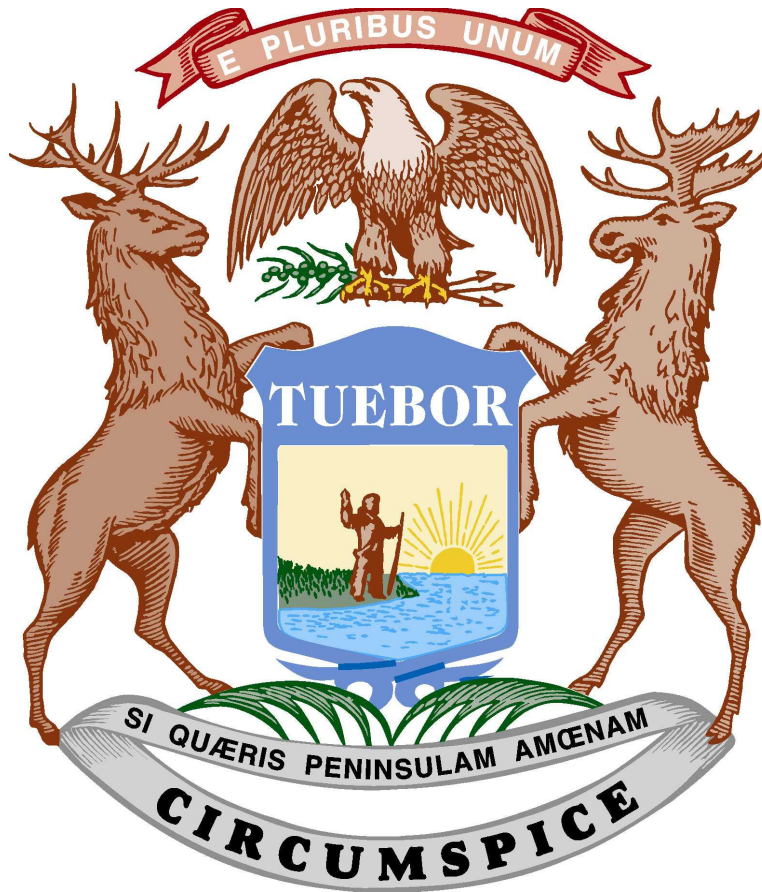
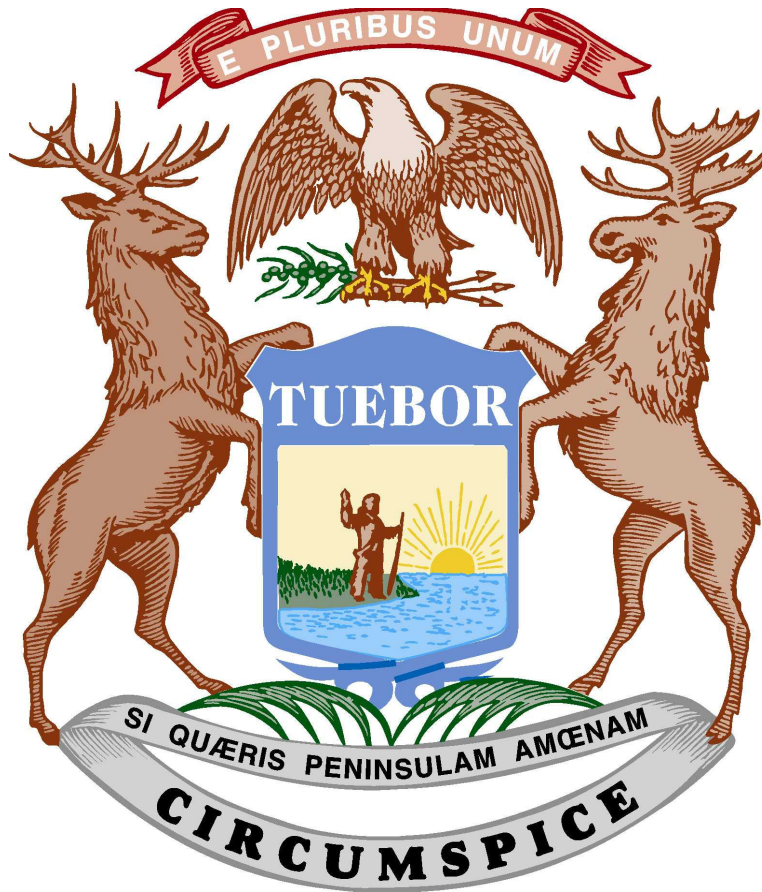


MICHIGAN'S INDIVIDUAL INCOME TAX 2021



**Michigan Department of Treasury
Office of Revenue and Tax Analysis
Tax Analysis Division
March 2024**

MICHIGAN'S INDIVIDUAL INCOME TAX 2021



Tax Analysis Division
March 2024

This report was prepared by Denise T. Heidt under the direction of Scott Darragh, Director, Tax Analysis Division, Office of Revenue and Tax Analysis (ORTA). Eric Krupka, ORTA economist, provided editorial and data assistance.

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 2022	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	27
Michigan Earned Income Tax Credit.....	28
Flow-through Entity Tax Credit.....	28
NON-REFUNDABLE CREDITS	29
Historic Preservation Credit.....	29
Credit for Income Paid to Another State.....	30
VI. DESIGNATED CONTRIBUTIONS.....	31
State Campaign Fund.....	31
Children’s Trust Fund.....	31
Military Family Relief Fund	31
Animal Welfare Fund	33
United Way Fund.....	33
American Red Cross Michigan Fund.....	33
Discontinued Funds	33

VII. INTERSTATE COMPARISONS	35
VIII. GEOGRAPHIC PATTERN OF TAX AND CREDITS	38
IX. FEDERAL INCOME TAX INTERACTION	39
Summary of Federal Tax Law Changes Passed Before January 2023	40
2021 and after	40
X. MICHIGAN PUBLIC ACTS – INCOME TAX.....	42
2021.....	42
2022.....	43
XI. EXHIBITS 25 THROUGH 42.....	44
XII. APPENDIX A	67
FEDERAL TAX LAW CHANGES (from 2011 through 2020)	68
2011.....	68
2012.....	68
2013.....	70
2014.....	70
2015.....	70
2016.....	71
2017.....	71
2018.....	71
2019.....	72
2020.....	73
MICHIGAN PERSONAL INCOME TAX LEGISLATIVE HISTORY (1967 – 2020)	75
1967.....	75
1968.....	75
1969.....	75
1970.....	76
1971.....	76
1972.....	76
1973.....	77
1974.....	77
1975.....	78
1976.....	78
1977.....	79
1978.....	79
1979.....	79

1980.....	80
1981.....	80
1982.....	81
1983.....	81
1984.....	82
1985.....	82
1986.....	83
1987.....	83
1988.....	83
1989.....	84
1990.....	85
1991.....	85
1992.....	86
1993.....	86
1994.....	87
1995.....	87
1996.....	88
1997.....	89
1998.....	89
1999.....	89
2000.....	90
2001.....	91
2002.....	91
2003.....	92
2004.....	92
2005.....	93
2006.....	94
2007.....	94
2008.....	95
2009.....	96
2010.....	96
2011.....	97
2012.....	98
2013.....	99
2014.....	100
2015.....	101
2016.....	102
2017.....	102
2018.....	103
2019.....	105
2020.....	105
MICHIGAN INCOME TAX REQUIREMENTS (1967 – 2022).....	107

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, 2021	14
9 2021 Income Tax Return Distribution by Residency	16
10 2021 Income Tax Returns Distribution by Filing Status	16
11 2021 Total AGI, Additions and Subtractions by AGI Group	17
12 2021 Total Additions Detail by AGI Group	18
13 2021 Total Subtractions Detail by AGI Group	20
14 Change in Michigan Income from 2020 to 2021	22
15 2021 Individual Income Tax Credits	25
16 2021 Homestead Property Tax Credits	26
17 2021 Home Heating Credits.....	27
18 2021 Michigan Earned Income Tax Credits	28
19 2021 Flow-through Entity Tax Credits	29
20 Returns Designating Contributions 2004 - 2021	32
21 Discontinued Contribution Funds 2008 – 2020	33

<u>Exhibit</u>	<u>Page</u>
22 State Individual Income Taxes for FY2021 – Per Person and Percentage of Personal Income	36
23 State Income Taxes Per Person - Great Lakes Region - FY 2021	37
24 State Income Taxes - Percentage of Personal Income - Great Lakes Region - FY 2021	37
25 Effective Rate of the Michigan Individual Income Tax, 2021	45
26 Breakdown of Upper Income Filers - Individual Income Tax, 2021	46
27 Tax Base Deductions as a Percentage of AGI - Individual Income Tax, 2021	47
28 Distribution of Personal Exemptions Claimed on 2021 Individual Income Tax Returns	49
29 Distribution of Special Exemptions and Dependent Exemptions Claimed on 2021 Individual Income Tax Returns	51
30 Four-Year Comparison of Individual Income Tax Credits	52
31 Distribution of Property Tax Credits Claimed - Individual Income Tax, 2021	53
32 Distribution of Senior General Property Tax Credits by Household Income - Individual Income Tax, 2021	54
33 Distribution of Senior Citizen Property Tax Credits by Household Income - Individual Income Tax, 2021	55
34 Distribution of Veterans Property Tax Credits by Household Income - Individual Income Tax, 2021	56
35 Distribution of Disabled Property Tax Credits by Household Income - Individual Income Tax, 2021	57
36 Distribution of Farmland Credits by Household Income - Individual Income Tax, 2021	58
37 Distribution of Home Heating Credits by Household Income - Individual Income Tax, 2021	59

<u>Exhibit</u>		<u>Page</u>
38	2021 Income Tax Collections by County	60
39	2021 Income Tax Data by County	62
40	Average Adjusted Gross Income by County, 2021	64
41	Average Property Tax Credits by County, 2021	65
42	Average Annual Individual Income Tax Rates.....	66

I. EXECUTIVE SUMMARY

Returns and Revenue

For tax year 2021, Michigan's personal income tax generated \$9.9 billion in state revenues after all credits and refunds were paid. Net revenue increased \$514.6 million (5.5 percent) from 2020 levels, reflecting the strong increase in Adjusted Gross Income (AGI) from 2020 to 2021. About 4.9 million returns were filed for the 2021 tax year, or 87,700 fewer filers than the previous year.

Although the personal income tax was levied at a nominal flat rate of 4.25 percent in 2021, the average effective tax rate varied from negative 102.17 percent for filers with an AGI under \$2,000 to positive 3.34 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 2.13 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 (95.6 percent) of the \$9.9 billion in net revenue was paid by income groups with income over \$50,000.

Interstate Comparisons

For fiscal year 2021, Michigan's income tax revenue was twelfth lowest in the nation on a per capita basis, and eleventh 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 38.6 percent below average on a per capita basis, and 30.9 percent below average as a percent of personal income.

Property Tax Credit

About 1.1 million Michigan homeowners, renters, and farmers received \$802.0 million in property tax credits, including farmland preservation credits, for 2021. The average property tax credit was \$741. Excluding farmland preservation credits, the average property tax credit for tax year 2021 was \$698. The total amount of property tax credits, including farmland preservation credits, increased by \$7.3 million (0.9 percent) with 34,300 fewer taxpayers benefiting compared to tax year 2020.

Senior citizens received about \$266.0 million in homestead property tax credits, a decrease of \$14.2 million from tax year 2020. For about 356,300 senior citizens receiving homestead property tax credits, the average credit was \$746.

Home Heating Credit

Home heating credits totaled \$168.8 million (including supplemental credits) for tax year 2021, with about 233,200 households qualifying for an average credit of \$724. Home heating credits increased \$95.5 million for 2021, with approximately 30,000 more taxpayers claiming the credit.

Michigan Earned Income Tax Credit (EITC)

About 896,600 taxpayers claimed about \$108.0 million in Michigan EITC for 2021, resulting in an average credit of \$120 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 through 2021.

Historic Preservation Credit

For tax year 2021, about 34 taxpayers claimed \$63,000 in historic preservation credits. Compared with tax year 2020, this was a decrease of \$23,500 with about 23 fewer taxpayers claiming a credit.

Credit for Income Paid to Another State

For tax year 2021, 56,600 taxpayers received a total of \$94.9 million credit for income tax paid to another state, resulting in an average credit of \$1,679. This represented an increase of \$17.1 million with 4,000 more taxpayers claiming a credit.

Use Tax Payments

Starting in tax year 1999, taxpayers were asked to remit use tax payments along with their personal income tax returns. For 2021, 48,000 taxpayers paid \$2.1 million in use tax. Compared to 2020, this was a decrease of \$0.1 million on the total use tax paid, with 7,300 fewer taxpayers reporting use tax liability.

Tax Law Changes in 2022

Public Acts 5 and 6 together created the Michigan First-Time Home Buyer Savings Program, which allows individuals to create savings accounts with state income tax benefits for the purpose of making a down payment on a house. PA 6 specifically creates the Michigan First-Time Home Buyer Savings (FTHBS) Program Act, establishing the new program in the Department of Treasury. PA 5 amended the Income Tax Act to allow, for tax years 2022 through 2026, individual taxpayers to deduct: a) up to \$5,000 (single) or \$10,000 (joint) for contributions to a FTHBS account, b) interest earned on the contributions to the accounts, and c) qualified withdrawals from the account.

Public Act 148 amended the Income Tax Act by adding a new chapter 18 that creates an alternative method of reconciling a federal audit adjustment for a partnership. The Act would allow the partnership, rather than its individual partners, to report the audit changes and either make a payment or request a refund.

Public Act 266 amended the Income Tax Act to extend, from fiscal year 2022 to fiscal year 2027, the use of current provisions for determining the amount of federal Low-Income Home Energy Assistance Program (LIHEAP) block grant funds used for weatherization. The amount to be used for weatherization is determined by the amount of federal LHEAP grant funds received in the

current fiscal year in proportion to the immediately prior fiscal year as follows: a) if the amount received this year is greater than or equal to 90 percent of the amount received in the prior fiscal year, the amount to be used for weatherization must be at least \$6 million but not greater than 15% of total LIHEAP grant funds received for that fiscal year; b) Otherwise, the weatherization amount must be least \$5 million, but not greater than 15% of total LIHEAP grant funds received for that fiscal year. This calculation has been used since fiscal year 2015, and was set to expire at the end of fiscal year 2022.

II. INTRODUCTION

This report summarizes information regarding the Michigan individual income tax for tax year 2021. It is based on returns filed and processed in calendar year 2022.

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 2021 and later and how those changes affect Michigan's income tax base. Section X summarizes the Michigan Public Acts (PA) in 2021 and 2022 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 2020, the Michigan personal income tax legislative history through 2020, and a table with chronological changes to the Michigan income tax requirements and limits since 1967.

III. HISTORY OF THE MICHIGAN INDIVIDUAL INCOME TAX¹

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

In response to the early 1980s economic recession that plagued Michigan with budget deficits, the state income tax rate was raised to 5.6 percent between April 1 and September 30, 1982, further increasing to 6.35 percent in 1983. As the Michigan economy improved, the income tax rate was rolled back to 5.85 percent in 1984, 5.33 percent in 1985, and 4.6 percent in 1986. On May 1, 1994, the rate was lowered to 4.4 percent, following the passage of the property tax reform package known as Proposal A. For the 1995 tax year only, the Headlee Amendment Refund reduced the income tax liability of all Michigan taxpayers by 2.0 percent. Legislation passed in 1999 reduced the income tax rate to 4.2 percent effective January 1, 2000, and further reduced the rate by 0.1 percentage point on January 2002, January 2003, and July 2004, bringing the rate to 3.9 percent, where it remained until September 2007. Renewed budgetary pressures led to legislation that increased the income tax rate to 4.35 percent effective October 1, 2007, and provided for a gradual reduction of the rate (0.1 percentage point) on each October 1 beginning in 2011, until the rate reached 3.95 percent, and finally dropped to 3.9 percent on October 1, 2015. However, PA 38 of 2011 and PA 223 of 2012 maintained the 4.35 percent rate through December 2012, and reduced the rate to 4.25 percent beginning October 2012. PA 180 of 2015 provided for the state income tax rate to be reduced when the growth rate of General Fund/General Purpose revenues exceeds revenues for fiscal year 2021 adjusted by an inflation factor. As a consequence of the strong revenues received in fiscal year 2022, the income tax rate for tax year 2023 is reduced to 4.05%. (See Exhibit 42 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

¹ For a complete Michigan personal income tax legislative history through 2020, see Appendix A, page 75.

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, and up to \$4,900 by 2021. Inflation indexing began again after 2021, with the exemption amount rising to \$5,400 for 2023. A table with chronological changes to the Michigan Income Tax (filing requirements, average rates, maximum limits of deductions and credits, and others) can be found in Appendix A on page 107.

For 2021, the following exemptions were available for taxpayers²: \$4,900 personal exemption, \$2,900 special exemption for filers with certain disabilities, \$400 exemption for disabled veterans, \$1,500 exemption for taxpayers claimed as dependent by another taxpayer, and \$4,900 exemption for parents with a stillbirth certificate. Exhibit 1 depicts the average annual Michigan individual income tax rate and allowed exemptions since 2013.

Exhibit 1
Michigan Individual Income Tax Exemption Allowances

<u>Tax Year</u>	<u>Average Rate</u>	<u>Personal Exemption</u>	<u>Claimed as Dependent Exemption</u>	<u>Special Exemptions</u>		
				<u>Blind, Deaf, or Disabled</u>	<u>Stillbirth Certificate</u>	<u>Disabled Veteran</u>
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	(a) 1,500	2,700	400	n.a.
2019	4.25%	4,400	(b) 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
2023	4.05%	5,400	1,500	3,100	400	5,400

(a) Effective February 2018.

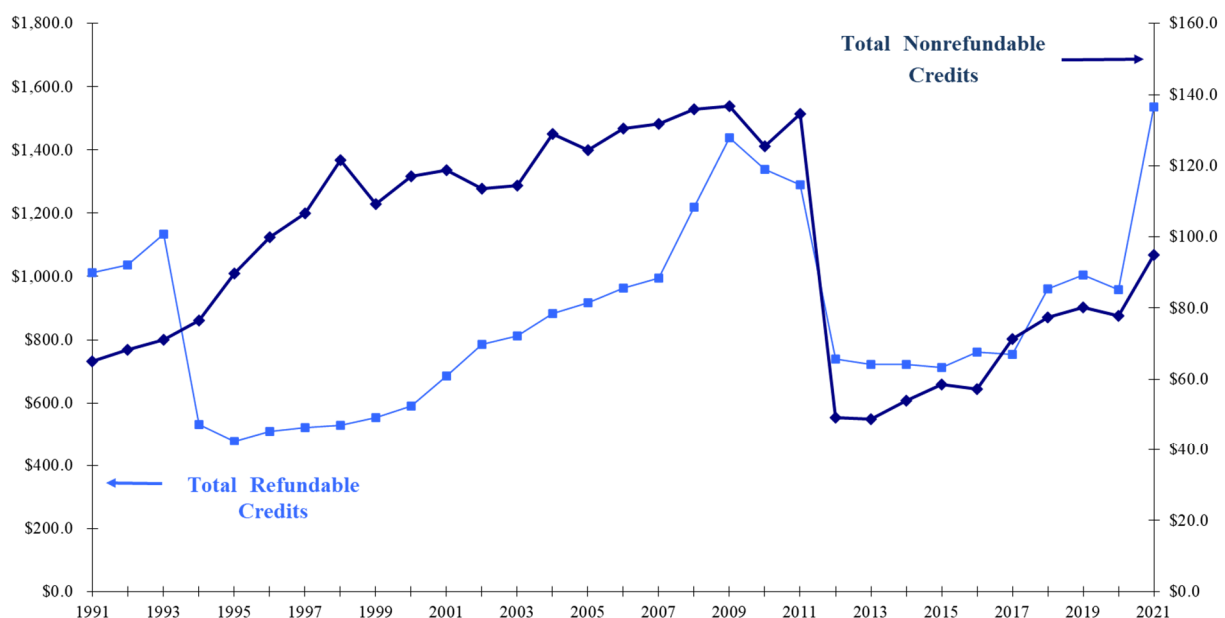
(b) Starting TY 2019, an additional personal exemption is allowed for a stillbirth certificate.

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

² 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 97).

as the homestead property tax credit, the home heating credits, and the Michigan Earned Income Tax credit (EITC). These provisions help to make the tax less burdensome on low income taxpayers. Exhibit 2 provides information on the total amount of refundable and nonrefundable credits paid since 1991. Refundable and nonrefundable credits paid and claimed have gradually increased over the years, except in 1994 (when property tax reductions enacted as a part of school finance reform led to reduced property tax credits); in 2010 and 2011 (when falling property values depressed property tax credits), and in 2012 (when several nonrefundable credits were eliminated, and the EITC and homestead property tax credit were reduced). For tax year 2021, \$1,535.1 million was paid in refundable credits, and an additional \$95.0 million was paid in nonrefundable credits. For a complete list of credits available in tax year 2021 see Chapter V on page 24.

Exhibit 2
Individual Income Tax Credits
(millions)



Starting in fiscal year (FY) 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 (see Exhibit 3 on the next page for a summary of the income tax revenue earmarking to the SAF and GF/GP since 1995).

In 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 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. From

December 2018 through September 2019³, the SAF earmark percentage was reduced to 0.954 percent divided by the income tax rate, or from 23.81 percent to 22.45 percent. From October

Exhibit 3 Earmarking of Income Tax Gross Collections

Tax Years	Average Tax Rate	Earmarking Percentages			Tax Years	Average Tax Rate	Earmarking Percentages		
		SAF	GF/GP				SAF	GF/GP	
1995	4.40	% 14.00	% 86.00	%	2008 - 2011	4.35	% 23.26	% 76.74	%
1996 - 1999	4.40	23.00	77.00		2012	4.33	23.40	76.60	
2000 - 2001	4.00	25.30	74.70		2013 - 2015	4.25	23.81	76.19	
2002	3.90	25.95	74.05		2016 - 2018	4.25	23.81	up to 76.19	(a)
2003	4.00	25.30	74.70		2019	4.25	22.45	(b) up to 77.55	(c)
2004	3.95	25.62	74.38		2020 - 2022	4.25	23.81	(b) up to 76.19	(c)
2005 - 2006	3.90	25.95	74.05		2023	4.05	24.99	(b) up to 75.01	(d)

Notes:

- (a) Starting in 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 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), 23.81 from from October 2019 through December 2022 (2020 PA 75, and 2023 PA 4), 24.99 from January 2023 through September 2023, and 25.06% from October 2023 through December 2023 (2023 PA 4).
- (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.
- (d) Besides the annual required distributions to the MTF (\$600 million) and the RMF (\$69 million), for fiscal years 2023 through 2025, up to \$1.2 million is allocated to GF/GP, and, if available, to the following funds, in order: up to \$50 million to the Michigan Housing and Community Development fund (MHCDF), up to \$50 million to the Revitalization and Placemaking Fund (RPF), \$500 million to the Strategic Outreach and Attraction Reserve Fund (SOARF), and the balance to the GF/GP.

