	\$481	21.2%

Note:

- . Does not include supplemental credit.

Table 12
2020 Home Heating Credits Reporting Heating Expenses by Heating Expenses
Alternate Credit Filers Only

Annual Heating Expenses	Number of Credits	Total Expenses Reported	Average Expense Amount	Total Credit Amount	Average Credit Amount	Credit as Percent of Expenses
Up to \$500	13	\$4,616	\$355	\$1,152	\$89	25.0%
\$501 - \$750	45	30,572	679	12,973	288	42.4%
\$751 - \$1,000	309	273,656	886	137,349	444	50.2%
\$1,001 - \$1,500	1,813	2,325,537	1,283	708,971	391	30.5%
More than \$1,500	<u>10,858</u>	<u>26,943,386</u>	2,481	<u>5,416,009</u>	499	20.1%
Total	13,038	\$29,577,767	\$2,269	\$6,276,454	\$481	21.2%

Note:

- . Does not include supplemental credit.