³ The reduction in the SAF earmark from December 2018 through 2029 resulted in more revenue going into the GF/GP annually. PA 588 of 2018 provided 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.

2019 through September 2023, the SAF earmark percentage calculation was restored to 1.012 percent divided by the income tax rate. Per PA 4 of 2023, the SAF earmark percentage calculation increases each fiscal year starting in October 2024 until October 2026⁴. This change was made to offset the expected decline in gross collections due to expanded subtractions for retirement or pension benefits also included in PA 4.

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 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 customers⁵. 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 cases⁶ and the implementation of new requirements⁷, fewer use tax transactions are being reported on the income tax return over the years. For tax year 2020, 55,350 taxpayers remitted \$2.1 million in use tax (see Exhibit 4 on the next page)

⁴ PA 4 of 2023 provided that the factor used in the calculation of the percentage of gross income tax collections earmarked to the SAF changed from 1.012% to 1.015% divided by the income tax rate for October 2023 to September 2024 period (FY2024 period), 1.023% divided by the tax rate for FY2025, 1.033% for FY2026, and to 1.040% for FY2027 and after.

⁵ Effective October 2015, 2014 PA 553 provides additional presumptions to when an out-of-state company is engaged in the business of making sales at retail in the state, it should register and collect sales taxes on those sales, lessening the burden of consumers to remit use taxes on such transactions.

⁶ Starting on October 2, 2018, Treasury requires remote sellers with sales exceeding \$100,000 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*.

⁷ 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

Tax Year	Number Of Returns	Use Tax Amount	Average Per Return	Tax Year	Number Of Returns	Use Tax Amount	Average Per Return
1999	64,650	\$2,895,475	\$44.79	2011	106,850	\$5,680,746	\$53.17
2000	79,627	\$2,976,223	\$37.38	2012	110,597	\$5,825,409	\$52.67
2001	72,913	\$2,877,459	\$39.46	2013	113,684	\$6,195,577	\$54.50
2002	70,619	\$2,872,252	\$40.67	2014	115,568	\$6,669,182	\$57.71
2003	79,684	\$3,302,217	\$41.44	2015	105,435	\$6,089,413	\$57.76
2004	86,774	\$4,041,439	\$46.57	2016	92,336	\$5,389,889	\$58.37
2005	82,691	\$3,409,451	\$41.23	2017	93,793	\$5,618,420	\$59.90
2006	81,360	\$3,346,874	\$41.14	2018	85,590	\$4,697,093	\$54.88
2007	104,836	\$4,086,157	\$38.98	2019	76,446	\$3,088,460	\$40.40
2008	103,637	\$4,056,857	\$39.14	2020	55,350	\$2,215,287	\$40.02
2009	100,779	\$4,984,597	\$49.46	2021	48,006	\$2,112,435	\$44.00
2010	104,707	\$5,232,886	\$49.98				

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

IV. INCIDENCE OF THE INDIVIDUAL INCOME TAX

For tax year 2021, about 4.9 million MI-1040 returns were filed, 87,700 fewer than for 2020 (see Exhibit 5 below). An additional 32,600 “credit-only” returns were filed for 2021. 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, 9,300 claimed only a home heating credit, 9,100 claimed only a property tax credit, and 7,100 claimed both refundable credits.

The personal income tax generated \$9.9 billion in net revenue for tax year 2021, which is total revenue after all credits and refunds are paid. Income tax revenues increased \$514.6 million (5.5%) from 2020, reflecting strong increased AGI, despite increased refundable credits from the prior year.

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

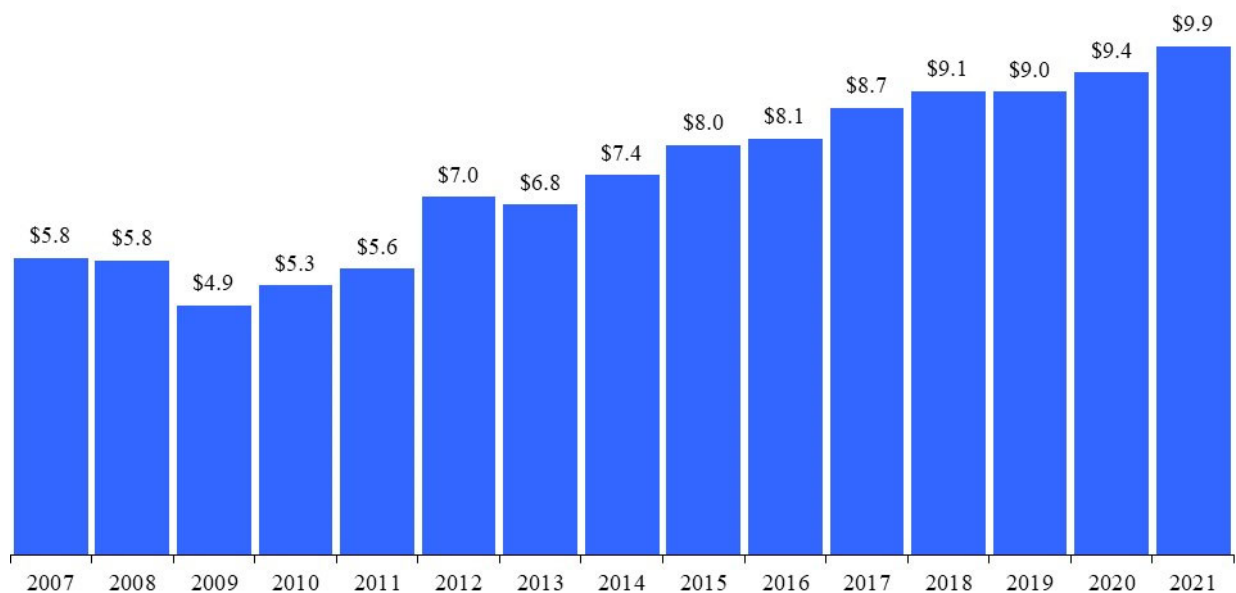
Year	Number of 1040s Filed	Adjusted Gross Income	Average AGI	Nominal Rate	Average Effective Rate	Revenue
2007	4,560,672	292,321,301,678	64,096	4.01%	1.99%	5,803,415,000
2008	4,481,511	257,476,490,543	57,453	4.35%	2.24%	5,757,103,800
2009	4,395,979	240,741,775,266	54,268	4.35%	2.03%	4,883,682,400
2010	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
2021	4,865,126	465,906,151,839	95,764	4.25%	2.13%	9,939,184,500

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

⁸The AGI above is reduced by returns reporting a negative AGI totaling a negative \$2.7 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 2007.

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

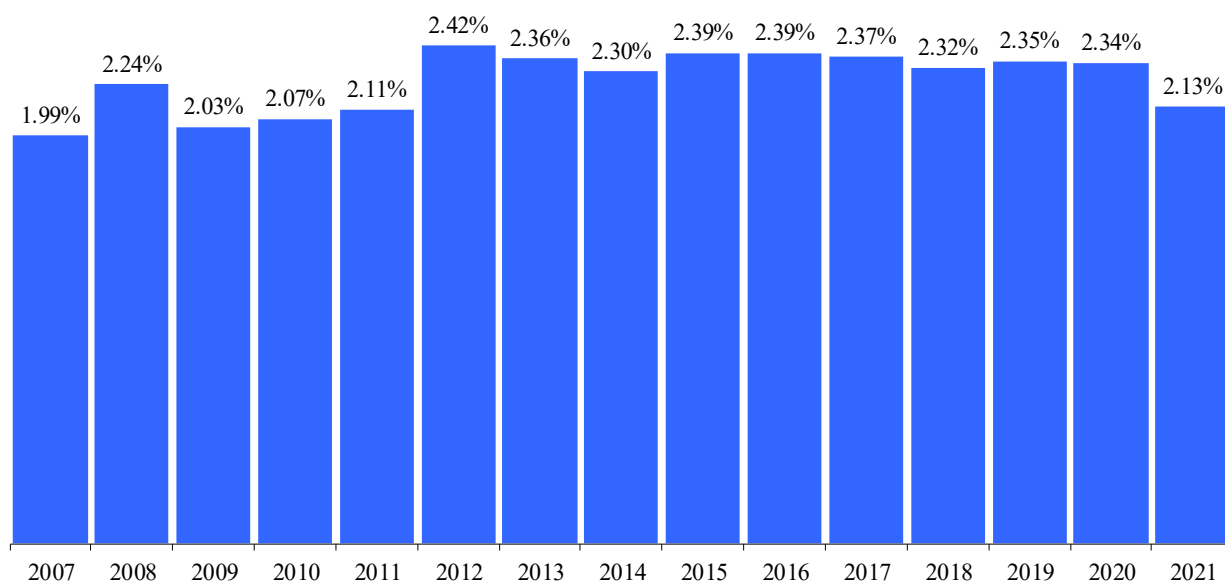


Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury.

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 2021 was 2.13 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 2007-2021 period, the highest average effective rate was 2.42 percent for 2012, and the lowest average was 1.99 percent for 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. The decrease of the average effective tax rate in 2021 reflects the increase in refundable credits largely due to the new credit

for flow-through entity (FTE) taxes paid that were claimed by FTE owners in their individual income tax returns (see page 24 for more information on refundable credits).

Exhibit 7
Individual Income Tax
Effective Tax Rate

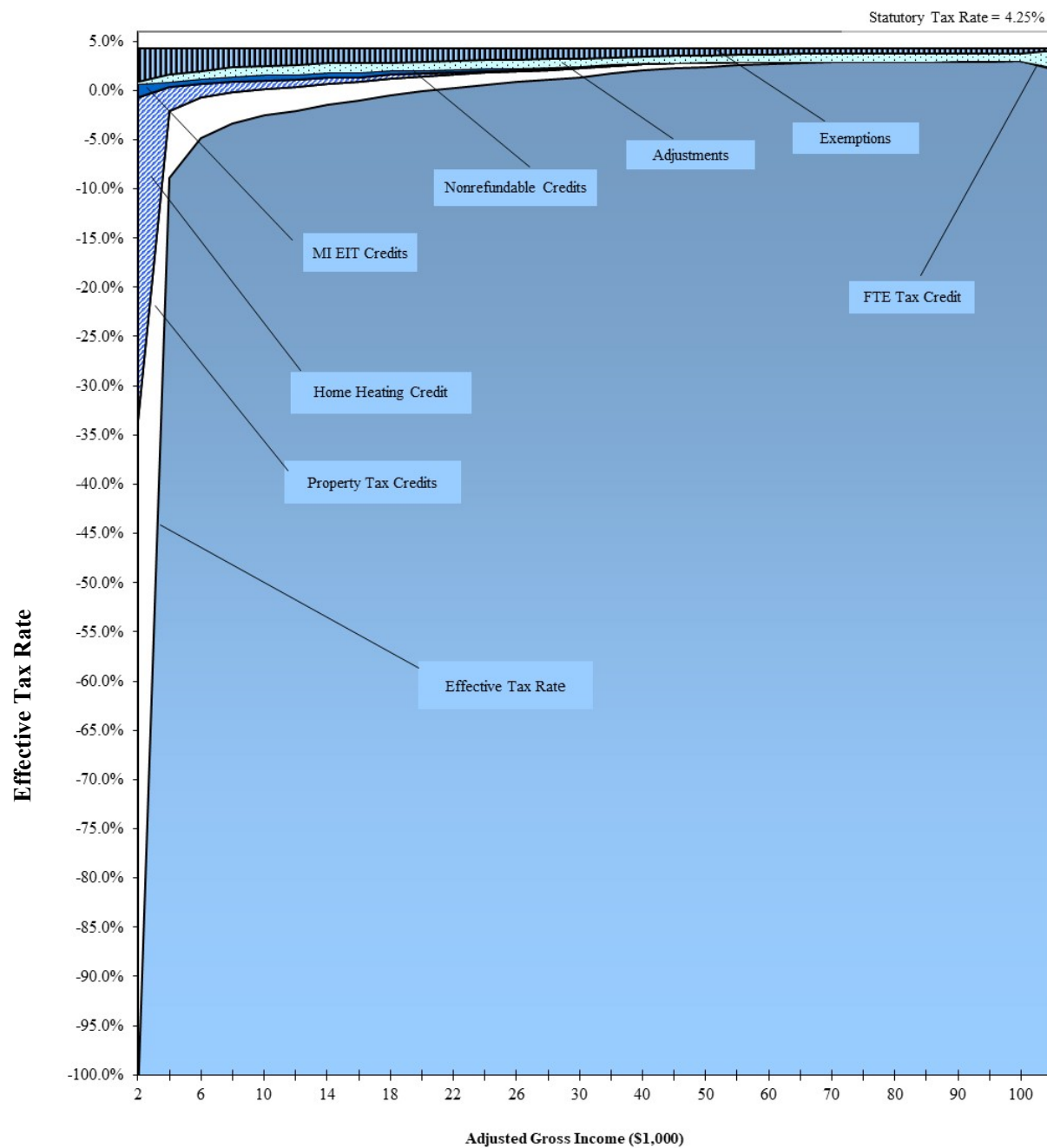


Source: Office of Revenue and Tax Analysis, Michigan Department of Treasury.

As shown in Exhibits 8, 25 and 26 (see pages 14, 45 and 46, respectively), the effective tax rate for 2021 varied from negative 102.17 percent for taxpayers in the \$1 - \$2,000 AGI group, to positive 3.34 percent for taxpayers with an AGI between \$200,001 and \$300,000. Taxpayers with AGIs of less than \$20,000 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 0.81 percent, lower than the peak of 3.34 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 overall effective rate was 2.79 percent (the effective rate for all residents without including the credit for flow-through entity tax was 2.92 percent). Overall, the effective tax rate for all filers was 2.13 percent rather than the nominal rate of 4.25 percent.

Exhibit 8 reveals the influence of the various exemptions and credits on the effective tax rate and illustrates the data in Exhibit 27 (see page 47). Exhibit 28 details the effects of the personal exemption, various adjustments, and credits on the distribution of the Michigan income tax burden.

Exhibit 8
Effective Income Tax Rates, 2021



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

As a percentage of income, the \$4,900 personal exemption and the property tax credit benefit lower income taxpayers the most, while reducing the effective tax rate for most taxpayers. Unlike the new FTE tax credit, 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 2021 show that 5.9 percent of Michigan taxpayers itemized deductions on their federal income tax returns⁹, 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 2021, 17.3 percent of Michigan taxpayers reporting an AGI of \$100,000 or more itemized their deductions, compared to 1.4 percent of taxpayers with an AGI up to \$50,000 who itemized. The same pattern was observed for 2020, 2019, 2018 and 2017, when more Michigan taxpayers reporting AGI of \$100,000 or more itemized their federal deductions (19.3 percent for 2020, 22.7 percent for 2019, 24.4 percent for 2018, and 78.0 percent for 2017) than taxpayers reporting AGI up to \$50,000 (1.6 percent for 2020, 1.8 percent for 2019, 2.1 percent for 2018, and 9.5 percent for 2017).

Michigan taxpayers claimed about 8.8 million personal exemptions for 2021 (see Exhibit 28 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 25 (see page 45), there were an estimated 7.5 million effective personal exemptions, i.e., exemptions that actually offset income. The effective exemptions for 2021 were calculated assuming all personal exemptions and special exemptions were equally likely to offset taxable income.

Michigan taxpayers claimed about 240,800 special exemptions for tax year 2021 (see Exhibit 29 on page 51). Almost all of the special exemptions were claimed by deaf/blind/disabled filers (only 37,500 exemptions for disabled veterans were claimed for the tax year). Exhibits 28 and 29 (see pages 49 through 51) present distributions of all the exemptions claimed for tax year 2021 by income group. The number of special exemptions that actually offset taxable income for each income group can be estimated by dividing the number of effective exemptions listed for that income group in Exhibit 25 (see page 45) by the number of claimed exemptions, and then multiplying that quotient by the number of exemptions/deductions in Exhibit 29 (see page 51).

⁹Data on itemized deductions was obtained from the Internal Revenue Service, Statistics of Income Division, Individual Master File System, February 2024.

For example, the number of effective deductions for disabled veterans in the \$30,001 to \$35,000 income group would be estimated by dividing 361,651 by 412,105 and then multiplying the result (0.8776) by 1,671. The result is an estimate of 1,466 effective exemptions.

The Michigan income tax is paid almost exclusively by Michigan residents. Non- or part-year residents pay about 4.0 percent of the income tax. Exhibit 9 below summarizes the distribution of Michigan returns and net tax liability by residency. While nonresidents report \$122.9 billion in AGI, they claim subtractions totaling \$108.7 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
2021 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	4,599,124	\$342,800,848,538	\$9,563,925,228
Part-year resident	115,766	11,039,971,571	193,748,178
Nonresident	147,328	111,855,360,071	202,459,081
Residency not reported	<u>2,908</u>	<u>209,971,659</u>	<u>5,628,556</u>
Totals	4,865,126	\$465,906,151,839	\$9,965,761,043

Married taxpayers filing jointly reported 66.3 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
2021 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	3,022,630	\$147,210,870,473	\$2,927,540,006
Married filing jointly	1,746,807	308,770,402,712	6,853,469,076
Married filing separately	<u>95,689</u>	<u>9,924,878,654</u>	<u>184,751,961</u>
Totals	4,865,126	\$465,906,151,839	\$9,965,761,043

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 for those born after 1945.

Exhibit 11
2021 Total AGI, Additions and Subtractions by AGI
(millions)

<u>AGI Group</u>	<u>Number of Returns</u>	<u>Total AGI</u>	<u>Total Additions</u>	<u>Additions</u>	<u>Total Subtractions</u>	<u>Subtractions</u>
				<u>As a % of AGI</u>		<u>As a % of AGI</u>
Less than \$1 ⁽¹⁾	80,058	(\$2,703.8)	\$2,518.8	-93.2%	\$896.7	-33.2%
\$ 1 - 50,000	2,613,422	\$59,066.6	\$437.4	0.7%	\$13,919.7	23.6%
50,001 - 100,000	1,142,845	\$82,028.5	\$353.4	0.4%	\$16,127.7	19.7%
100,001 - 150,000	522,167	\$63,391.3	\$280.7	0.4%	\$9,401.1	14.8%
150,001 - 200,000	219,438	\$37,638.6	\$217.6	0.6%	\$7,434.7	19.8%
200,001 - 300,000	150,792	\$36,091.0	\$300.8	0.8%	\$5,604.3	15.5%
300,001 - 400,000	52,329	\$17,951.4	\$202.2	1.1%	\$3,153.4	17.6%
400,001 - 500,000	24,581	\$10,930.6	\$145.5	1.3%	\$2,164.2	19.8%
500,001 - 750,000	26,405	\$15,909.4	\$269.7	1.7%	\$4,560.0	28.7%
750,001 - 1,000,000	10,604	\$9,113.0	\$187.2	2.1%	\$2,553.7	28.0%
Over \$1,000,000	<u>22,485</u>	<u>\$136,489.6</u>	<u>\$1,921.5</u>	1.4%	<u>\$102,699.1</u>	75.2%
Total	4,865,126	\$465,906.2	\$6,834.9	1.5%	\$168,514.6	36.2%

Notes:

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

For 2021, total additions represented about 1.5 percent of total AGI, varying from 0.4 percent for taxpayers with AGI between \$50,001 and \$150,000 to 2.1 percent for those with AGI between \$750,001 and \$1,000,000 (see Exhibit 11). Total subtractions represented about 36.2 percent of total AGI, and varied from 14.8 percent for taxpayers with AGI between \$100,001 and \$150,000 to 75.2 percent for those with AGI over \$1 million.

Exhibit 12 depicts the components of total additions. For tax year 2021, the largest components of total additions were the add back of losses attributable to other states (28.7 percent of total additions), and the category on gains attributable to sales of business property (MI-4797) or to adjustments of capital gains and losses (MI-1040D) (25.4 percent of total additions).

Exhibit 12
2021 Total Additions Detail by AGI
(millions)

<u>AGI Group</u>	<u>Total Additions</u>	<u>Interest & Dividends</u>	<u>Self Employment Taxes and Other Taxes</u>	<u>MI 1040D & MI 4797 Gains</u>	<u>Losses Attributable to Other States</u>
Less than \$1 ⁽²⁾	\$2,518.8	\$2.8	\$3.0	\$7.2	\$1,454.4
\$ 1 - 50,000	\$437.4	\$24.3	\$205.1	\$21.8	\$47.4
50,001 - 100,000	\$353.4	\$44.9	\$164.3	\$42.1	\$36.6
100,001 - 150,000	\$280.7	\$47.4	\$120.6	\$47.1	\$30.5
150,001 - 200,000	\$217.6	\$44.7	\$74.9	\$47.4	\$24.0
200,001 - 300,000	\$300.8	\$63.6	\$81.5	\$82.7	\$38.2
300,001 - 400,000	\$202.2	\$44.4	\$46.3	\$61.1	\$27.3
400,001 - 500,000	\$145.5	\$30.8	\$29.7	\$49.5	\$20.4
500,001 - 750,000	\$269.7	\$51.0	\$48.3	\$98.7	\$46.2
750,001 - 1,000,000	\$187.2	\$29.8	\$28.1	\$78.7	\$36.8
Over \$1,000,000	<u>\$1,921.5</u>	<u>\$126.5</u>	<u>\$286.5</u>	<u>\$1,201.6</u>	<u>\$200.8</u>
Total	\$6,834.9	\$510.2	\$1,088.4	\$1,738.1	\$1,962.6
% of Total Additions	100.0%	7.5%	15.9%	25.4%	28.7%

<u>AGI Group</u>	<u>Net Loss Fed Column MI 1040D or MI 4797</u>	<u>Oil, Gas & Other Mineral Expenses</u>	<u>Federal NOL</u>	<u>Others⁽¹⁾</u>
Less than \$1 ⁽²⁾	\$18.3	\$0.2	\$1,018.3	\$14.7
\$ 1 - 50,000	\$17.6	\$1.5	\$101.3	\$18.4
50,001 - 100,000	\$6.0	\$2.6	\$46.4	\$10.4
100,001 - 150,000	\$3.5	\$1.6	\$23.3	\$6.7
150,001 - 200,000	\$3.3	\$1.0	\$17.4	\$4.9
200,001 - 300,000	\$2.8	\$4.0	\$21.5	\$6.5
300,001 - 400,000	\$1.5	\$2.7	\$14.0	\$4.8
400,001 - 500,000	\$1.4	\$0.9	\$8.5	\$4.4
500,001 - 750,000	\$2.9	\$1.3	\$11.1	\$10.2
750,001 - 1,000,000	\$1.7	\$0.2	\$8.9	\$3.0
Over \$1,000,000	<u>\$7.2</u>	<u>\$1.1</u>	<u>\$30.0</u>	<u>\$67.9</u>
Total	\$66.2	\$17.0	\$1,300.7	\$151.8
% of Total Additions	1.0%	0.2%	19.0%	2.2%

Notes:

1. In 2021, "Others" included non-qualified withdrawals from Michigan Education Savings Program (MESP), Michigan 529 Advisor Plan (MAP), or Michigan Achieving a Better Life Experience Program (MiABLE) accounts, and Michigan Education Trust (MET) contract refunds received.
2. The less than \$1 category includes tax returns reporting a negative AGI.

For 2021, the largest components of total subtractions were income attributable to other states (71.8 percent of the total), and qualified retirement and pension income included in MI-1040 subtractions (9.0 percent of the total). The average AGI reduction for taxpayers with AGI up to \$100,000 was 22.4 percent, and 42.0 percent for those 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 benefits¹⁰ 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 2021, Tier 1 filers were allowed to exempt all taxable pension or retirement benefits from a private source up to \$54,404 (single)/\$108,808 (joint) per return. A larger subtraction was available for benefits from a public source. 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 2021 this exclusion was limited to \$12,127 (single)/\$24,254 (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. Since 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.¹¹

For Tier 3 filers prior to reaching age 67, only qualified filers who receive retirement benefits from government agencies not covered by the Social Security Act (SSA) are entitled to a subtraction for

¹⁰ 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 2021 see <https://www.michigan.gov/taxes/iit/pension/2021-retirement-pension-information>

¹¹ 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.

retirement benefits¹². 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
2021 Total Subtractions Detail by AGI Group
(millions)

AGI Group	Total Subtractions	Income from US Gov't Bonds	Military & Railroad Retirement Benefit	MI 1040D and MI 4797 Gains	Income Attributable to Other States	Retirement/Pension Incl. in MI-1040
Less than \$1 ⁽²⁾	\$896.7	\$0.8	\$1.0	\$44.4	\$310.3	\$1.7
\$ 1 - 50,000	\$13,919.7	\$30.3	\$164.1	\$24.1	\$1,528.3	\$2,253.3
50,001 - 100,000	\$16,127.7	\$53.5	\$241.8	\$55.8	\$2,557.2	\$5,836.5
100,001 - 150,000	\$9,401.1	\$40.1	\$140.7	\$54.4	\$2,015.2	\$3,226.8
150,001 - 200,000	\$7,434.7	\$40.5	\$103.2	\$91.4	\$2,461.4	\$1,992.2
200,001 - 300,000	\$5,604.3	\$32.4	\$51.8	\$136.4	\$2,781.6	\$1,002.6
300,001 - 400,000	\$3,153.4	\$13.5	\$18.5	\$114.1	\$1,978.7	\$351.7
400,001 - 500,000	\$2,164.2	\$6.5	\$6.4	\$96.4	\$1,558.9	\$158.3
500,001 - 750,000	\$4,560.0	\$7.8	\$4.8	\$180.4	\$3,832.0	\$157.3
750,001 - 1,000,000	\$2,553.7	\$3.0	\$1.2	\$146.4	\$2,154.6	\$60.7
Over \$1,000,000	<u>\$102,699.1</u>	<u>\$15.9</u>	<u>\$1.7</u>	<u>\$1,928.3</u>	<u>\$99,870.1</u>	<u>\$93.5</u>
Total	\$168,514.6	\$244.4	\$735.2	\$2,872.0	\$121,048.4	\$15,134.5
% of Total Subtractions	100.0%	0.1%	0.4%	1.7%	71.8%	9.0%

¹² 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.)

<u>AGI Group</u>	<u>Renssanc Zones Income</u>	<u>State and Local IIT Refunds</u>	<u>MESP</u>	<u>MET</u>	<u>Oil & Gas Income</u>	<u>NOL</u>
Less than \$1 ⁽²⁾	\$0.1	\$0.5	\$0.5	\$0.2	\$0.5	\$186.6
\$ 1 - 50,000	\$6.3	\$10.2	\$7.4	\$2.0	\$4.3	\$36.5
50,001 - 100,000	\$5.4	\$16.7	\$26.1	\$4.4	\$5.9	\$19.4
100,001 - 150,000	\$2.6	\$11.2	\$47.6	\$4.5	\$3.5	\$9.6
150,001 - 200,000	\$2.0	\$8.2	\$77.9	\$6.0	\$3.3	\$10.5
200,001 - 300,000	\$1.7	\$4.2	\$79.5	\$6.5	\$7.0	\$11.0
300,001 - 400,000	\$1.4	\$1.7	\$39.1	\$3.4	\$4.7	\$4.8
400,001 - 500,000	\$1.4	\$0.9	\$20.4	\$1.4	\$2.0	\$4.2
500,001 - 750,000	\$1.8	\$1.5	\$23.1	\$1.6	\$2.5	\$5.8
750,001 - 1,000,000	\$1.6	\$0.6	\$9.1	\$1.0	\$0.4	\$2.5
Over \$1,000,000	<u>\$0.0</u>	<u>\$8.2</u>	<u>\$11.1</u>	<u>\$0.8</u>	<u>\$1.7</u>	<u>\$21.5</u>
Total	\$24.2	\$63.9	\$341.8	\$31.9	\$35.6	\$312.2
% of Total Subtractions	0.0%	0.0%	0.2%	0.0%	0.0%	0.2%

<u>AGI Group</u>	<u>Resident Tribal Income</u>	<u>Standard Deduction Based on Year</u>	<u>Social Security & Active Military Benefits</u>	<u>Dividend/ Interest/ Capital Gain Exemption</u>	<u>Others⁽¹⁾</u>
Less than \$1 ⁽²⁾	\$0.2	\$356.6	\$24.6	\$7.8	(\$39.1)
\$ 1 - 50,000	\$92.9	\$6,588.2	\$2,781.6	\$206.2	\$183.9
50,001 - 100,000	\$137.8	\$3,613.8	\$3,153.3	\$96.7	\$303.5
100,001 - 150,000	\$41.1	\$1,793.8	\$1,798.3	\$42.8	\$169.1
150,001 - 200,000	\$27.6	\$1,075.1	\$1,363.6	\$32.4	\$139.6
200,001 - 300,000	\$9.3	\$546.0	\$790.2	\$23.8	\$120.4
300,001 - 400,000	\$5.2	\$196.4	\$295.1	\$11.5	\$113.7
400,001 - 500,000	\$0.9	\$100.7	\$138.1	\$6.0	\$61.8
500,001 - 750,000	\$3.5	\$113.4	\$130.2	\$8.4	\$85.8
750,001 - 1,000,000	\$0.9	\$42.6	\$46.4	\$3.9	\$78.9
Over \$1,000,000	<u>\$7.1</u>	<u>\$109.6</u>	<u>\$70.2</u>	<u>\$8.0</u>	<u>\$551.4</u>
Total	\$326.5	\$14,536.2	\$10,591.5	\$447.6	\$1,768.8
% of Total Subtractions	0.2%	8.6%	6.3%	0.3%	1.0%

Notes:

1. In 2021, "Others" 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 2020 to 2021 prepared by the U.S. Bureau of Economic Analysis. Personal income increased 5.6 percent overall in 2021, with strong growth in adjustment for residence (24.7 percent), followed by wages and salary disbursement (7.9 percent).

Exhibit 14
Growth in Michigan Income from 2020 to 2021
(millions)

		<u>2020</u>	<u>2021</u>	<u>Percentage</u> <u>Change</u>
Labor Earnings				
Wage and Salary Disbursements		\$242,698	\$261,812	7.9%
Other Labor Income		38,212	40,900	7.0%
Proprietors' Income		<u>37,636</u>	<u>39,972</u>	6.2%
Total Labor Earnings	(A)	\$318,546	\$342,683	7.6%
Adjustments				
Personal Contributions for Social Insurance		-\$21,963	-\$23,203	5.6%
Adjustment for Residence		<u>2,637</u>	<u>3,289</u>	24.7%
Total Adjustments	(B)	-\$19,326	-\$19,914	3.0%
Net Michigan Labor Earnings	(C)=(A)-(B)	\$299,220	\$322,769	7.9%
Dividends, Interest, and Rent	(D)	\$92,111	\$93,905	1.9%
Transfer Payments	(E)	<u>146,163</u>	<u>151,132</u>	3.4%
Michigan Personal Income	(C)+(D)+(E)	\$537,494	\$567,807	5.6%

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 2022 results in an estimated elasticity of 0.945, suggesting that a 10 percent increase in income will increase tax revenue by, on average, 9.45 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).¹³

¹³ 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 2021, Michigan's personal income tax offered seven different credits to taxpayers: five are refundable credits (homestead property tax, farmland preservation property tax, home heating, the Michigan earned income tax (EITC), and the flow-through entity tax), 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 resources¹⁴, which replaces household income.

Starting for tax year 2018, the homestead property tax credit was expanded, allowing more filers to be eligible for larger credits¹⁵. 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%

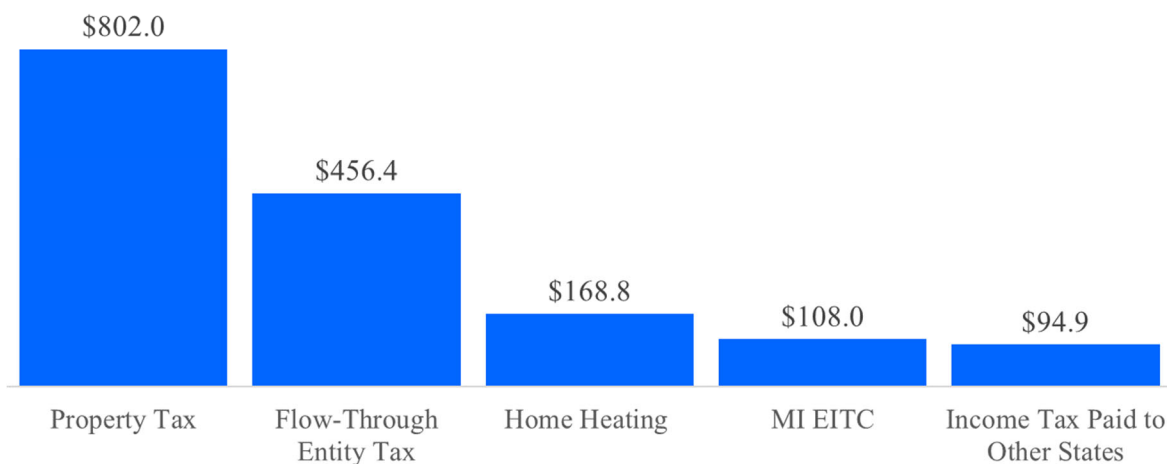
¹⁴ Household resources exclude net losses from business (including farm), rental and royalties, and also excludes net operating losses. For more information on total household resources, visit <https://www.michigan.gov/taxes/iit/tax-time/total-household-resources> .

¹⁵ 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 – 2020) section of Appendix A on page 75.

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 \$750.4 million of homestead property tax credits and \$51.5 million in farmland preservation property tax credits for tax year 2021. The \$801.9 million in total 2021 property tax credits represented an increase of \$7.3 million (0.9 percent) from the prior year, and 34,300 fewer taxpayers received assistance. Senior citizens received \$266.0 million of the credits, a \$14.2 million decrease from 2020. Exhibit 15 compares the amount of property tax credits paid to taxpayers compared to other credits.

Exhibit 15
2021 Individual Income Tax Credits
(millions of dollars)



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

The average 2021 homestead property tax credit was \$698 (excluding the farmland credit), a \$32 decrease from the tax year 2020 average. Senior citizens' credits averaged \$746, virtually unchanged from 2020 (see Exhibit 30 on page 52). Exhibit 16 (on the next page) provides a summary of the number of credits received by taxpayers, according to AGI levels.

Exhibits 16 and 27 (on pages 26 and 46) 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 1.9 percent of total AGI, taxpayers with

incomes between \$10,001 and \$20,000 received 21.6 percent of the total homestead credits. On the other hand, taxpayers with AGIs over \$50,000 accounted for 87.9 percent of total 2021 Michigan AGI, but received only 4.7 percent of total homestead credits. Exhibits 31 through 36 (see pages 53 through 58) provide the distribution of property tax credits by income group.

Exhibit 16
2021 Homestead Property Tax Credits
(Excludes Farmland Credit)

AGI Range		Number of Credits Allowed	Dollar Amount of Credit	Average Credit
Under	\$10,000	249,605	\$216,601,930	\$867.78
	\$10,001 - \$20,000	215,601	162,003,452	751.40
	\$20,001 - \$50,000	517,109	336,353,123	650.45
Over	\$50,000	<u>92,651</u>	<u>35,470,872</u>	<u>382.84</u>
Total		1,074,966	\$750,429,377	\$698.10

The farmland preservation program, originally PA 116 of 1974 which was replaced by PA 451 of 1994 (part 361 of chapter 1, article III of the Natural Resources and Environmental Protection Act), provides additional property tax relief for farmers. Under the farmland program, farmers may receive additional property tax relief by entering into an agreement with the state not to convert the farmland to other uses for at least seven years. The program benefited over 6,800 farms in 2021, providing credits of \$51.5 million for an average credit of \$7,618.02. Including the farmland preservation credit, the average property tax credit was \$741.36 in tax year 2021. For 2,400 farmers claiming both a farmland credit and homestead property tax credit, the combined credits averaged about 91.7 percent of total property taxes paid. Those taxpayers paid \$14.8 million in property taxes, receiving \$10.8 million in farmland credits, and \$2.8 million in homestead property tax credits.

PA 269 of 1982 provided a special tax credit for senior citizens with high rent burdens equal to the amount of rent paid that exceeds 40 percent of household income. For 2021, 8,800 senior citizens claimed an additional \$2.2 million using this alternate homestead property tax credit calculation, representing a \$248.63 average credit. The amount of this credit is included in the senior citizens' homestead property tax credit statistics, but shown separately in Exhibit 30 (see page 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 30 (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 2021, individuals who are disabled, deaf, blind, or qualified disabled veteran were entitled to extra exemptions.

Home heating credits for tax year 2021 totaled \$168.8 million (including \$104.9 million in supplemental payments), with 233,200 households qualifying. This represented a \$95.5 million (\$20.1 million for normal credit, and \$75.4 million for supplemental credit) increase from the previous year total credit amount, with 30,000 more 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 \$25.3 million of the total home heating credits claimed for tax year 2021 (see Exhibit 17 below). Exhibit 37 (see page 59) provides information on the distribution of the home heating credit by household resources.

Exhibit 17
2021 Home Heating Credits

	Number of Credits	Credit Amount			Average Credit
		Credit Amount	Supplemental Credit	Total Credit	
Senior Citizen	34,025	\$7,057,757	\$18,202,725	\$25,260,482	\$207.43
General	169,698	48,475,439	70,866,010	119,341,449	\$285.66
Disabled	29,307	8,336,767	15,732,670	24,069,437	\$284.46
Veteran	192	55,681	105,965	161,646	\$290.01
Totals	233,222	\$63,925,644	\$104,907,370	\$168,833,014	\$274.10

	Average Credit Amount		
	Regular Credit	Supplemental Credit	Total Credit
Senior Citizen	\$207.43	\$534.98	\$742.41
General	\$285.66	\$417.60	\$703.26
Disabled	\$284.46	\$536.82	\$821.29
Veteran	\$290.01	\$551.90	\$841.91
Totals	\$274.10	\$449.82	\$723.92

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.

Michigan Earned Income Tax Credit

About 896,600 taxpayers claimed \$108.0 million in Michigan EITC in 2021, resulting in an average credit of \$120.40 per taxpayer. For tax year 2021, there was an increase in the number of EITC claimants of 230,542. This was due to a one-year expansion in eligibility for claimants without qualifying children. 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 after 2011 through December 2022 (2023 PA 4).

Exhibit 18
2021 Michigan Earned Income Tax Credits

AGI Range		Number of Credits	Amount of Credit	Average Credit
Under	\$10,000	204,275	\$16,883,388	\$82.65
	\$10,001 - \$15,000	155,543	19,588,605	\$125.94
	\$15,001 - \$20,000	181,864	20,403,778	\$112.19
	\$20,001 - \$25,000	104,624	16,305,190	\$155.85
	\$25,001 - \$30,000	70,840	13,837,268	\$195.33
	\$30,001 - \$40,000	113,644	16,098,942	\$141.66
Over	\$40,000	65,845	4,834,567	\$73.42
Total		896,635	\$107,951,738	\$120.40

Flow-through Entity Tax Credit

Effective tax year 2021, individual members of an FTE may claim a refundable income tax credit equal to their proportional share of the new FTE tax paid by the pass-through. The new FTE tax is a special pass-through entity tax created under 2021 PA135 that allows the owners of flow-through entities to avoid the federal limitation on the deduction of state and local individual

income taxes. The newly created FTE tax is levied at the same rate as the individual income tax and is paid at the business-entity level. To completely reverse the burden created by the new FTE tax, the Act provided for an FTE tax credit to reimburse the individual members of a pass-through entity for the new FTE tax paid by the business entity.

About 15,000 taxpayers claimed \$456.4 million in FTE tax credits in 2021, resulting in an average credit of \$30,521.16 per taxpayer. Exhibit 19 below provides information on the distribution of credit recipients by AGI. Not all returns with a credit for flow-through entity tax paid were processed during 2022, and the backlog of tax year 2021 returns with this credit would be processed in 2023. The final totals for tax year 2021 will include more returns than those presented here.

Exhibit 19
2021 Flow-through Entity Tax Credits

AGI Range		Number of Credits	Amount of Credit	Average Credit
Under	\$50,000	260	\$706,006	\$2,715.41
\$50,001 - \$100,000		539	\$988,506	\$1,833.96
\$100,001 - \$250,000		3,181	\$10,538,394	\$3,312.92
\$250,001 - \$500,000		4,187	\$31,515,074	\$7,526.89
\$500,001 - \$1,000,000		3,605	\$55,844,351	\$15,490.80
Over	\$1,000,000	3,183	\$356,851,646	\$112,111.73
Total		14,955	\$456,443,977	\$30,521.16

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 2021, 34 taxpayers claimed a total of \$63,000 in historic preservation credits (see Exhibit 30 on page 52). Since tax year 2012, this credit is available only for historic rehabilitation plans certified by the State Historic Preservation Office (SHPO) before January 2012 (PA 38 of 2011).

With a few modifications, Public Act 343 of 2020¹⁶ reinstated the State Historic Preservation Tax program, restoring the credit for qualified taxpayers with a historic rehabilitation plan certified by SHPO after December 2020 and before January 2031. The restored credit became effective in tax year 2021, but no claims were made in the tax year for plans approved after December 2020.

Credit for Income Paid to Another State

For tax year 2021, 56,600 Michigan taxpayers received a total of \$94.9 million in credits for income tax paid to another state on income also subject to tax in Michigan, resulting in an average credit of \$1,678.61. This credit was designed so that taxpayers were not taxed twice (in two states) for the same income (see Exhibit 30 on page 52).

¹⁶ For more information on the legislation, see Michigan Personal Income Tax Legislative History (1967 - 2020) on page 75.

VI. DESIGNATED CONTRIBUTIONS

For tax year 2021, 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.

State Campaign Fund

For the 2021 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 2021, 174,100 taxpayers contributed \$522,300 to the State Campaign Fund (see Exhibit 20). On average, there was one designation for every 28 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 Fund¹⁷ 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 2021, 9,000 taxpayers contributed a total of \$111,300 to the fund (see Exhibit 20).

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 2021, it received contributions by 7,900 taxpayers totaling \$108,800 (see Exhibit 20).

¹⁷ Prior to tax year 2000, taxpayers could donate a portion of their income tax refund or increase their liability to support the Non-Game Wildlife Fund. The Michigan Non-Game Wildlife Fund was created by PA 189 of 1983. Contributions were used for research and management of non-game fish and wildlife.

Exhibit 20
Returns Designating Contributions 2004 – 2021

Tax Year	Number of 1040's Filed	State Campaign Fund		Children's Trust Fund		Military Family Relief Fund		Animal Welfare Fund		United Way Fund		American Red Cross Michigan Fund	
		Count	Amount	Count	Amount	Count	Amount	Count	Amount	Count	Amount	Count	Amount
###	4,390,300	467,503	\$1,402,509	--	--	53,541	\$1,233,661	--	--	--	--	--	--
###	4,424,662	425,526	1,276,578	28,613	\$390,695	34,484	549,167	--	--	--	--	--	--
###	4,487,257	406,646	1,219,938	28,587	325,337	36,603	553,021	--	--	--	--	--	--
###	4,560,672	399,482	1,198,446	35,043	333,912	46,849	473,501	--	--	--	--	--	--
###	4,481,511	366,911	1,100,733	35,448	318,945	46,019	415,611	15,429	\$142,358	--	--	--	--
###	4,395,979	347,147	1,041,441	17,021	183,319	22,162	264,733	7,982	103,162	5,934	\$256,740	--	--
###	4,459,933	339,663	1,018,989	6,817	82,233	6,919	115,167	10,855	148,766	7,824	407,369	--	--
###	4,491,741	294,728	884,184	10,384	113,455	11,627	170,338	13,080	159,168	7,101	246,514	--	--
###	4,514,771	265,901	797,703	8,594	88,736	10,125	140,093	11,687	135,862	5,426	135,862	--	--
###	4,560,975	254,101	762,303	7,067	77,677	8,862	127,239	9,690	115,215	4,679	115,215	--	--
###	4,609,070	239,597	718,791	7,107	75,926	8,134	106,203	9,117	102,942	4,188	102,942	--	--
###	4,662,493	206,482	619,446	3,817	47,361	3,711	63,205	4,287	52,792	1,992	57,430	--	--
###	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
###	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
###	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
###	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
###	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
###	4,865,126	174,098	522,294	9,003	111,271	7,913	108,682	10,846	140,335	5,751	122,385	9,116	128,173

Notes:

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

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. \$140,300 was contributed by 10,800 taxpayers to fund this program in tax year 2021 (see Exhibit 20).

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 2021, 5,800 taxpayers contributed a total of \$122,400 to the fund (see Exhibit 20).

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 2021, 9,100 taxpayers contributed a total of \$128,200 to the fund. (see Exhibit 20).

Discontinued Funds

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

Exhibit 21 Discontinued Contribution Funds 2006 – 2019

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

Exhibit 21 (cont.)

<u>Discontinued Contributions:</u>	TY 2009		TY 2010		TY 2011	
	Number	Amount	Number	Amount	Number	Amount
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

<u>Discontinued Contributions:</u>	TY 2012		TY 2013		TY 2014	
	Number	Amount	Number	Amount	Number	Amount
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

<u>Discontinued Contributions:</u>	TY 2015		TY 2016		TY 2017	
	Number	Amount	Number	Amount	Number	Amount
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

<u>Discontinued Contributions:</u>	TY 2018		TY 2019	
	Number	Amount	Number	Amount
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 2021, Michigan along with eight other states (Colorado, Illinois, Indiana, Kentucky, Massachusetts, North Carolina, Pennsylvania, and Utah) had a flat rate income tax. Eight states (Alaska, Florida, Nevada, South Dakota, Tennessee, Texas, Washington, and Wyoming) had no state personal income tax. One state (New Hampshire) taxed only dividend and interest income. The remaining 32 states had income taxes with graduated rates. A state-by-state comparison of the income tax burden per person and tax revenue as a percent of personal income is shown in Exhibit 22 (see page 36). Exhibits 23 and 24 (see page 37) compare Michigan's income tax to that of other states in the Great Lakes region.

Michigan ranked twelfth lowest in income taxes per person among the 41 states with a general income tax in fiscal year 2021, and California ranked highest. For fiscal year 2021, the average collections of \$1,195 per person in Michigan was higher than the average of \$897 in fiscal year 2020. National average income tax collections per person were \$1,525, and for the 41 states with an income tax, average income tax collections per person were \$1,947.

For fiscal year 2021, Michigan ranked eleventh lowest in state income taxes as a percent of personal income among the 41 states with a general income tax, with California ranking highest. Michigan's income tax as a percent of personal income was 2.14 percent, 0.31 percentage point below the U.S. average, and 0.95 percentage point below the average of the 41 states with a general income tax. This represents an increase from the results in 2020, when Michigan's income tax as a percent of personal income was 1.72 percent. The above calculations use estimates of quarterly state personal income, released by the U.S. Bureau of Economic Analysis on December 23, 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 1994-2021 period. In fiscal year 1994, Michigan ranked 11th highest in per capita income taxes and 14th highest in income taxes as a percent of personal income. For fiscal year 2021, Michigan ranked 30th highest in per capita income taxes and 31st highest in the income taxes as a percent of personal income category.

Exhibit 22
State Individual Income Taxes for FY 2021
Per Person and Percentage of Personal Income

State	Per Person Individual Income Taxes	Rank	Income Taxes as a Percent of Personal Income	Rank
Alabama	\$972	34	1.99%	33
Alaska	No Tax	N/A	No Tax	N/A
Arizona	899	37	1.66%	37
Arkansas	1,145	32	2.34%	28
California	3,738	1	4.98%	1
Colorado	1,763	13	2.60%	21
Connecticut	2,831	2	3.50%	8
Delaware	2,138	8	3.69%	7
Florida	No Tax	N/A	No Tax	N/A
Georgia	1,318	25	2.43%	24
Hawaii	2,318	7	3.91%	4
Idaho	1,291	26	2.55%	23
Illinois	1,724	14	2.63%	20
Indiana	1,553	20	2.84%	13
Iowa	1,334	24	2.40%	27
Kansas	1,572	19	2.72%	15
Kentucky	1,157	31	2.33%	29
Louisiana	850	39	1.61%	39
Maine	1,507	22	2.66%	18
Maryland	1,650	16	2.42%	26
Massachusetts	2,816	3	3.45%	9
Michigan	1,195	30	2.14%	31
Minnesota	2,656	5	4.11%	3
Mississippi	853	38	1.91%	35
Missouri	1,251	28	2.31%	30
Montana	1,708	15	3.08%	11
Nebraska	1,594	18	2.67%	17
Nevada	No Tax	N/A	No Tax	N/A
New Hampshire	107	42	0.15%	42
New Jersey	1,816	12	2.43%	25
New Mexico	566	41	1.16%	40
New York	2,770	4	3.69%	6
North Carolina	1,506	23	2.79%	14
North Dakota	577	40	0.91%	41
Ohio	906	36	1.62%	38
Oklahoma	944	35	1.81%	36
Oregon	2,645	6	4.43%	2
Pennsylvania	1,228	29	1.95%	34
Rhode Island	1,602	17	2.56%	22
South Carolina	1,051	33	2.07%	32
South Dakota	No Tax	N/A	No Tax	N/A
Tennessee	No Tax	N/A	No Tax	N/A
Texas	No Tax	N/A	No Tax	N/A
Utah	1,998	9	3.70%	5
Vermont	1,906	11	3.15%	10
Virginia	1,971	10	3.06%	12
Washington	No Tax	N/A	No Tax	N/A
West Virginia	1,262	27	2.69%	16
Wisconsin	1,537	21	2.64%	19
Wyoming	No Tax	N/A	No Tax	N/A
U.S. Average	\$1,525		2.45%	
U.S. Average for States W/ General Income Tax	\$1,947		3.09%	

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

Exhibit 23
State Income Taxes Per Person
Great Lakes Region – FY 2021

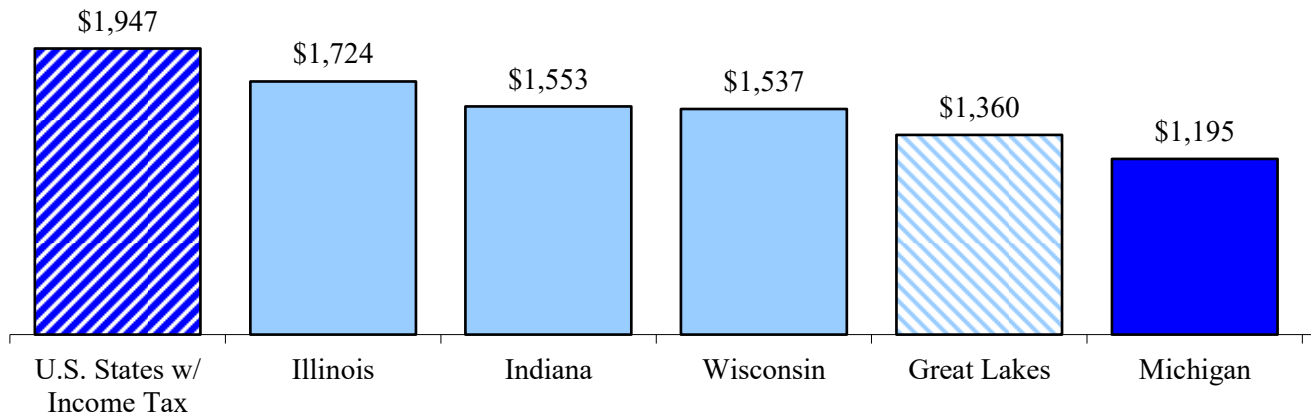
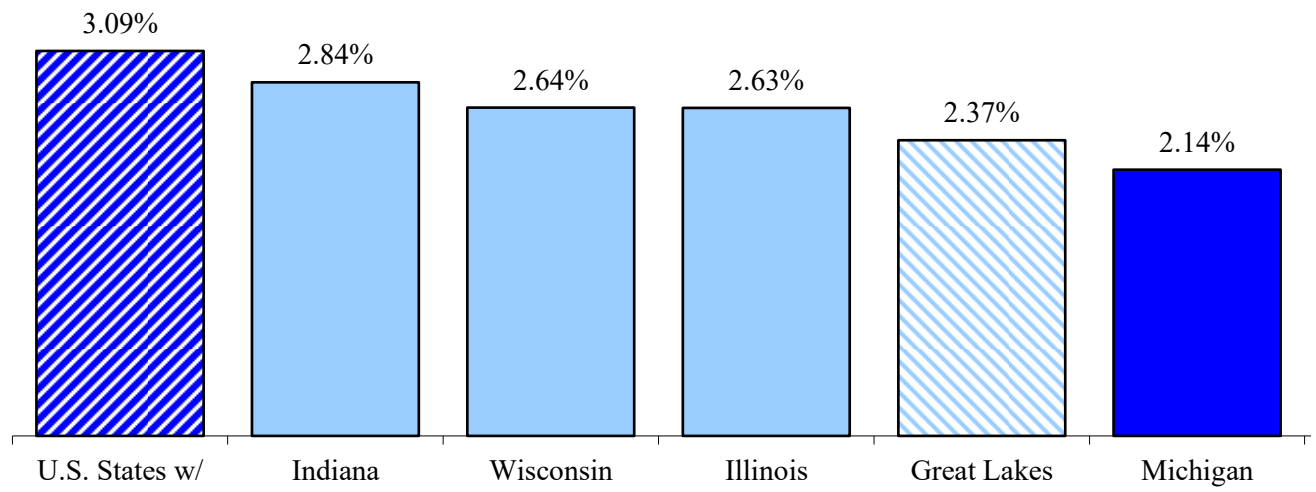


Exhibit 24
State Income Taxes
Percentage of Personal Income
Great Lakes Region – FY 2021



VIII. GEOGRAPHIC PATTERN OF TAX AND CREDITS

Exhibit 38 (see pages 60 and 61) reports the distribution of income tax collections, property tax and home heating credits, Michigan EITC, and the FTE tax credit 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 39 (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 40 and 41 (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 2021 County Data Summary

	<u>State Average</u>	<u>Highest County</u>	<u>Lowest County</u>
Average AGI	\$95,764	\$113,158 Oakland	\$45,980 Lake
Average Income Tax Before Credits	\$2,383	\$3,950 Oakland	\$1,253 Lake
Average Income Tax After Credits	\$2,043	\$3,608 Oakland	\$995 Lake
Income Tax Credits as a Percent of Tax Before Credits	14.3%	47.0% Wayne	6.8% Livingston
Ratio of Property Tax Credits to 1040s Filed	22.2%	30.6% Wayne	10.1% Luce
Average Property Tax Credit	\$741	\$2,296 Huron	\$378 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 1986¹⁸. 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 2022, 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, individuals, and businesses. They were: the Families First Coronavirus Response Act (FFCR 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

¹⁸ For more information on the changes from the TCJA see changes for 2019 on the Federal Tax Law Changes (from 2011 through 2020) section of Appendix A on page 68.

on March 27, 2020; the Consolidated Appropriations Act of 2020 (CA Act, PL 116-260), signed into law on December 27, 2020; the American Rescue Plan Act of 2021 (ARP Act, PL 117-2), signed into law on March 11, 2021, and the Consolidated Appropriations Act of 2022 (CA Act, PL 117-328), signed into law on December 29, 2022. 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 January 2023

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 2021, see Appendix A on page 68.

2021 and after

- For 2021 and 2022, the business deduction for the full amount of meals, including beverages, provided at a restaurant is restored;
- Prior to TCJA, business could choose to deduct certain research or experimentation expenditures from current income, or to capitalize these expenditures and deduct them over a longer period. Since TCJA, these expenditures paid or incurred in taxable years beginning in 2022 must 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.
- 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;
- Cryptocurrency reporting prior to 2022 was 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;
- Effective for plan years beginning after 2023, 401(k) and 403 (b) sponsors can automatically enroll employees in plans once they become eligible to participate in the plan, with a contribution rate in the first year of at least three percent up to a maximum of 10 percent, with certain exceptions for new and small businesses, and auto-enrollment is not required;
- Starting 2023, the age at which retirement plan participants must begin taking required minimum distributions (RMD) is increased over a period of ten years: increasing to 73 for individuals who turn 72 after 2022 and age 73 before 2033. For individuals who turn 74 after 2032, RMDs must begin at age 75;
- After 2023, penalty-free early withdrawals from retirement account may be made by: victims of federally declared disaster (this allowance was made permanent, and no longer subject to the passing of specific relief bills), victims of domestic abuse (up to the lesser of \$10,000 or 50 percent of the present value of the accounts), individuals diagnosed with a terminal illness (within a period of 84 months after a physician certifies the diagnosis), those with personal financial emergency (up to \$1,000), and public safety officers (including private sector officers) who attain age 50 or who have 25 years of service. On the other hand, the amount of

time to repay a penalty-free distribution to a participant in the event of a birth or adoption became limited to three years (compared to no limit under prior law);

- For tax year 2024 and after, a “second” catch-up limit for retirement account contributions will be available for individuals ages 60 to 63. For most plans, this additional catch-up limitation will be \$10,000, and \$5,000 for SIMPLE plans. Like the existing “standard” catch-up amounts for those ages 50 or older, the new limits are also subject to inflation adjustments. Also, all catch-up contributions are subject to Roth rules, rather than only where allowed by the plan;
- After 2024, the length-of-service requirements for part-time participants in sponsored retirement plans is reduced from three years to two years.

X. MICHIGAN PUBLIC ACTS – INCOME TAX

For changes prior to 2021, see Appendix A on page 75.

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.

2022

Public Acts 5 and 6 together created the Michigan First-Time Home Buyer Savings Program, which allows individuals to create savings accounts with state income tax benefits for the purpose of making a down payment on a house. PA 6 specifically creates the Michigan First-Time Home Buyer Savings (FTHBS) Program Act, establishing the new program in the Department of Treasury, and providing the purposes, power, and duties of the program vested in and exercised by the state treasurer or the state treasurer's designee. PA 5 amended the Income Tax Act to allow, for tax years 2022 through 2026, individual taxpayers to deduct up to \$5,000 (single) or \$10,000 (joint) for contributions to a FTHBS account. Interest earned on the contributions to the accounts, and qualified withdrawals from the account are also deductible.

Public Act 148 amended the Income Tax Act by adding a new chapter 18 that creates an alternative method of reconciling a federal audit adjustment for a partnership. The Act would allow the partnership, rather than its individual partners, to report the audit changes and either make a payment or request a refund.

Public Act 266 amended the Income Tax Act to extend, from fiscal year 2022 to fiscal year 2027, provisions for determining the amount of federal Low-Income Home Energy Assistance Program (LIHEAP) block grant funds used for weatherization. Starting in fiscal year 2015, the amount to be used for weatherization is determined by the amount of federal LIHEAP grant funds received in the current fiscal year in proportion to the immediately prior fiscal year as follows: a) if the amount received this year is greater than or equal to 90 percent of the amount received in the prior fiscal year, the amount to be used for weatherization must be at least \$6 million but not greater than 15% of total LIHEAP grant funds received for that fiscal year; b) Otherwise, the weatherization amount must be at least \$5 million, but not greater than 15% of total LIHEAP grant funds received for that fiscal year. The Act extended the use of this method of calculating LIHEAP block grants used for weatherization to fiscal year 2027.

XI. EXHIBITS 25 THROUGH 42

Exhibit 25 **Effective Rate of the Michigan Individual Income Tax, 2021**

Adjusted Gross Income Group	Number of Returns Filed ⁽¹⁾	Adjusted Gross Income	Effective Personal Exemptions ⁽²⁾	Claimed Exemptions	Subtractions Minus Additions	Total Credits	Effective Tax	Effective Tax as a % of Income
Less than \$1 ⁽³⁾	112,719	(\$2,703,758,270)		123,405	(\$1,622,099,610)	\$87,762,372	(\$81,230,963)	
\$ 1 - 2,000	155,177	103,119,546	14,145	162,294	619,017,887	106,026,502	(105,357,494)	-102.17%
2,001 - 4,000	112,714	338,947,688	35,333	90,121	287,433,644	33,258,157	(30,197,503)	-8.91%
4,001 - 6,000	114,662	573,685,292	54,385	99,655	325,515,736	34,438,826	(27,777,680)	-4.84%
6,001 - 8,000	113,431	793,898,889	65,343	110,026	376,745,574	37,829,089	(26,546,756)	-3.34%
8,001 - 10,000	114,039	1,028,236,412	79,251	122,165	419,758,151	42,311,661	(26,173,288)	-2.55%
10,001 - 12,000	120,753	1,328,056,386	98,876	142,890	474,629,428	50,086,063	(28,025,874)	-2.11%
12,001 - 14,000	118,965	1,546,248,234	106,439	149,131	506,466,640	50,173,066	(22,638,230)	-1.46%
14,001 - 16,000	120,976	1,815,327,738	127,504	168,857	522,212,608	52,349,950	(18,994,703)	-1.05%
16,001 - 18,000	123,125	2,091,200,219	140,409	176,438	512,538,940	51,777,509	(9,743,753)	-0.47%
18,001 - 20,000	116,051	2,204,252,965	140,364	172,774	530,900,941	47,906,571	(2,005,416)	-0.09%
20,001 - 22,000	112,019	2,352,073,071	140,310	171,494	564,856,880	43,718,979	6,661,535	0.28%
22,001 - 24,000	111,676	2,568,953,478	144,702	174,423	594,936,670	43,115,903	13,978,498	0.54%
24,001 - 26,000	109,889	2,746,596,361	146,922	175,256	627,918,276	39,727,354	23,285,162	0.85%
26,001 - 28,000	107,425	2,900,235,270	147,551	174,146	625,710,105	37,388,297	31,547,674	1.09%
28,001 - 30,000	104,855	3,040,602,500	146,550	170,321	608,261,873	34,634,355	40,730,194	1.34%
30,001 - 35,000	251,533	8,166,985,182	361,651	412,105	1,461,369,720	76,067,863	138,406,890	1.69%
35,001 - 40,000	228,884	8,572,491,870	336,626	378,035	1,452,550,411	62,104,985	173,888,846	2.03%
40,001 - 45,000	200,500	8,508,587,330	300,705	337,004	1,473,702,244	48,202,150	190,840,175	2.24%
45,001 - 50,000	176,748	8,387,133,033	269,417	303,159	1,497,849,620	37,832,149	200,892,528	2.40%
Over 50,000	2,171,646	409,543,278,645	4,642,798	4,968,758	149,819,493,823	613,474,090	9,497,644,642	2.32%
Totals	4,897,787	\$465,906,151,839	7,499,282	8,782,457	\$161,679,769,561	\$1,630,185,891	\$9,939,184,484	2.13%

⁽¹⁾Includes 32,661 credit-only returns.

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

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

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

Exhibit 26
Breakdown of Upper Income Filers
Individual Income Tax, 2021

Adjusted Gross Income Group	Number of Returns Filed	Adjusted Gross Income	Effective Personal		Claimed Exemptions	Subtractions Minus Additions		Total Credits	Effective Tax	Effective Tax as a % of Income ⁽²⁾
			Exemptions ⁽¹⁾							
\$50,001 - 55,000	160,175	\$8,403,947,475	249,913		280,956	\$1,556,388,252	\$26,730,334	\$214,191,002		2.55%
55,001 - 60,000	146,626	8,425,593,299	237,312		265,915	1,629,441,596	12,673,264	227,741,072		2.70%
60,001 - 65,000	133,966	8,367,990,418	225,820		250,277	1,646,113,987	4,326,531	235,042,015		2.81%
65,001 - 70,000	124,783	8,418,012,155	221,093		241,393	1,664,646,397	3,239,637	238,920,855		2.84%
70,001 - 75,000	115,694	8,384,361,405	215,151		231,443	1,634,311,772	3,004,856	239,816,152		2.86%
75,001 - 80,000	107,309	8,312,881,501	208,562		221,517	1,601,471,749	2,979,182	239,494,217		2.88%
80,001 - 85,000	98,528	8,125,987,153	199,477		210,654	1,560,314,593	3,147,260	234,961,645		2.89%
85,001 - 90,000	91,612	8,013,231,710	191,288		201,635	1,523,489,438	2,750,322	233,971,875		2.92%
90,001 - 95,000	84,871	7,848,432,784	181,916		191,770	1,502,623,445	2,905,781	229,670,456		2.93%
95,001 - 100,000	79,281	7,728,065,698	175,050		183,894	1,455,468,308	2,690,478	228,234,370		2.95%
100,001 - 110,000	143,909	15,095,754,683	326,657		343,054	2,833,621,134	6,023,882	448,561,783		2.97%
110,001 - 120,000	120,849	13,880,227,567	285,303		299,022	2,441,846,163	5,263,819	422,884,666		3.05%
120,001 - 130,000	101,242	12,640,702,293	246,685		257,726	2,096,147,967	5,238,366	392,745,501		3.11%
130,001 - 140,000	84,752	11,428,602,877	211,594		220,985	1,797,869,446	4,563,459	361,752,445		3.17%
140,001 - 150,000	71,415	10,345,971,453	181,900		189,464	1,599,811,725	4,635,055	330,257,910		3.19%
150,001 - 160,000	59,758	9,253,339,644	153,006		159,237	1,398,541,151	3,954,123	299,042,635		3.23%
160,001 - 170,000	50,557	8,335,209,296	130,113		135,179	1,237,615,963	3,724,940	271,638,617		3.26%
170,001 - 180,000	42,671	7,460,469,981	110,381		114,786	1,102,312,303	3,599,288	244,436,325		3.28%
180,001 - 190,000	35,863	6,628,620,791	92,214		96,492	971,358,334	2,964,666	218,889,785		3.30%
190,001 - 200,000	30,589	5,960,920,169	79,231		82,711	858,326,752	2,911,637	198,228,978		3.33%
200,001 - 300,000	150,792	36,091,005,756	391,752		412,211	5,303,499,335	24,177,302	1,207,103,911		3.34%
300,001 - 400,000	52,329	17,951,388,396	135,874		144,620	2,951,162,643	20,366,708	593,071,968		3.30%
400,001 - 500,000	24,581	10,930,595,333	62,940		68,492	2,018,662,629	18,523,323	348,669,587		3.19%
500,001 - 750,000	26,405	15,909,383,519	64,124		73,895	4,290,317,804	38,735,267	482,215,118		3.03%
750,001 - 1,000,000	10,604	9,112,950,802	24,526		29,692	2,366,535,837	27,769,085	255,155,733		2.80%
Over \$1,000,000	<u>22,485</u>	<u>136,489,632,487</u>	<u>40,916</u>		<u>61,738</u>	<u>100,777,595,100</u>	<u>376,575,525</u>	<u>1,100,946,021</u>		0.81%
Totals for AGI over										
\$50,000	2,171,646	\$409,543,278,645	4,642,798		4,968,758	\$149,819,493,823	\$613,474,090	\$9,497,644,642		2.32%

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

⁽²⁾For taxpayers with AGI over \$1 million, if Income Attributable to Another State were subtracted from AGI, the effective tax rate would be about 3.01%.

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

Exhibit 27
Tax Base Deductions as a Percentage of AGI
Individual Income Tax, 2021

Adjusted Gross Income Group	Total Effective Exemptions	Subtractions		Nonrefundable Credits ⁽¹⁾	Property		Home Heating Credits	Michigan		Flow-through Entity
		Minus	Additions		Tax	Credits		Earned Income	Tax Credits	
\$ 1 - 2,000	78.6%	600.3%		0.0%	1609.5%	770.3%		33.0%		0.1%
2,001 - 4,000	61.1%	84.8%		0.0%	159.3%	56.7%		13.0%		0.0%
4,001 - 6,000	53.8%	56.7%		0.0%	95.0%	33.4%		11.6%		0.0%
6,001 - 8,000	45.3%	47.5%		0.0%	73.8%	24.8%		12.0%		0.0%
8,001 - 10,000	41.3%	40.8%		0.0%	62.4%	20.6%		12.8%		0.0%
10,001 - 12,000	39.0%	35.7%		0.0%	55.5%	18.7%		13.4%		0.0%
12,001 - 14,000	35.7%	32.8%		0.0%	48.0%	15.8%		11.6%		0.0%
14,001 - 16,000	35.9%	28.8%		0.0%	43.2%	12.1%		11.5%		0.0%
16,001 - 18,000	34.1%	24.5%		0.0%	38.0%	10.2%		9.2%		0.0%
18,001 - 20,000	32.1%	24.1%		0.0%	34.2%	7.8%		8.3%		0.0%
20,001 - 22,000	30.0%	24.0%		0.0%	31.0%	5.4%		6.8%		0.0%
22,001 - 24,000	28.2%	23.2%		0.0%	28.4%	4.5%		5.8%		0.0%
24,001 - 26,000	26.7%	22.9%		0.0%	25.4%	2.7%		5.3%		0.0%
26,001 - 28,000	25.4%	21.6%		0.0%	22.9%	2.1%		4.7%		0.0%
28,001 - 30,000	24.0%	20.0%		0.0%	20.8%	1.4%		3.9%		0.0%
30,001 - 35,000	22.0%	17.9%		0.0%	17.6%	0.8%		2.9%		0.0%
35,001 - 40,000	19.5%	16.9%		0.0%	14.4%	0.3%		1.7%		0.0%
40,001 - 45,000	17.5%	17.3%		0.0%	11.7%	0.1%		0.8%		0.0%
45,001 - 50,000	15.9%	17.9%		0.0%	9.5%	0.1%		0.4%		0.0%
50,001 - 55,000	14.7%	18.5%		0.0%	6.6%	0.0%		0.1%		0.0%
55,001 - 60,000	14.0%	19.3%		0.0%	2.7%	0.0%		0.0%		0.0%
60,001 - 65,000	13.4%	19.7%		0.0%	0.4%	0.0%		0.0%		0.0%
65,001 - 70,000	13.0%	19.8%		0.0%	0.1%	0.0%		0.0%		0.0%
70,001 - 75,000	12.7%	19.5%		0.0%	0.0%	0.0%		0.0%		0.0%
75,001 - 80,000	12.4%	19.3%		0.0%	0.0%	0.0%		0.0%		0.0%

Exhibit 27 (cont.)

Adjusted Gross Income Group	Total Effective Exemptions	Subtractions		Nonrefundable Credits ⁽¹⁾	Property		Home Heating Credits	Michigan Earned Income Tax Credits		Flow-through Entity Tax Credits
		Minus	Additions		Tax	Credits		Tax Credits	Tax Credits	
80,001 - 85,000	12.1%	19.2%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
85,001 - 90,000	11.8%	19.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
90,001 - 95,000	11.5%	19.1%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
95,001 - 100,000	11.2%	18.8%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
100,001 - 110,000	10.7%	18.8%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
110,001 - 120,000	10.1%	17.6%		0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
120,001 - 130,000	9.6%	16.6%		0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
130,001 - 140,000	9.1%	15.7%		0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
140,001 - 150,000	8.7%	15.5%		0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.1%
150,001 - 160,000	8.1%	15.1%		0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.2%
160,001 - 170,000	7.7%	14.8%		0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.2%
170,001 - 180,000	7.3%	14.8%		0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.2%
180,001 - 190,000	6.8%	14.7%		0.0%	0.0%	0.0%	0.0%	0.0%	0.2%	0.2%
190,001 - 200,000	6.5%	14.4%		0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	0.3%
200,001 - 300,000	5.3%	14.7%		0.0%	0.0%	0.0%	0.0%	0.0%	0.7%	0.7%
300,001 - 400,000	3.7%	16.4%		0.0%	0.0%	0.0%	0.0%	0.0%	1.7%	1.7%
400,001 - 500,000	2.8%	18.5%		0.0%	0.0%	0.0%	0.0%	0.0%	2.9%	2.9%
500,001 - 750,000	2.0%	27.0%		0.0%	0.0%	0.0%	0.0%	0.0%	4.7%	4.7%
750,001 - 1,000,000	1.3%	26.0%		0.0%	0.0%	0.0%	0.0%	0.0%	6.2%	6.2%
Over \$1,000,000	0.1%	73.8%		0.0%	0.0%	0.0%	0.0%	0.0%	6.2%	6.2%
Overall Percent	8.0%	34.7%		0.0%	3.8%	0.9%	0.5%		2.3%	

⁽¹⁾ Nonrefundable credits, home heating credits, property tax credits, and earned income tax credits are divided by the tax rate (4.25%) to determine the equivalent income tax deduction. Nonrefundable credits for 2021 are: the Other State Tax credit, and the Michigan Historic Preservation credit.

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

Exhibit 28
Distribution of Personal Exemptions
Claimed on 2021 Individual Income Tax Returns⁽¹⁾

Adjusted Gross		Exemptions Claimed						Total	
Income Group	Zero	One	Two	Three	Four	Five	Six or More	Returns	Exemptions ⁽²⁾
Zero Income	1,385	50,556	18,847	4,908	2,643	1,087	632	80,058	123,405
\$ 1 - 2,000	33,424	92,854	21,780	4,239	1,889	665	326	155,177	162,294
2,001 - 4,000	47,039	49,034	11,915	2,743	1,341	415	227	112,714	90,121
4,001 - 6,000	41,354	55,264	12,927	3,020	1,418	474	205	114,662	99,655
6,001 - 8,000	33,704	59,384	14,233	3,644	1,638	552	276	113,431	110,026
8,001 - 10,000	26,509	64,191	16,331	4,223	1,874	615	296	114,039	122,165
10,001 - 12,000	21,527	69,642	20,979	5,073	2,345	809	378	120,753	142,890
12,001 - 14,000	17,139	71,489	19,918	6,105	2,929	960	425	118,965	149,131
14,001 - 16,000	12,853	72,196	20,846	8,718	4,298	1,416	649	120,976	168,857
16,001 - 18,000	10,201	74,541	23,295	8,588	4,327	1,488	685	123,125	176,438
18,001 - 20,000	7,695	68,938	24,359	8,736	4,153	1,446	724	116,051	172,774
20,001 - 22,000	5,673	66,598	24,626	8,611	4,234	1,532	745	112,019	171,494
22,001 - 24,000	4,336	66,615	25,056	8,894	4,387	1,625	763	111,676	174,423
24,001 - 26,000	3,290	65,209	25,326	9,090	4,447	1,676	851	109,889	175,256
26,001 - 28,000	2,424	63,764	24,745	9,225	4,790	1,641	836	107,425	174,146
28,001 - 30,000	1,826	63,022	24,023	8,953	4,459	1,723	849	104,855	170,321
30,001 - 35,000	3,046	152,422	57,367	21,056	10,977	4,391	2,274	251,533	412,105
35,001 - 40,000	1,629	139,899	52,289	18,204	10,205	4,240	2,418	228,884	378,035
40,001 - 45,000	907	121,023	47,067	15,529	9,408	4,167	2,399	200,500	337,004
45,001 - 50,000	569	103,825	43,828	13,324	8,820	4,124	2,258	176,748	303,159
50,001 - 55,000	373	90,823	42,157	12,114	8,477	4,024	2,207	160,175	280,956
55,001 - 60,000	266	78,409	41,585	11,668	8,490	4,042	2,166	146,626	265,915
60,001 - 65,000	188	67,744	40,275	11,227	8,442	4,048	2,042	133,966	250,277
65,001 - 70,000	153	58,480	40,186	11,316	8,723	3,887	2,038	124,783	241,393
70,001 - 75,000	97	50,343	39,218	11,132	9,066	3,931	1,907	115,694	231,443
75,001 - 80,000	78	42,836	38,673	10,959	9,041	3,880	1,842	107,309	221,517

Exhibit 28 (cont.)

Adjusted Gross Income Group	Exemptions Claimed						Total Returns	Total Exemptions ⁽²⁾
	Zero	One	Two	Three	Four	Five	Six or More	
80,001 - 85,000	55	35,836	37,207	10,574	9,220	3,825	1,811	98,528
85,001 - 90,000	41	30,167	36,326	10,407	9,230	3,706	1,735	91,612
90,001 - 95,000	52	25,109	35,278	9,947	9,283	3,641	1,561	84,871
95,001 - 100,000	27	21,122	34,183	9,588	9,239	3,584	1,538	79,281
100,001 - 110,000	50	33,353	64,515	18,321	18,092	6,853	2,725	143,909
110,001 - 120,000	51	24,442	54,038	16,336	17,200	6,389	2,393	120,849
120,001 - 130,000	29	18,002	45,411	14,337	15,626	5,736	2,101	101,242
130,001 - 140,000	32	13,640	37,544	12,415	14,185	5,140	1,796	84,752
140,001 - 150,000	29	10,521	31,662	10,506	12,548	4,567	1,582	71,415
150,001 - 160,000	24	8,376	26,653	9,015	10,566	3,811	1,313	59,758
160,001 - 170,000	14	7,083	22,402	7,513	9,190	3,246	1,109	50,557
170,001 - 180,000	12	5,610	18,994	6,457	7,931	2,788	879	42,671
180,001 - 190,000	12	4,704	15,946	5,475	6,683	2,281	762	35,863
190,001 - 200,000	13	3,855	13,660	4,622	5,795	2,009	635	30,589
200,001 - 300,000	48	18,590	66,172	22,727	29,565	10,497	3,193	150,792
300,001 - 400,000	20	6,324	23,046	7,313	10,315	4,086	1,225	52,329
400,001 - 500,000	27	3,122	10,506	3,415	4,812	2,014	685	24,581
500,001 - 750,000	n.a.	3,304	11,415	3,594	5,064	2,219	804	26,405
750,001 - 1,000,000	n.a.	1,349	4,601	1,436	1,927	935	350	10,604
Over \$1,000,000	17	3,233	10,102	2,553	3,788	2,027	765	22,485
Totals	278,249	2,236,843	1,371,512	427,850	353,080	138,212	59,380	4,865,126
								8,782,457

⁽¹⁾ Values in this table are based on 4,865,126 MI-1040 tax returns on file.

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

⁽³⁾ Per Rule 205.1003, "h.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 29
Distribution of Special Exemptions and Dependent Exemptions
Claimed on 2021 Individual Income Tax Returns⁽¹⁾

<u>Adjusted Gross Income Group</u>	<u>Deaf/Blind/ Disabled Exemptions</u>	<u>Disabled Veteran Exemptions</u>	<u>Claimed as Dependent Exemptions</u>	<u>Total</u>
Zero Income	15,020	1,154	1,338	17,512
\$ 1 - 2,000	30,132	1,084	33,413	64,629
2,001 - 4,000	5,632	576	47,045	53,253
4,001 - 6,000	5,374	591	41,359	47,324
6,001 - 8,000	5,549	635	33,718	39,902
8,001 - 10,000	5,616	573	26,519	32,708
10,001 - 12,000	5,721	676	21,543	27,940
12,001 - 14,000	5,591	654	17,146	23,391
14,001 - 16,000	5,437	735	12,852	19,024
16,001 - 18,000	5,646	725	10,212	16,583
18,001 - 20,000	4,843	708	7,700	13,251
20,001 - 22,000	4,629	730	5,688	11,047
22,001 - 24,000	4,386	675	4,356	9,417
24,001 - 26,000	4,423	694	3,295	8,412
26,001 - 28,000	3,899	674	2,429	7,002
28,001 - 30,000	3,766	731	1,827	6,324
30,001 - 35,000	8,700	1,671	3,056	13,427
35,001 - 40,000	7,621	1,539	1,643	10,803
40,001 - 45,000	6,842	1,525	920	9,287
45,001 - 50,000	5,593	1,347	583	7,523
50,001 - 55,000	5,150	1,389	398	6,937
55,001 - 60,000	4,938	1,292	284	6,514
60,001 - 65,000	4,520	1,219	204	5,943
65,001 - 70,000	4,338	1,256	165	5,759
70,001 - 75,000	4,040	1,165	112	5,317
75,001 - 80,000	3,828	1,110	86	5,024
80,001 - 85,000	3,332	1,001	70	4,403
85,001 - 90,000	3,043	998	51	4,092
90,001 - 95,000	2,723	891	60	3,674
95,001 - 100,000	2,380	861	36	3,277
Over \$100,000	<u>20,672</u>	<u>8,580</u>	<u>461</u>	<u>29,713</u>
Totals	203,384	37,459	278,569	519,412

⁽¹⁾ Values in this table are based on 4,865,126 MI-1040 tax returns on file.

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

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

	2018			2019			2020			2021		
	<u>Number</u>	<u>Amount</u>	<u>Average</u>	<u>Number</u>	<u>Amount</u>	<u>Average</u>	<u>Number</u>	<u>Amount</u>	<u>Average</u>	<u>Number</u>	<u>Amount</u>	<u>Average</u>
Property Tax Credits												
General	691.1	\$403,648.4	\$584.05	724.6	\$447,364.1	\$617.38	663.5	\$401,863.2	\$605.65	658.1	\$431,940.0	\$656.32
Senior Citizen ⁽¹⁾												
Total	363.3	\$263,603.2	\$725.55	368.9	\$272,087.1	\$737.51	376.0	\$280,207.7	\$745.18	356.3	\$265,959.3	\$746.42
Low Income Rent	9.2	\$2,533.9	\$274.20	9.2	\$2,486.8	\$269.87	8.7	\$2,280.0	\$261.83	8.8	\$2,180.0	\$248.63
Veteran	3.3	\$403.2	\$123.80	3.1	\$503.6	\$162.41	2.9	\$366.8	\$127.40	2.5	\$313.6	\$125.10
Blind	0.6	\$74.3	\$126.22	0.5	\$80.6	\$152.61	0.5	\$64.1	\$129.69	0.4	\$64.7	\$145.12
Disabled	76.6	\$63,454.3	\$827.92	75.3	\$64,786.5	\$860.52	65.9	\$56,462.4	\$856.39	57.6	\$52,151.7	\$905.79
Farmland	<u>7.3</u>	<u>\$52,129.8</u>	<u>\$7,127.39</u>	<u>6.8</u>	<u>\$50,128.1</u>	<u>\$7,354.48</u>	<u>7.2</u>	<u>\$55,681.3</u>	<u>\$7,717.43</u>	<u>6.8</u>	<u>\$51,520.7</u>	<u>\$7,618.02</u>
Total Property Tax Credits	1,142.2	\$783,313.2	\$685.77	1,179.3	\$834,950.0	\$708.02	1,116.1	\$794,645.5	\$712.00	1,081.7	\$801,950.1	\$741.36
Homeowners Total Credits ⁽²⁾	609.2	\$393,449.3	\$645.86	611.3	\$409,394.4	\$669.71	583.7	\$392,113.3	\$671.81	562.6	\$384,208.4	\$682.87
Renters Total Credits ⁽²⁾	521.9	\$337,256.6	\$646.23	557.5	\$374,843.3	\$672.34	521.8	\$346,420.0	\$663.86	509.4	\$365,842.7	\$718.22
Home Heating Credit Total	303.9	\$67,255.6	\$221.34	272.8	\$60,011.8	\$219.99	203.2	\$73,350.3	\$360.99	233.2	\$168,833.0	\$723.92
HHC regular credit		\$60,900.0	\$200.42		\$60,011.8	\$219.99		\$43,827.8	\$215.69		\$63,925.6	\$274.10
HHC supplemental		\$6,355.6	\$20.92		n.a.	n.a.		\$29,522.5	\$165.24		\$104,907.4	\$587.17
MI Earned Income Tax Credit	729.6	\$109,544.7	\$150.14	738.4	\$110,581.2	\$149.76	666.1	\$90,237.9	\$135.47	896.6	\$107,951.7	\$120.40
Credit for Income Tax Paid to Another State	54.9	\$77,298.9	\$1,408.89	56.0	\$80,132.9	\$1,431.00	52.6	\$77,830.2	\$1,480.98	56.6	\$94,944.1	\$1,678.61
Historic Preservation Credit	0.1	\$89.7	\$897.02	0.1	\$67.0	\$720.01	0.1	\$86.5	\$1,517.49	0.0	\$63.0	\$1,851.68
Flow-Through Entity Tax Credit	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	15.0	\$456,444.0	\$30,521.16

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

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

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

Exhibit 31

Distribution of Property Tax Credits Claimed

Individual Income Tax, 2021 ⁽¹⁾

Adjusted Group Income Group ⁽⁴⁾	General			Senior Citizens ⁽²⁾			Veterans			Disabled ⁽³⁾		
	Number of Credits Allowed	% of Total Credits Allowed	Credit Amount	Number of Credits Allowed	% of Total Credits Allowed	Credit Amount	Number of Credits Allowed	% of Total Credits Allowed	Credit Amount	Number of Credits Allowed	% of Total Credits Allowed	Credit Amount
Zero Income ⁽⁴⁾	10,479	1.6%	\$7,737,320	30,883	8.7%	\$29,380,792	129	5.1%	\$21,961	11,456	19.7%	\$10,611,670
\$ 1 - 2,000	11,311	1.7%	8,035,766	45,893	12.9%	45,194,058	129	5.1%	17,624	18,362	31.6%	17,291,509
2,001 - 4,000	6,381	1.0%	4,374,217	17,824	5.0%	16,575,806	60	2.4%	8,658	2,147	3.7%	1,995,946
4,001 - 6,000	8,236	1.3%	5,655,239	17,898	5.0%	15,776,333	76	3.0%	9,817	1,866	3.2%	1,716,728
6,001 - 8,000	10,584	1.6%	7,272,255	18,775	5.3%	15,972,754	80	3.2%	9,833	1,820	3.1%	1,661,832
8,001 - 10,000	14,376	2.2%	10,337,834	18,810	5.3%	15,105,453	74	3.0%	9,230	1,956	3.4%	1,829,295
10,001 - 12,000	19,951	3.0%	15,357,830	18,791	5.3%	14,227,720	86	3.4%	11,654	1,872	3.2%	1,734,014
12,001 - 14,000	21,543	3.3%	16,552,566	18,319	5.1%	13,362,038	82	3.3%	10,910	1,764	3.0%	1,615,475
14,001 - 16,000	25,791	3.9%	20,105,920	16,567	4.6%	11,674,134	104	4.1%	15,183	1,665	2.9%	1,509,597
16,001 - 18,000	29,011	4.4%	22,167,139	14,493	4.1%	9,965,591	121	4.8%	17,346	1,734	3.0%	1,593,858
18,001 - 20,000	28,940	4.4%	21,902,046	13,324	3.7%	8,909,579	101	4.0%	14,085	1,342	2.3%	1,256,767
20,001 - 22,000	29,065	4.4%	21,489,131	12,872	3.6%	8,379,403	97	3.9%	12,515	1,175	2.0%	1,057,742
22,001 - 24,000	30,258	4.6%	22,242,025	12,266	3.4%	7,805,211	93	3.7%	12,149	1,079	1.9%	967,922
24,001 - 26,000	30,384	4.6%	21,916,404	11,098	3.1%	6,884,816	108	4.3%	12,586	1,003	1.7%	870,821
26,001 - 28,000	30,360	4.6%	21,432,487	10,127	2.8%	6,052,060	79	3.2%	9,056	890	1.5%	758,409
28,001 - 30,000	30,343	4.6%	20,737,659	9,206	2.6%	5,415,915	89	3.6%	9,404	797	1.4%	669,612
30,001 - 35,000	74,025	11.2%	48,898,300	18,584	5.2%	10,729,797	220	8.8%	24,694	1,864	3.2%	1,530,018
35,001 - 40,000	67,522	10.3%	42,880,415	14,832	4.2%	8,318,081	177	7.1%	23,198	1,537	2.6%	1,206,551
40,001 - 45,000	56,241	8.5%	34,875,797	11,860	3.3%	6,416,857	187	7.5%	24,233	1,288	2.2%	944,715
45,001 - 50,000	46,817	7.1%	28,330,010	9,541	2.7%	4,748,380	131	5.2%	14,696	894	1.5%	652,054
50,001 - 55,000	38,671	5.9%	20,049,324	7,422	2.1%	3,109,654	141	5.6%	13,667	740	1.3%	457,745
55,001 - 60,000	30,862	4.7%	8,059,918	5,508	1.5%	1,483,840	104	4.1%	7,494	580	1.0%	196,322
60,001 - 65,000	5,591	0.8%	978,207	1,080	0.3%	257,803	30	1.2%	1,330	127	0.2%	51,872
65,001 - 70,000	704	0.1%	207,497	145	0.0%	59,797	n.a.	0.1%	n.a.	32	0.1%	10,461
70,001 - 75,000	236	0.0%	101,892	55	0.0%	34,196	n.a.	0.0%	n.a.	15	0.0%	10,740
75,001 - 80,000	109	0.0%	47,145	34	0.0%	22,720	n.a.	0.1%	n.a.	n.a.	0.0%	n.a.
80,001 - 85,000	65	0.0%	33,240	19	0.0%	18,373	n.a.	0.0%	n.a.	n.a.	0.0%	n.a.
85,001 - 90,000	32	0.0%	14,799	n.a.	0.0%	n.a.	-	0.0%	-	n.a.	0.0%	n.a.
90,001 - 95,000	43	0.0%	25,744	10	0.0%	4,871	-	0.0%	-	n.a.	0.0%	n.a.
95,001 - 100,000	28	0.0%	16,300	16	0.0%	17,332	-	0.0%	-	n.a.	0.0%	n.a.
Over 100,000	164	0.0%	105,549	53	0.0%	49,048	n.a.	0.1%	n.a.	n.a.	0.0%	n.a.
Totals	658,123	100.0%	\$431,939,975	356,314	100.0%	\$265,959,342	2,507	100.0%	\$313,628	58,022	100.0%	\$52,216,432

Notes:

⁽¹⁾ Values in this table are based on a sample of the 4,897,787 MI-1040 and MI-1040CR returns.

⁽²⁾ Includes Senior Citizen Low Income Rent Credits.

⁽³⁾ Includes blind, blind/deaf, paraplegic, quadriplegic, and totally disabled.

⁽⁴⁾ Represents those individuals who had no taxable income, but did receive a property tax credit.

⁽⁵⁾ Per Rule 205.1003, "n.a." was used to protect the confidentiality of filers in this income classification.

Exhibit 32
Distribution of General Property Tax Credits by Household Resources
Individual Income Tax, 2021

Household Resources	Number of Returns	Property Tax Paid	Property Tax Credit	Property Tax Paid After Credit
\$1,000 and below	2,751	\$4,148,438	\$2,034,166	\$2,114,272
1,001 - 2,000	1,227	1,565,547	791,541	774,006
2,001 - 3,000	1,447	1,791,713	932,042	859,671
3,001 - 4,000	1,873	2,399,622	1,226,103	1,173,519
4,001 - 5,000	2,347	3,099,081	1,539,389	1,559,692
5,001 - 6,000	2,677	3,627,114	1,767,517	1,859,597
6,001 - 7,000	3,460	4,799,694	2,232,443	2,567,251
7,001 - 8,000	4,034	5,631,519	2,660,869	2,970,650
8,001 - 9,000	5,083	7,266,171	3,431,979	3,834,192
9,001 - 10,000	7,686	11,069,169	5,230,648	5,838,521
10,001 - 11,000	8,166	12,718,420	5,909,697	6,808,723
11,001 - 12,000	8,498	13,767,150	6,320,598	7,446,552
12,001 - 13,000	9,292	15,333,564	6,943,366	8,390,198
13,001 - 14,000	9,934	16,796,882	7,493,873	9,303,009
14,001 - 15,000	11,244	19,703,135	8,625,243	11,077,892
15,001 - 16,000	12,098	21,312,839	9,255,164	12,057,675
16,001 - 17,000	14,063	25,267,336	10,755,982	14,511,354
17,001 - 18,000	13,465	24,342,955	10,175,270	14,167,685
18,001 - 19,000	14,042	26,016,353	10,616,724	15,399,629
19,001 - 20,000	13,942	26,199,651	10,568,479	15,631,172
20,001 - 21,000	14,758	27,929,344	11,025,067	16,904,277
21,001 - 22,000	14,598	27,897,543	10,904,631	16,992,912
22,001 - 23,000	15,197	29,652,745	11,332,044	18,320,701
23,001 - 24,000	16,141	31,956,642	12,005,394	19,951,248
24,001 - 25,000	16,250	32,437,725	11,963,806	20,473,919
25,001 - 26,000	15,954	32,004,767	11,590,610	20,414,157
26,001 - 27,000	16,161	32,747,298	11,656,227	21,091,071
27,001 - 28,000	16,258	33,214,204	11,603,356	21,610,848
28,001 - 29,000	16,366	33,574,441	11,497,997	22,076,444
29,001 - 30,000	16,371	34,090,823	11,422,323	22,668,500
30,001 - 35,000	80,705	172,327,194	54,712,151	117,615,043
35,001 - 40,000	73,924	166,972,519	48,363,776	118,608,743
40,001 - 45,000	62,605	150,867,128	40,193,235	110,673,893
45,001 - 50,000	52,544	133,984,470	32,981,175	101,003,295
50,001 - 60,000	79,591	220,790,176	31,923,703	188,866,473
60,001 - 70,000	3,364	10,057,244	248,565	9,808,679
70,001 - 80,000	n.a.	n.a.	n.a.	n.a.
Over 80,000	n.a.	n.a.	n.a.	n.a.
Totals	658,123	\$1,417,375,218	\$431,939,975	\$985,435,243

(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 Senior Citizen Property Tax Credits by Household Resources
Individual Income Tax, 2021

Household Resources	Number of Returns	Property Tax Paid	Property Tax Credit	Property Tax Paid After Credit
\$1,000 and below	378	\$807,043	\$456,306	\$350,737
1,001 - 2,000	138	209,995	129,483	80,512
2,001 - 3,000	258	345,260	251,939	93,321
3,001 - 4,000	351	440,340	332,893	107,447
4,001 - 5,000	494	613,104	467,218	145,886
5,001 - 6,000	671	932,217	652,111	280,106
6,001 - 7,000	1,055	1,563,686	1,050,173	513,513
7,001 - 8,000	1,461	2,031,256	1,474,191	557,065
8,001 - 9,000	2,236	3,118,906	2,252,501	866,405
9,001 - 10,000	7,000	8,974,659	6,834,352	2,140,307
10,001 - 11,000	4,258	6,170,531	4,245,824	1,924,707
11,001 - 12,000	4,554	6,793,587	4,517,292	2,276,295
12,001 - 13,000	5,097	7,904,234	5,110,176	2,794,058
13,001 - 14,000	5,570	8,945,385	5,587,149	3,358,236
14,001 - 15,000	6,699	11,358,171	6,909,565	4,448,606
15,001 - 16,000	6,488	10,831,786	6,494,429	4,337,357
16,001 - 17,000	7,028	12,248,340	7,126,592	5,121,748
17,001 - 18,000	7,087	12,525,782	7,168,342	5,357,440
18,001 - 19,000	7,101	13,055,210	7,202,249	5,852,961
19,001 - 20,000	7,307	13,348,851	7,330,588	6,018,263
20,001 - 21,000	7,614	14,336,179	7,686,489	6,649,690
21,001 - 22,000	7,769	14,829,743	7,628,363	7,201,380
22,001 - 23,000	7,680	14,887,899	7,368,078	7,519,821
23,001 - 24,000	7,987	15,381,522	7,373,184	8,008,338
24,001 - 25,000	8,061	16,158,896	7,327,029	8,831,867
25,001 - 26,000	8,028	16,201,868	7,000,356	9,201,512
26,001 - 27,000	8,217	16,816,843	6,902,162	9,914,681
27,001 - 28,000	8,207	17,004,003	6,618,275	10,385,728
28,001 - 29,000	8,276	17,636,465	6,412,452	11,224,013
29,001 - 30,000	8,164	17,204,867	5,947,004	11,257,863
30,001 - 35,000	40,876	90,633,701	28,157,737	62,475,964
35,001 - 40,000	39,627	93,048,311	26,552,248	66,496,063
40,001 - 45,000	36,127	90,124,411	23,708,646	66,415,765
45,001 - 50,000	31,944	85,133,015	20,890,899	64,242,116
50,001 - 60,000	50,290	143,853,897	20,628,618	123,225,279
60,001 - 70,000	2,210	6,643,757	159,441	6,484,316
70,001 - 80,000	n.a.	n.a.	n.a.	n.a.
Over 80,000	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>	<u>n.a.</u>
Totals	356,314	\$792,192,812	\$265,959,342	\$526,233,470

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

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

Exhibit 34
Distribution of Veterans Property Tax Credits by Household Resources
Individual Income Tax, 2021

<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	13	\$17,135	\$2,054	\$15,081
1,001 - 2,000	n.a.	n.a.	n.a.	n.a.
2,001 - 3,000	n.a.	n.a.	n.a.	n.a.
3,001 - 4,000	n.a.	n.a.	n.a.	n.a.
4,001 - 5,000	n.a.	n.a.	n.a.	n.a.
5,001 - 6,000	0	0	0	0
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	11	9,519	1,738	7,781
13,001 - 14,000	10	11,958	1,326	10,632
14,001 - 15,000	n.a.	5,886	698	5,188
15,001 - 16,000	16	13,411	3,555	9,856
16,001 - 17,000	n.a.	10,234	1,368	8,866
17,001 - 18,000	15	16,698	3,063	13,635
18,001 - 19,000	11	10,214	2,208	8,006
19,001 - 20,000	20	15,318	4,440	10,878
20,001 - 21,000	n.a.	10,093	1,224	8,869
21,001 - 22,000	21	13,098	3,279	9,819
22,001 - 23,000	21	20,486	3,682	16,804
23,001 - 24,000	21	12,414	2,361	10,053
24,001 - 25,000	28	24,014	5,667	18,347
25,001 - 26,000	19	12,757	2,307	10,450
26,001 - 27,000	20	13,948	2,542	11,406
27,001 - 28,000	36	35,618	4,932	30,686
28,001 - 29,000	23	17,571	2,438	15,133
29,001 - 30,000	32	28,717	4,360	24,357
30,001 - 35,000	228	219,115	31,722	187,393
35,001 - 40,000	317	351,907	51,467	300,440
40,001 - 45,000	340	361,966	48,297	313,669
45,001 - 50,000	391	467,718	52,174	415,544
50,001 - 60,000	813	1,084,575	69,323	1,015,252
60,001 - 70,000	38	61,559	630	60,929
70,001 - 80,000	0	0	0	0
Over 80,000	0	0	0	0
Totals	2,507	\$2,876,265	\$313,628	\$2,562,637

(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 Disabled Property Tax Credits by Household Resources
Individual Income Tax, 2021

<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	161	\$183,921	\$129,434	\$54,487
1,001 - 2,000	64	61,906	49,293	12,613
2,001 - 3,000	56	53,883	44,468	9,415
3,001 - 4,000	93	101,382	78,554	22,828
4,001 - 5,000	136	129,791	99,824	29,967
5,001 - 6,000	203	215,823	157,479	58,344
6,001 - 7,000	370	409,103	298,877	110,226
7,001 - 8,000	506	542,554	418,057	124,497
8,001 - 9,000	959	1,137,292	843,874	293,418
9,001 - 10,000	7,081	8,393,907	6,255,601	2,138,306
10,001 - 11,000	2,679	3,407,902	2,472,352	935,550
11,001 - 12,000	2,420	3,269,136	2,274,276	994,860
12,001 - 13,000	2,385	3,369,626	2,321,168	1,048,458
13,001 - 14,000	2,167	3,164,104	2,090,913	1,073,191
14,001 - 15,000	2,295	3,398,911	2,214,818	1,184,093
15,001 - 16,000	2,038	3,155,270	1,994,569	1,160,701
16,001 - 17,000	2,016	3,150,129	1,993,427	1,156,702
17,001 - 18,000	1,657	2,677,821	1,622,418	1,055,403
18,001 - 19,000	1,482	2,421,638	1,431,322	990,316
19,001 - 20,000	1,636	2,765,149	1,612,315	1,152,834
20,001 - 21,000	1,450	2,513,744	1,410,931	1,102,813
21,001 - 22,000	1,335	2,338,380	1,269,403	1,068,977
22,001 - 23,000	1,234	2,220,744	1,213,159	1,007,585
23,001 - 24,000	1,243	2,245,348	1,183,279	1,062,069
24,001 - 25,000	1,205	2,213,407	1,169,815	1,043,592
25,001 - 26,000	1,139	2,118,387	1,099,141	1,019,246
26,001 - 27,000	1,097	2,076,011	1,047,523	1,028,488
27,001 - 28,000	1,067	2,039,552	1,036,031	1,003,521
28,001 - 29,000	991	1,914,043	941,007	973,036
29,001 - 30,000	990	1,955,421	925,383	1,030,038
30,001 - 35,000	4,078	8,317,047	3,730,946	4,586,101
35,001 - 40,000	3,404	7,356,939	2,975,073	4,381,866
40,001 - 45,000	2,700	6,126,758	2,235,565	3,891,193
45,001 - 50,000	2,266	5,539,589	1,847,121	3,692,468
50,001 - 60,000	3,276	8,527,576	1,709,968	6,817,608
60,001 - 70,000	142	410,656	17,548	393,108
70,001 - 80,000	n.a.	n.a.	n.a.	n.a.
Over 80,000	0	0	0	0
Totals	58,022	\$99,926,147	\$52,216,432	\$47,709,715

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 36
Distribution of Farmland Credit by Household Resources
Individual Income Tax, 2021

Household Resources	Farmland Credit		
	Number of Returns	Credit Amount	Average Credit
Up to \$ 1,000	50	\$445,962	\$8,919
1,001 - 2,000	n.a.	n.a.	n.a.
2,001 - 3,000	22	90,857	4,130
3,001 - 4,000	699	5,515,554	7,891
4,001 - 5,000	26	75,721	2,912
5,001 - 6,000	31	124,008	4,000
6,001 - 7,000	415	3,805,061	9,169
7,001 - 8,000	27	74,955	2,776
8,001 - 9,000	35	145,633	4,161
9,001 - 10,000	37	136,237	3,682
10,001 - 11,000	473	5,032,663	10,640
11,001 - 12,000	45	136,834	3,041
12,001 - 13,000	25	101,483	4,059
13,001 - 14,000	48	243,181	5,066
14,001 - 15,000	43	227,287	5,286
15,001 - 16,000	n.a.	n.a.	n.a.
16,001 - 17,000	55	209,183	3,803
17,001 - 18,000	48	198,645	4,138
18,001 - 19,000	49	195,634	3,993
19,001 - 20,000	44	176,810	4,018
20,001 - 21,000	49	256,718	5,239
21,001 - 22,000	64	304,915	4,764
22,001 - 23,000	51	262,050	5,138
23,001 - 24,000	54	272,293	5,042
24,001 - 25,000	63	270,662	4,296
25,001 - 26,000	52	225,687	4,340
26,001 - 27,000	n.a.	n.a.	n.a.
27,001 - 28,000	284	1,373,636	4,837
28,001 - 29,000	311	1,325,337	4,262
29,001 - 30,000	11	30,151	2,741
30,001 - 35,000	318	1,687,098	5,305
35,001 - 40,000	327	1,531,312	4,683
40,001 - 45,000	15	53,483	3,566
45,001 - 50,000	577	3,183,855	5,518
50,001 - 60,000	19	106,256	5,592
60,001 - 70,000	498	3,015,187	6,055
70,001 - 80,000	17	66,654	3,921
80,001 - 90,000	492	3,075,899	6,252
90,001 - 100,000	24	134,588	5,608
100,001 - 125,000	400	2,514,405	6,286
125,001 - 150,000	27	93,299	3,456
150,001 - 200,000	310	1,903,889	6,142
Over \$200,000	<u>609</u>	<u>12,802,326</u>	21,022
Totals	6,763	\$51,520,703	\$7,618.02

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

Exhibit 37

Distribution of Home Heating Credits by Household Resources

Individual Income Tax, 2021

Household Resources	Senior Citizens			General			Disabled ⁽¹⁾			Veterans		
	Count	Amount	Spplmntl	Total	Count	Amount	Spplmntl	Total	Count	Amount	Spplmntl	Total
Up to \$ 1,000	685	\$425,504	\$138,545	\$564,049	7,751	\$4,043,584	\$2,338,205	\$6,381,789	475	\$330,149	\$87,195	\$417,344
1,001 - 2,000	141	73,337	46,370	119,707	2,707	1,249,975	931,720	2,181,695	92	55,439	25,105	80,544
2,001 - 3,000	180	82,793	69,750	152,543	2,846	1,208,982	946,355	2,155,337	67	40,989	20,115	61,104
3,001 - 4,000	247	103,982	114,785	218,767	3,378	1,431,840	1,179,845	2,611,685	111	59,838	40,620	100,458
4,001 - 5,000	350	141,024	168,085	309,109	3,997	1,638,886	1,398,270	3,037,156	143	80,552	60,940	141,492
5,001 - 6,000	468	181,274	234,015	415,289	4,234	1,623,414	1,524,140	3,147,554	211	105,909	90,635	196,544
6,001 - 7,000	782	276,085	408,210	684,295	4,736	1,757,535	1,758,445	3,515,980	349	170,468	168,620	339,088
7,001 - 8,000	1,089	335,903	585,495	921,398	5,350	1,864,007	2,061,560	3,925,567	437	181,110	225,730	406,840
8,001 - 9,000	1,719	465,349	941,020	1,406,369	6,236	1,984,709	2,523,860	4,508,569	848	310,801	441,490	752,291
9,001 - 10,000	6,133	1,333,319	3,432,600	4,765,919	12,133	3,424,805	5,594,055	9,018,860	6,260	1,903,089	3,479,115	5,382,204
10,001 - 11,000	3,342	681,492	1,839,130	2,520,622	9,542	2,610,268	4,123,820	6,734,088	2,302	729,416	1,264,195	1,993,611
11,001 - 12,000	3,456	581,214	1,918,870	2,500,084	9,106	2,206,646	3,930,120	6,136,766	2,020	595,039	1,122,805	1,717,844
12,001 - 13,000	3,790	524,902	2,102,450	2,627,352	9,395	2,087,622	4,069,205	6,156,827	2,008	559,020	1,123,595	1,682,615
13,001 - 14,000	3,871	413,216	2,148,995	2,562,211	9,642	1,948,880	4,221,825	6,170,705	1,804	465,768	1,000,165	1,465,933
14,001 - 15,000	2,351	529,737	1,296,945	1,826,682	6,639	2,029,202	3,006,620	5,035,822	1,892	491,745	1,056,945	1,548,690
15,001 - 16,000	926	205,330	496,585	701,915	5,997	1,912,885	2,742,695	4,655,580	1,579	344,657	887,575	1,232,232
16,001 - 17,000	892	150,781	473,760	624,541	6,743	1,903,470	3,062,795	4,966,265	1,542	296,261	871,075	1,167,336
17,001 - 18,000	907	130,671	470,895	601,566	6,516	1,670,050	2,983,070	4,653,120	1,270	223,775	714,500	938,275
18,001 - 19,000	853	90,674	444,455	535,129	6,854	1,499,522	3,167,260	4,666,782	1,052	186,086	598,145	784,231
19,001 - 20,000	329	60,178	168,835	229,013	4,762	1,322,767	2,131,015	3,453,782	729	207,215	404,390	611,605
Over 20,000	<u>1,514</u>	<u>270,992</u>	<u>702,930</u>	<u>973,922</u>	<u>41,134</u>	<u>9,056,390</u>	<u>17,171,130</u>	<u>26,227,520</u>	<u>4,116</u>	<u>999,441</u>	<u>2,049,715</u>	<u>3,049,156</u>
Totals	34,025	\$7,057,757	\$18,202,725	\$25,260,482	169,698	\$48,475,439	\$70,866,010	\$119,341,449	29,307	\$8,336,767	\$15,732,670	\$24,069,437
Average Credit		\$207.43	\$534.98	\$742.41		\$285.66	\$417.60	\$703.26		\$284.46	\$536.82	\$821.29

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

⁽²⁾Per Rule 205.1003, "n.a." was used to protect the confidentiality of filers in this income category. These filers were included in the total figure.

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

Exhibit 38
2021 Income Tax Collections by County

County	Property Tax Credits	Home Heating Credits	HHC Spplmntl	Total Home Heating Credits	MI EITC Credits	FTE Tax Credits	Tax After Credits	Percent of Total Tax
ALCONA	\$343,083	\$93,370	\$140,235	\$233,605	\$104,309	\$68,852	\$6,145,670	0.1%
ALGER	290,095	52,007	91,410	143,417	59,676	144,882	5,871,449	0.1%
ALLEGAN	7,057,870	485,535	799,480	1,285,015	931,067	4,005,060	96,903,440	1.0%
ALPENA	1,283,114	244,259	429,240	673,499	304,597	2,281,735	19,770,460	0.2%
ANTRIM	1,019,490	130,700	198,490	329,190	226,153	274,659	22,026,191	0.2%
ARENAC	837,173	123,631	183,055	306,686	148,936	852,118	8,371,963	0.1%
BARAGA	183,696	53,363	91,605	144,968	79,998	n.a.	4,318,187	0.0%
BARRY	3,317,592	240,588	368,885	609,473	435,133	3,516,106	48,542,199	0.5%
BAY	7,855,426	729,819	1,431,970	2,161,789	1,078,051	1,927,763	78,065,136	0.8%
BENZIE	779,242	88,670	150,895	239,565	144,637	465,637	15,071,555	0.2%
BERRIEN	9,961,349	1,262,254	2,064,800	3,327,054	1,946,370	1,541,818	147,809,943	1.5%
BRANCH	3,201,510	270,748	444,830	715,578	472,554	531,795	26,733,674	0.3%
CALHOUN	10,615,740	1,147,851	1,818,175	2,966,026	1,668,747	1,793,530	86,346,515	0.9%
CASS	2,474,165	262,415	399,500	661,915	420,945	883,649	31,358,804	0.3%
CHARLEVOIX	1,569,850	112,828	213,400	326,228	242,030	1,171,833	31,261,270	0.3%
CHEBOYGAN	1,022,088	187,610	346,495	534,105	269,713	863,412	16,308,732	0.2%
CHIPPEWA	1,349,449	244,794	400,070	644,864	395,557	277,849	18,581,543	0.2%
CLARE	1,364,396	391,058	579,000	970,058	417,961	444,229	17,505,967	0.2%
CLINTON	4,427,990	205,682	337,825	543,507	390,060	2,442,412	67,173,794	0.7%
CRAWFORD	442,251	96,947	151,655	248,602	127,776	n.a.	7,180,779	0.1%
DELTA	1,673,548	254,096	478,180	732,276	358,831	462,789	28,124,758	0.3%
DICKINSON	1,203,154	151,718	286,740	438,458	259,173	371,866	20,866,889	0.2%
EATON	9,314,986	441,747	771,490	1,213,237	945,380	2,121,070	103,410,280	1.0%
EMMET	2,026,649	165,545	264,660	430,205	284,141	2,109,577	48,141,949	0.5%
GENESEE	30,067,961	3,780,154	5,951,270	9,731,424	5,783,069	6,877,640	305,574,146	3.1%
GLADWIN	1,189,697	223,532	359,805	583,337	262,469	344,293	16,072,257	0.2%
GOGEBIC	523,990	173,995	297,180	471,175	160,345	n.a.	8,265,640	0.1%
GRAND TRAVERSE	6,846,607	326,587	609,010	935,597	718,540	5,035,777	125,485,097	1.3%
GRATIOT	3,753,399	306,475	506,120	812,595	448,482	1,358,314	24,970,247	0.3%
HILLSDALE	2,879,966	407,641	596,065	1,003,706	500,356	282,456	28,631,468	0.3%
HOUGHTON	1,226,638	235,554	457,230	692,784	281,716	n.a.	23,812,419	0.2%
HURON	9,837,464	220,478	421,950	642,428	313,745	511,577	17,419,745	0.2%
INGHAM	26,726,898	1,785,031	3,120,905	4,905,936	2,987,558	6,103,121	252,559,606	2.5%
IONIA	3,981,679	303,669	510,960	814,629	580,004	2,267,408	46,364,034	0.5%
IOSCO	1,106,493	256,832	408,610	665,442	303,352	165,846	15,767,364	0.2%
IRON	384,960	108,345	186,170	294,515	122,820	n.a.	6,837,625	0.1%
ISABELLA	3,786,512	373,201	635,060	1,008,261	572,513	1,023,387	38,263,878	0.4%
JACKSON	10,545,962	1,046,313	1,733,360	2,779,673	1,674,934	4,409,194	118,949,700	1.2%
KALAMAZOO	20,966,820	1,494,596	2,405,520	3,900,116	2,473,261	8,525,773	255,913,123	2.6%
KALKASKA	\$664,711	\$123,481	\$170,500	293,981	\$201,449	418,927	\$12,954,237	0.1%
KENT	52,977,056	3,015,978	5,418,215	8,434,193	6,398,236	39,900,306	724,050,365	7.3%
KEWEENAW	44,091	12,060	29,645	41,705	15,485	0	1,487,283	0.0%
LAKE	442,167	159,131	230,350	389,481	120,355	n.a.	3,916,520	0.0%

Exhibit 38 (cont.)

County	Property Tax Credits	Home Heating Credits	HHC Spplmntl	Home Heating Credits	MI EITC Credits	FTE Tax Credits	Tax After Credits	Percent of Total Tax
LAPEER	3,850,596	349,529	614,000	963,529	728,671	3,851,675	75,271,181	0.8%
LEELANAU	662,077	51,515	82,415	133,930	95,881	1,588,423	25,338,672	0.3%
LENAAWEE	8,914,730	491,040	850,925	1,341,965	927,483	969,317	68,435,107	0.7%
LIVINGSTON	8,044,650	319,161	552,425	871,586	769,803	6,604,306	233,679,742	2.4%
LUCE	93,105	63,559	94,480	158,039	64,143	n.a.	3,013,629	0.0%
MACKINAC	378,349	74,502	113,550	188,052	104,166	342,245	7,239,067	0.1%
MACOMB	97,564,379	5,019,528	9,332,360	14,351,888	9,160,436	12,290,681	797,059,482	8.0%
MANISTEE	1,383,496	177,904	316,525	494,429	239,116	125,703	16,352,807	0.2%
MARQUETTE	3,059,788	319,237	607,500	926,737	472,431	1,182,192	55,012,804	0.6%
MASON	2,202,993	207,547	323,910	531,457	313,188	525,881	20,741,846	0.2%
MECOSTA	1,894,181	244,587	403,165	647,752	411,841	298,131	25,522,559	0.3%
MENOMINEE	916,311	151,646	272,045	423,691	215,818	76,986	15,097,542	0.2%
MIDLAND	4,672,993	420,472	746,060	1,166,532	653,987	1,221,747	98,518,611	1.0%
MISSAUKEE	1,234,761	106,733	161,440	268,173	142,480	575,895	7,631,106	0.1%
MONROE	8,525,657	571,898	1,012,330	1,584,228	1,224,592	980,878	127,810,476	1.3%
MONTCALM	4,594,262	506,619	788,140	1,294,759	741,626	542,005	41,392,719	0.4%
MONTMORENCY	383,490	90,341	140,790	231,131	114,334	n.a.	5,733,536	0.1%
MUSKEGON	13,709,834	1,300,816	2,294,080	3,594,896	2,335,320	3,034,096	113,626,233	1.1%
NEWAYGO	2,670,366	355,278	542,720	897,998	498,340	804,140	28,195,218	0.3%
OAKLAND	85,545,733	3,843,703	6,993,740	10,837,443	7,613,177	87,272,450	2,168,675,677	21.8%
OCEANA	1,653,515	254,879	370,695	625,574	325,552	759,998	16,287,850	0.2%
OGEMAW	1,098,793	228,153	338,520	566,673	261,457	111,161	11,817,588	0.1%
ONTONAGON	201,517	43,979	82,250	126,229	52,358	n.a.	2,986,003	0.0%
OSCEOLA	1,287,768	222,967	320,100	543,067	311,076	436,327	15,565,739	0.2%
OSCODA	210,714	78,528	118,435	196,963	79,074	288,662	3,561,535	0.0%
OTSEGO	1,019,240	130,362	243,290	373,652	262,477	516,219	19,007,580	0.2%
OTTAWA	20,335,226	761,167	1,416,040	2,177,207	1,979,128	22,580,536	329,988,648	3.3%
PRESQUE ISLE	506,239	113,222	208,490	321,712	135,971	149,728	9,718,639	0.1%
ROSCOMMON	1,183,548	242,225	405,790	648,015	282,035	n.a.	16,234,658	0.2%
SAGINAW	14,775,950	1,832,301	2,875,625	4,707,926	2,621,852	3,780,989	131,083,589	1.3%
ST. CLAIR	10,719,889	1,012,421	1,738,095	2,750,516	1,575,177	2,741,027	141,002,938	1.4%
ST. JOSEPH	3,918,626	325,256	551,280	876,536	602,962	857,597	41,002,635	0.4%
SANILAC	4,492,867	318,085	554,290	872,375	456,636	1,121,297	24,645,327	0.2%
SCHOOLCRAFT	204,349	79,317	119,340	198,657	88,947	n.a.	5,487,615	0.1%
SHIAWASSEE	5,693,523	440,376	790,280	1,230,656	728,858	1,380,335	54,921,090	0.6%
TUSCOLA	6,614,568	381,000	640,615	1,021,615	611,311	418,784	33,362,688	0.3%
VAN BUREN	5,359,170	589,886	906,435	1,496,321	889,033	1,587,034	65,037,573	0.7%
WASHTENAW	27,077,963	1,397,192	2,245,725	3,642,917	2,183,234	10,643,420	506,134,618	5.1%
WAYNE (no Detroit)	102,125,010	6,475,251	10,141,275	16,616,526	10,944,186	10,574,967	917,766,440	9.2%
WEXFORD	2,079,728	281,496	450,520	732,016	426,748	465,506	23,454,301	0.2%
OUTSIDE STATE	5,248,839	672,863	1,223,885	1,896,748	2,369,348	24,355,855	378,396,232	3.8%
DETROIT	<u>84,274,310</u>	<u>11,588,815</u>	<u>16,433,785</u>	<u>28,022,600</u>	<u>18,307,001</u>	<u>144,893,788</u>	<u>274,187,283</u>	<u>2.8%</u>
TOTAL	\$801,950,080	\$63,925,644	\$104,907,370	\$168,833,014	\$107,951,738	\$456,443,977	\$9,939,184,484	100.0%

(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 39 2021 Income Tax Data by County

County	2021 AGI (Millions)	2021 Average AGI	Income Tax Before		Average Income Tax		Credits as a % of Tax		Ratio of Property Tax Credits		Average Property Tax Credit ⁽¹⁾		
			Rank	Credits	Rank	Before Credits	Rank	After Credits	Rank	Before Credits	Rank	Filed	Rank
ALCONA	\$260.6	\$54,710	61	74	\$1,454	\$1,290	68	11.3%	60	15.6%	76	\$462	70
ALGER	230.4	59,333	39	52	1,689	1,512	40	10.5%	69	16.2%	73	462	71
ALLEGAN	3,410.5	69,089	19	17	2,239	1,963	15	12.3%	53	20.2%	35	708	22
ALPENA	845.9	59,806	37	49	1,729	1,398	56	19.2%	9	19.7%	38	461	72
ANTRIM	809.9	69,251	18	24	2,059	1,883	18	8.5%	80	15.8%	75	553	51
ARENAC	351.7	54,368	64	68	1,620	1,294	65	20.1%	8	19.3%	42	670	29
BARAGA	182.6	54,293	66	79	1,446	1,284	70	11.2%	61	12.8%	81	427	79
BARRY	1,740.2	71,094	15	29	2,300	1,983	13	13.8%	39	18.8%	49	719	18
BAY	2,971.2	58,997	40	22	1,807	1,550	35	14.2%	33	24.4%	10	639	35
BENZIE	568.2	69,950	17	63	2,077	1,855	19	10.7%	65	18.7%	54	514	57
BERRIEN	5,515.0	73,499	14	11	2,286	1,970	14	13.8%	38	21.7%	26	611	42
BRANCH	1,064.3	58,461	45	40	1,767	1,468	48	16.9%	14	21.7%	28	812	11
CALHOUN	3,390.6	57,870	48	21	1,766	1,474	47	16.5%	17	25.7%	6	704	26
CASS	1,423.8	76,997	12	36	2,173	1,696	27	22.0%	3	17.4%	64	768	13
CHARLEVOIX	1,123.1	80,880	10	37	2,533	2,251	11	11.1%	62	18.7%	53	604	44
CHEBOYGAN	648.9	58,679	42	57	1,731	1,475	46	14.8%	26	19.6%	40	472	66
CHIPPewa	844.0	53,668	71	53	1,362	1,182	78	13.3%	41	17.8%	62	483	63
CLARE	733.3	49,978	80	55	1,423	1,193	77	16.2%	20	18.7%	52	497	59
CLINTON	2,381.1	84,165	7	26	2,648	2,374	8	10.3%	70	18.7%	51	835	8
CRAWFORD	286.9	54,375	63	72	1,530	1,361	60	11.1%	63	17.8%	61	470	68
DELTA	1,055.7	60,183	34	41	1,799	1,603	31	10.9%	64	19.2%	43	497	58
DICKINSON	777.5	60,975	32	52	1,824	1,636	29	10.3%	71	19.2%	47	493	60
EATON	3,756.7	66,908	21	18	2,083	1,842	20	11.6%	56	23.5%	17	707	24
EMMET	1,658.1	87,264	5	31	2,814	2,534	6	10.0%	75	18.1%	56	588	47
GENESEE	11,591.6	59,739	38	7	1,852	1,575	32	15.0%	24	24.9%	8	621	40
GLADWIN	644.5	54,623	62	61	1,571	1,362	59	13.3%	42	19.2%	45	526	55
GOGEBIC	349.1	53,056	74	70	1,455	1,256	73	13.7%	40	18.0%	57	441	77
GRAND TRAVERSE	4,330.4	83,379	8	15	2,700	2,416	7	10.5%	68	19.9%	36	663	33
GRATIOT	1,017.9	57,115	52	43	1,701	1,401	55	17.6%	12	21.7%	25	969	5
HILLSDALE	1,122.7	55,801	56	38	1,681	1,423	52	15.3%	22	19.2%	44	746	15
HOUGHTON	898.5	57,975	47	48	1,699	1,536	36	9.6%	76	16.4%	71	482	64
HURON	938.2	57,595	50	47	1,662	1,069	82	35.7%	2	26.3%	5	2,296	1
INGHAM	9,195.8	71,007	16	8	2,269	1,950	16	14.0%	35	27.5%	2	751	14
IONIA	1,700.1	61,011	31	30	1,934	1,664	28	14.0%	37	20.2%	34	707	23
IOSCO	679.0	53,914	69	58	1,494	1,252	74	16.2%	19	18.0%	58	489	61
IRON	285.8	52,767	75	73	1,449	1,262	72	12.9%	47	16.7%	68	425	80
ISABELLA	1,494.6	58,288	46	34	1,713	1,492	43	12.9%	48	22.0%	20	673	28
JACKSON	4,419.8	63,208	29	16	1,986	1,701	26	14.3%	30	23.8%	15	635	37
KALAMAZOO	8,928.3	75,646	13	9	2,479	2,168	12	12.5%	51	24.5%	9	724	17
KALKASKA	487.7	57,533	51	65	1,728	1,528	39	11.6%	57	16.3%	72	480	65
KENT	24,964.6	78,193	11	4	2,615	2,268	10	13.3%	43	23.5%	16	706	25
KEWEENAW	60.2	63,543	28	83	1,690	1,571	33	7.1%	82	10.9%	82	428	78
LAKE	180.9	45,980	83	78	1,253	995	83	20.6%	5	23.9%	13	470	67
LAPEER	2,642.5	66,407	22	23	2,133	1,892	17	11.3%	59	16.6%	69	583	48

Exhibit 39 (cont.)

County	2021 AGI (Millions)	2021 Average AGI	Income Tax Before		Average Income Tax		Average Income Tax		Credits as a % of Tax		Ratio of Property Tax Credits		Average Property Tax Credit ⁽¹⁾		Rank
			Credits	Rank	Rank Before Credits	Rank	After Credits	Rank	Rank Before Credits	Rank	Rank to 1040s	Filed	Rank	Rank	
LEELANAU	\$931.3	\$108,445	\$28,241,827	45	\$3,289	3	\$2,950	3	10.3%	3	72	13.1%	79	\$589	46
LENAAWE	2,694.2	60,368	81,993,534	24	1,837	32	1,533	37	16.5%	16	16	23.8%	14	839	7
LIVINGSTON	7,441.0	93,702	250,854,239	10	3,159	4	2,943	4	6.8%	4	83	14.3%	78	711	21
LUCE	128.5	52,634	3,514,908	81	1,440	77	1,235	75	14.3%	75	32	10.1%	83	378	83
MACKINAC	327.7	59,894	8,314,978	71	1,520	68	1,323	62	12.9%	62	46	14.9%	77	463	69
MACOMB	28,833.3	65,779	932,882,175	3	2,128	21	1,818	23	14.6%	29	29	26.8%	4	830	9
MANISTEE	667.6	56,887	18,761,666	59	1,599	61	1,393	57	12.8%	49	22	21.9%	22	539	53
MARQUETTE	1,997.6	66,358	60,428,898	28	2,007	27	1,827	21	9.0%	77	77	19.2%	46	530	54
MASON	820.6	58,558	24,356,423	50	1,738	41	1,480	45	14.8%	25	25	24.1%	11	651	34
MECOSTA	981.3	57,657	28,892,133	44	1,698	50	1,500	42	11.7%	55	55	19.1%	48	582	49
MENOMINEE	580.8	55,621	16,818,321	64	1,610	60	1,446	50	10.2%	73	73	16.9%	66	520	56
MIDLAND	3,252.0	84,843	106,603,190	20	2,781	7	2,570	5	7.6%	81	81	20.5%	32	595	45
MISSAUKEE	328.4	55,440	9,753,257	69	1,646	56	1,288	69	21.8%	69	4	19.7%	39	1060	4
MONROE	4,848.5	69,055	152,309,935	14	2,169	19	1,820	22	16.1%	21	21	18.2%	55	667	30
MONTCALM	1,582.3	53,712	48,520,940	33	1,647	55	1,405	54	14.7%	54	28	21.9%	21	711	20
MONTMORENCY	251.5	49,288	6,531,705	76	1,280	81	1,124	80	12.2%	80	54	16.9%	65	444	76
MUSKEGON	4,426.3	55,727	136,620,821	17	1,720	45	1,431	51	16.8%	15	15	27.2%	3	635	36
NEWAYGO	1,087.5	56,198	33,245,571	39	1,718	46	1,457	49	15.2%	23	23	22.1%	19	626	39
OAKLAND	68,013.7	113,158	2,374,309,308	1	3,950	1	3,608	1	8.7%	79	79	17.5%	63	812	10
OCEANA	668.1	53,076	19,607,677	56	1,558	64	1,294	66	16.9%	66	13	21.0%	30	627	38
OGEMAW	490.0	48,835	13,854,776	66	1,381	79	1,178	79	14.7%	79	27	20.2%	33	541	52
ONTONAGON	135.7	50,080	3,439,554	82	1,269	82	1,102	81	13.2%	81	45	16.4%	70	453	74
OSCEOLA	608.2	51,631	18,162,880	62	1,542	66	1,321	63	14.3%	63	31	17.9%	60	611	41
OSCODA	150.2	50,486	4,356,639	80	1,464	72	1,197	76	18.3%	11	11	16.9%	67	420	81
OTSEGO	704.2	60,104	21,264,835	54	1,815	35	1,622	30	10.6%	66	66	17.9%	59	486	62
OTTAWA	11,513.1	81,328	377,859,206	6	2,669	9	2,331	9	12.7%	50	50	19.6%	41	734	16
PRESQUE ISLE	388.3	55,421	10,872,153	67	1,552	65	1,387	58	10.6%	67	67	16.0%	74	452	75
ROSCOMMON	672.7	54,287	18,543,287	60	1,496	70	1,310	64	12.4%	52	52	20.9%	31	458	73
SAGINAW	5,104.7	58,586	156,766,323	13	1,799	37	1,504	41	16.4%	41	18	25.4%	7	667	31
ST. CLAIR	5,037.8	64,002	159,252,079	12	2,023	26	1,791	24	11.5%	58	58	22.4%	18	607	43
ST. JOSEPH	1,689.4	61,035	51,351,527	32	1,855	30	1,481	44	20.2%	6	6	19.8%	37	714	19
SANILAC	1,034.1	54,138	30,852,453	42	1,615	59	1,290	67	20.1%	74	74	13.0%	80	1083	3
SCHOOLCRAFT	231.0	56,738	6,095,596	77	1,497	69	1,348	61	10.0%	74	74	13.0%	80	387	82
SHIAWASSEE	2,063.0	58,868	63,859,817	27	1,822	34	1,567	34	14.0%	36	36	23.9%	12	679	27
TUSCOLA	1,397.4	53,185	40,966,295	35	1,559	63	1,270	71	18.6%	10	10	21.2%	29	1185	2
VAN BUREN	2,383.0	64,642	74,964,900	25	2,033	25	1,764	25	13.2%	44	44	21.9%	23	665	32
WASHTENAW	16,274.4	100,784	555,837,297	5	3,442	2	3,134	2	8.9%	78	78	18.8%	50	892	6
WAYNE (including Detroit)	51,127.4	65,619	2,250,192,690	2	2,888	5	1,530	38	47.0%	1	1	30.6%	1	783	12
WEXFORD	904.5	54,293	27,319,521	46	1,640	57	1,408	53	14.1%	34	34	21.9%	24	571	50
OUTSIDE MICHIGAN	122,172.1	525,826	417,387,244		1,796		1,629		9.3%			3.2%		703	
DETROIT	18,547.0	59,803	593,286,481		1,913		884		53.8%			36.5%		744	
TOTALS	\$465,906.2	\$95,764	\$11,592,533,395		\$2,383		\$2,043		14.3%			22.2%		\$741	

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

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

Exhibit 40
Average Adjusted Gross Income by County
2021

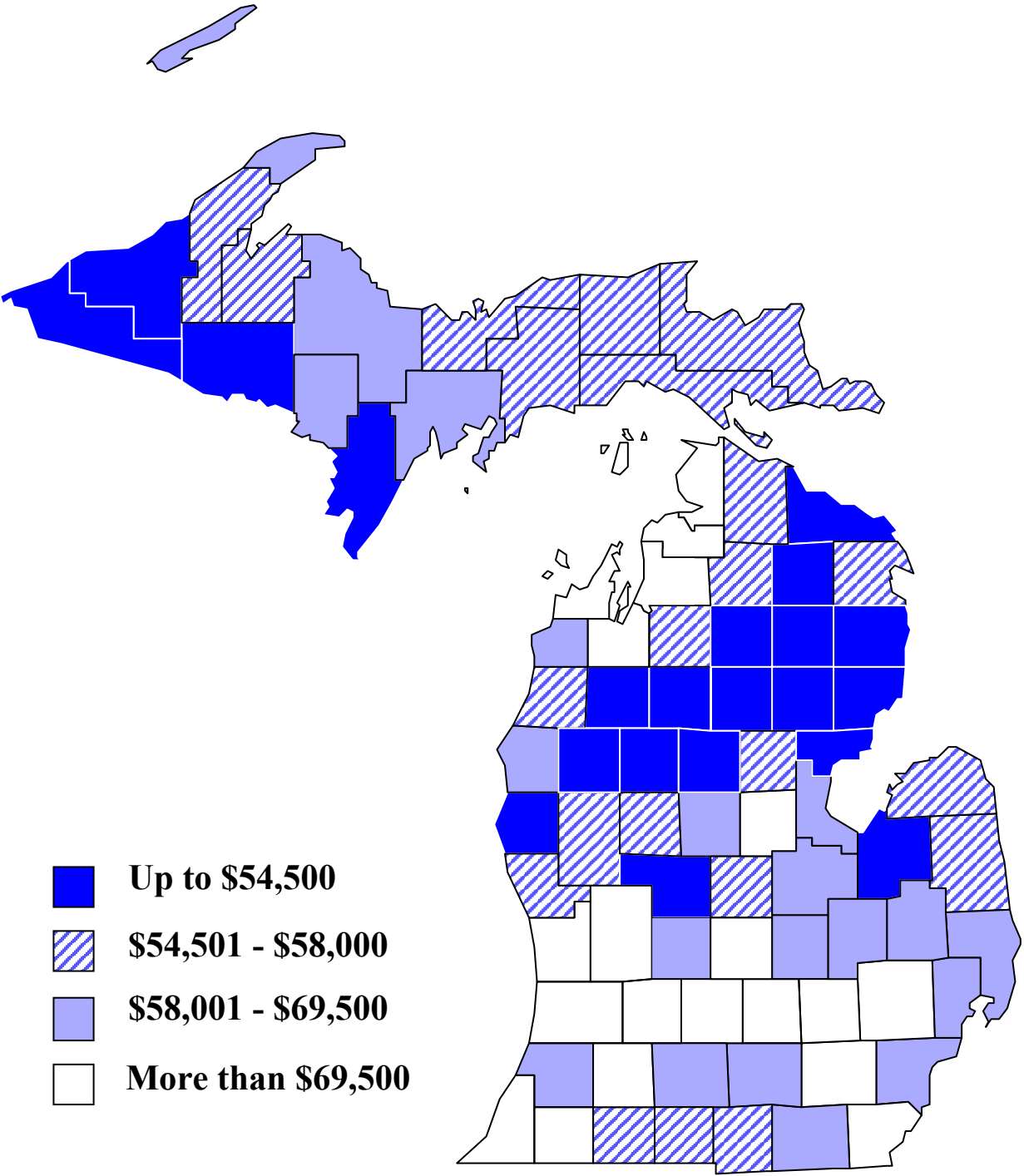


Exhibit 41
Average Property Tax Credits by County
2021

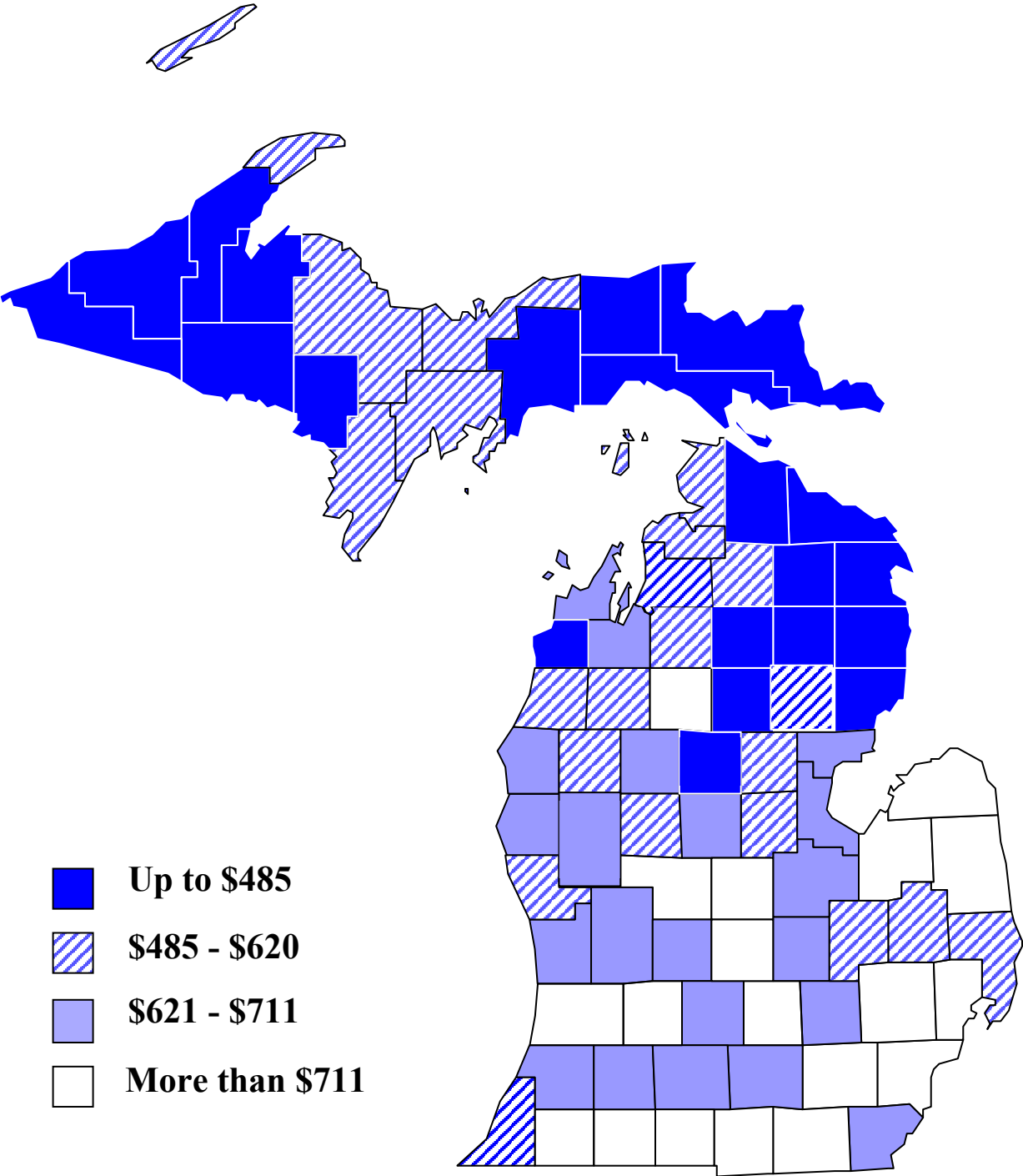


Exhibit 42
Average Annual Individual Income Tax Rates

<u>Year</u>	<u>Rate</u>	<u>Year</u>	<u>Rate</u>
1968	2.60%	1996	4.40%
1969	2.60%	1997	4.40%
1970	2.60%	1998	4.40%
1971	3.14%	1999	4.40%
1972	3.90%	2000	4.20%
1973	3.90%	2001	4.20%
1974	3.90%	2002	4.10%
1975	4.37%	2003	4.00%
1976	4.60%	2004	3.95%
1977	4.60%	2005	3.90%
1978	4.60%	2006	3.90%
1979	4.60%	2007	4.01%
1980	4.60%	2008	4.35%
1981	4.60%	2009	4.35%
1982	5.10%	2010	4.35%
1983	6.35%	2011	4.35%
1984	5.85%	2012	4.33%
1985	5.33%	2013	4.25%
1986	4.60%	2014	4.25%
1987	4.60%	2015	4.25%
1988	4.60%	2016	4.25%
1989	4.60%	2017	4.25%
1990	4.60%	2018	4.25%
1991	4.60%	2019	4.25%
1992	4.60%	2020	4.25%
1993	4.60%	2021	4.25%
1994	4.47%	2022	4.25%
1995	4.40%	2023	4.05%

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

XII. APPENDIX A

FEDERAL TAX LAW CHANGES¹⁹ (from 2011 through 2020)

Federal tax law changes are grouped based on when they first became effective. Only federal changes affecting Michigan's tax base are discussed below.

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;
- 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

¹⁹ 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.

for 2012; and amounts distributed after December 31, 2013 and donated before January 1, 2015 to be treated as qualified charitable distribution for 2014. In 2015, the exclusion was made permanent.

- The exclusion from gross receipts of qualified discharges of indebtedness on principal residence (of up to \$2 million 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 IRA within 180 days of the receipt of the payment or, if later, within 180 days of February 14, 2012. Individuals making a rollover contribution to a traditional IRA may exclude the amount contributed from gross income in the taxable year in which the airline payment was made to the employee.

After July 6, 2012 and before January 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;

2020

- 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;
- 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;
- 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;
- 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 1st round of loans, 300 employees for 2nd 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;
- 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;
- Starting in 2020, deductible IRA contributions also apply to filers younger than age 70 ½.

MICHIGAN PERSONAL INCOME TAX LEGISLATIVE HISTORY (1967 – 2020)²⁰

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.

²⁰ 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

Source for Public Acts after 1994 from Michigan Department of Treasury, *Michigan's Individual Income Tax Report*, various years.

1970

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

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

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

1971

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

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

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

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

1972

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

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

1973

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

1974

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

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

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

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

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

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

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

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

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

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

1975

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

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

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

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

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

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

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

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

1976

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

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

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

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

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

1977

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

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

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

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

1978

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

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

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

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

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

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

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

1979

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

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

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

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

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

1980

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

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

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

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

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

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

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

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

1981

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

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

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

1982

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

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

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

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

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

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

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

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

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

1983

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

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

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

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

1984

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

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

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

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

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

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

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

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

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

1985

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

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

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

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

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

1986

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

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

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

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

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

1987

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

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

1988

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

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

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

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

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

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

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

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

1989

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

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

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

1990

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

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

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

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

1991

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

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

PA 181 extended the home heating tax credit through 1994; made recipients of public assistance eligible for the credit, required the Department of Treasury to mail an application for the credit by December 1 of each year to those who are recipients of public assistance during the tax year and to provide a simplified procedure for claiming the credit to recipients of public assistance, and cut in half the amount of the credit available to claimants whose heating costs are included in rent payments.

1992

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

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

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

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

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

1993

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

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

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

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

PA 315 extended for 1992 to 1994 the credit for a donation to a homeless shelter or similar organization. Eliminated a provision which rendered the credit void after the aggregate total claimed for this credit by taxpayers for all prior years under the Income Tax Act and the Single Business Tax Act exceeded \$1.5 million.

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

1994

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

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

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

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

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

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

1995

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

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

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

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

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

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

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

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

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

1996

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

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

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

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

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

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

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

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

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

1997

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

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

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

1998

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

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

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

1999

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

PAs 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 agreements²¹ with the Michigan Department of Treasury to deduct all non-business income

²¹ PA 616 of 2002 allowed the Michigan Department of Treasury to enter into agreements with federally recognized Indian tribes. The agreements specify whether, and to what extent, Michigan's tax laws apply to each tribe, the tribe members, and other individuals and businesses conducting business with a tribe or its members. In return, tribes would promote the enforcement

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

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.

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

2011

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

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

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

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

PA 38 makes several reductions to homestead property tax credits. Homeowners are not eligible if their home has a taxable value of more than \$135,000. Seniors claimants with total household resources of \$21,000 or less remain entitled to a credit equal to 100 percent of taxes greater than 3.5 percent (or less) of income. But the 100 percent is reduced by 4 percent for each additional \$1,000 in total household resources until \$30,000 is reached and senior claimants receive 60 percent of the credit. Also starting in tax year 2012, the credit phase-out for all homestead property tax credit claimants begins at \$41,001 of total household resources, reduced from \$73,651 of household income under prior law. The credit is reduced by 10 percent for each \$1,000 increase for all claimants, so for total household resources above \$50,000 there is no credit. Total household resources replace household income as the definition of income for determining income eligibility for the credit. Business losses no longer offset other income for purpose of calculating total household resources, unlike the calculation of household income²².

²² 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

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.

PAs 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.

PAs 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.

PAs 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).

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

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

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

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

2017

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

funds equal to the amount for each tax year by which the aggregate income tax from individuals domiciled within the eligible property exceeds the initial income tax value (value in the tax year when the TBP is adopted). Withholding tax capture revenues refers to the amount for each calendar year by which the income tax withheld from individuals employed within the eligible property subject to a TBP exceeds the initial withholding tax value.

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

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

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

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.

2020

Public Act 65 allowed 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 modified 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 reinstated 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.

MICHIGAN INCOME TAX REQUIREMENTS (1967 – 2022)

<u>General MI-IT Information:</u>		<u>MCL</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
• 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 - IT:		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)	206.481	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	12.1%	12.1%	12.1%	12.1%
• To Local Units:													
• Filing Requirement:	(2)	206.315	GI	GI	GI	AGI	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	\$1,500
		Joint Return	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$2,400	\$3,000	\$3,000	\$3,000	\$3,000
• Reciprocity States			IN, WI	IN, WI, KY	IN, WI, KY	IN, WI, KY	IN, WI, KY, IL	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH	IN, WI, KY, IL, OH
• Liability Threshold for Estimated Pmt	(3)	206.301	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100	\$100
• Tax Rate		206.51(1), 51(b)-51(h)	2.60%	2.60%	2.60%	2.60%	3.14%	3.90%	3.90%	3.90%	4.37%	4.60%	4.60%

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	No	Yes	Yes	Yes	Yes
• Para/Hemi/Quadrigic (**) (***)	206.30(3)	n.a.	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.)

General MI-IT Information:

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

Exemptions Amounts:

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

General MI-IT Information:

	MCL	TY <u>1989</u>	TY <u>1990</u>	TY <u>1991</u>	TY <u>1992</u>	TY <u>1993</u>	TY <u>1994</u>	TY <u>1995</u>	TY <u>1996</u>	TY <u>1997</u>	TY <u>1998</u>	TY <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
• Reciprocity States	Single Return	\$2,000	\$2,100	\$2,100	\$2,100	\$2,100	\$2,400	\$2,400	\$2,400	\$2,500	\$2,800	\$2,800
• Liability Threshold for	Joint Return	\$4,000	\$4,200	\$4,200	\$4,200	\$4,200	\$4,800	\$4,800	\$4,800	\$5,000	\$5,600	\$5,600
• Estimated Pmt	(3)	206.301	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
• Use Tax Return in MI-1040 Booklet		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes, line in MI-1040
• Tax Rate	206.51(1), 51(b)-51(h)	4.60%	4.60%	4.60%	4.60%	4.60%	4.47%	4.40%	4.40%	4.40%	4.40%	4.40%

Exemptions Amounts:

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

<u>General MI-IT Information:</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>MCL</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>
	• 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)	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
	• Use Tax Return in MI-1040 Booklet		Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040
	• Tax Rate	206.51(1), 51(b)-51(h)	4.20%	4.20%	4.10%	4.00%	3.95%	3.90%	3.90%	4.01%	4.35%	4.35%	4.35%
<u>Exemptions Amounts:</u>													
	• 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)											
	• Para/Hemi/Quadriplegic (**)	206.30(3)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	• 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(3)	\$1,800	\$1,900	\$1,900	\$1,900	\$2,000	\$2,000	\$2,100	\$2,200	\$2,200	\$2,300	\$2,300
	• Child	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
	• 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.)

<u>General MI-IIT Information:</u>		<u>MCL</u>	<u>TY</u> <u>2011</u>	<u>TY</u> <u>2012</u>	<u>TY</u> <u>2013</u>	<u>TY</u> <u>2014</u>	<u>TY</u> <u>2015</u>	<u>TY</u> <u>2016</u>	<u>TY</u> <u>2017</u>	<u>TY</u> <u>2018</u>	<u>TY</u> <u>2019</u>	<u>TY</u> <u>2020</u>	<u>TY</u> <u>2021</u>	<u>TY</u> <u>2022</u>
• IRC compliance (*)		206.12(3)	1996 IRC Exempt from Federal IIT	1996 IRC Exempt from Federal IIT	1996 IRC Exempt from Federal IIT	1996 IRC Exempt from Federal IIT	1996 IRC Exempt from Federal IIT	1996 IRC Exempt from Federal IIT	1996 IRC Exempt from Federal IIT	2018 IRC Exempt from Federal IIT	2018 IRC Exempt from Federal IIT	2018 IRC Exempt from Federal IIT	2018 IRC Exempt from Federal IIT	2018 IRC Exempt from Federal IIT
• Exemption from MI - IIT:		206.201												
• Revenue Distribution:	(1)													
• To School Aid Fund:	(1)													
• To Agricultural		206.51(2)	Formula	Formula	Formula	Formula	Formula	Formula	Formula	Formula	Formula	Formula	Formula	Formula
• Preservation Fund	(1a)	206.51(3)	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• To MI Transportation Fund:	(1b)	206.51d	No	No	No	No	No	No	No	No	\$264m	\$264m	\$600m	\$600m
• To Brownfield														
• Redevelopment Fund:		206.51e	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
• To Good Jobs for		206.51f	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
• Michigan Fund:	(1b)	206.51(4)	No	No	No	No	No	No	No	No	\$69m	\$69m	\$69m	\$69m
• Filing Requirement:	(2)	206.315	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI	AGI
• (Gross income (GI) or			\$3,700	\$3,763	\$3,950	\$4,000	\$4,000	\$4,000	\$4,000	\$4,050	\$4,400	\$4,750	\$4,900	\$5,000
• AGI above threshold)			\$7,400	\$7,526	\$7,900	\$8,000	\$8,000	\$8,000	\$8,000	\$8,100	\$8,800	\$9,500	\$9,800	\$10,000
• Reciprocity States			IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN	IN, WI, KY, IL, OH, MN
• Liability Threshold for														
• Estimated Pmt	(3)	206.301	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
• Use Tax Return in MI-1040 Booklet			Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	Yes, line in MI-1040	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%	4.25%	4.25%

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

MCL Section	TY 2011	TY 2012	TY 2013	TY 2014	TY 2015	TY 2016	TY 2017	TY 2018	TY 2019	TY 2020	TY 2021	TY 2022
Exemptions Amounts:												
• Personal Exemption:												
• Stillbirth Certificate	206.30(2), 30a	\$3,700	\$3,763	\$3,950	\$4,000	\$4,000	\$4,000	\$4,000	\$4,400	\$4,750	\$4,900	\$5,000
	206.30(2)(c), 30a	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$4,400	\$4,750	\$4,900	\$5,000
• Special Exemptions:	(4)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• Para/Hemi/Quadruplegic (**) (***)	206.30(3)	\$2,400	\$2,400	\$2,500	\$2,500	\$2,600	\$2,600	\$2,700	\$2,700	\$2,800	\$2,800	\$2,900
• Disabled	206.30(3)	\$2,400	\$2,400	\$2,500	\$2,500	\$2,600	\$2,600	\$2,700	\$2,700	\$2,800	\$2,800	\$2,900
• Blind (***)	206.30(3)	\$2,400	\$2,400	\$2,500	\$2,500	\$2,600	\$2,600	\$2,700	\$2,700	\$2,800	\$2,800	\$2,900
• Deaf (****)	206.30(3)	\$2,400	\$2,400	\$2,500	\$2,500	\$2,600	\$2,600	\$2,700	\$2,700	\$2,800	\$2,800	\$2,900
• 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	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		\$600	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
• Age 7 to 12		\$300	\$300	\$300	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400
• Disabled Veteran	206.30(3)	\$300	\$300	\$300	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Check-Offs:

		<u>MCL</u>	<u>Section</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>
(5)	State Campaign Fund	169.26(2)	No	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.	n.a.	\$2	\$2	\$2
	Joint Return		n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$4	\$4	\$4

Tax Base Adjustments Limits

(7)	Maximum Private Pension Deduction (****)	206.30(1)(f)(iv)	No	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.	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.	n.a.	\$10,000	\$10,000	\$10,000	\$10,000
	Political Contribution	206.30(1)(f)	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
	Single Return		n.a.	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.	n.a.	\$50	\$50	\$50	\$50	\$50	\$50
	Federal Taxable Wage Base for FICA		\$6,600	\$7,800	\$7,800	\$7,800	\$7,800	\$7,800	\$9,000	\$10,800	\$13,200	\$14,100	\$15,300	\$16,500
	Federal Salary Elective Deferrals		\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000	\$30,000
	. 401(k)													

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		MCL Section	TY 1978	TY 1979	TY 1980	TY 1981	TY 1982	TY 1983	TY 1984	TY 1985	TY 1986	TY 1987	TY 1988
<u>Check-Offs:</u>													
• State Campaign Fund	(5)	169.26(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

Tax Base Adjustments Limits

• Maximum Private Pension Deduction (****: (7)	206.30(1)(v)	Yes	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)(i)	Yes	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	\$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	\$30,000	\$7,000

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Check-Offs:

	MCL Section	TY 1989	TY 1990	TY 1991	TY 1992	TY 1993	TY 1994	TY 1995	TY 1996	TY 1997	TY 1998	TY 1999
(5)	169.26(2) State Campaign Fund Single Return Joint Return	Yes \$2 \$4	Yes \$2 \$4	Yes \$2 \$4	Yes \$2 \$4	Yes \$3 \$6	Yes \$3 \$6	Yes \$3 \$6	Yes \$3 \$6	Yes \$3 \$6	Yes \$3 \$6	Yes \$3 \$6
(6)	Other Voluntary Contributions: • Nongame Wildlife Trust Fund • Children's Trust Fund	Yes 206.439 206.440	Yes Yes Yes	Yes Yes Yes	Yes Yes Yes	Yes Yes Yes	Yes Yes Yes	Yes Yes Yes	Yes Yes Yes	Yes Yes Yes	Yes Yes Yes	Yes Yes Yes

Tax Base Adjustments Limits

(7)	• Maximum Private Pension Deduction (*****)	206.30(1)(iv) Single Return Joint Return	Yes \$7,500 \$10,000	Yes \$7,500 \$10,000	Yes \$7,500 \$10,000	Yes \$7,500 \$10,000	Yes \$13,125 \$22,500	Yes \$30,945 \$61,890	Yes \$31,920 \$63,840	Yes \$32,880 \$65,760	Yes \$33,630 \$67,260	Yes \$34,170 \$68,340
	• Political Contribution	206.30(1)(i) 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
(8)	• Maximum Senior Interest, Dividends, and Capital Gains Deduction (*****)	206.30(1)(p) Single Return Joint Return	No n.a. n.a.	No n.a. n.a.	No n.a. n.a.	No n.a. n.a.	Yes \$1,000 \$2,000	Yes (*****) \$1,032 \$2,064	Yes (*****) \$1,064 \$2,128	Yes \$3,500 \$7,000	Yes \$7,500 \$15,000	Yes \$7,620 \$15,240
	• Federal Taxable Wage Base for FICA		\$48,000	\$51,300	\$53,400	\$55,500	\$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	\$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.	\$7,500	\$8,000	\$8,000
	• Federal IRA Contribution Limit		No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes
	• General		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.)

	MCL Section	TY 2000	TY 2001	TY 2002	TY 2003	TY 2004	TY 2005	TY 2006	TY 2007	TY 2008	TY 2009	TY 2010
Check-Offs:												
. State Campaign Fund	(5)	169.261(2) Single Return Joint Return	Yes \$3 \$6	Yes \$3 \$6	Yes \$3 \$6	Yes \$3 \$6	Yes \$3 \$6	Yes \$3 \$6	Yes \$3 \$6	Yes \$3 \$6	Yes \$3 \$6	Yes \$3 \$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.)

Tax Base Adjustments Limits

	MCL Section	TY 2000	TY 2001	TY 2002	TY 2003	TY 2004	TY 2005	TY 2006	TY 2007	TY 2008	TY 2009	TY 2010
. Maximum Private Pension Deduction (*****) (7)	206.30(1)(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)(o)(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												
. General		Yes \$2,000	Yes \$2,000	Yes \$3,000	Yes \$3,000	Yes \$3,000	Yes \$4,000	Yes \$4,000	Yes \$4,000	Yes \$5,000	Yes \$5,000	Yes \$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.)

	MCL Section	TY 2011	TY 2012	TY 2013	TY 2014	TY 2015	TY 2016	TY 2017	TY 2018	TY 2019	TY 2020	TY 2021	TY 2022
<u>Check-Offs:</u>													
. State Campaign Fund	169.261(2)	Yes \$3 \$6	Yes \$3 \$6	Yes \$3 \$6	Yes \$3 \$6	Yes \$3 \$6	Yes \$3 \$6	Yes \$3 \$6	Yes \$3 \$6	Yes \$3 \$6	Yes \$3 \$6	Yes \$3 \$6	Yes \$3 \$6
Other Voluntary Contributions:	(6)												
. Children of Veterans													
. Tuition Grant	206.437	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No	No
. Military Family Relief Fund	206.438	Yes	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	Yes
. Animal Welfare Fund	206.435	Yes	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	Yes
. Girl Scout of Michigan Fund	206.435	Yes	Yes	Yes	No	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	No
. AMBER Alert Fund of Michigan	206.435	No	No	Yes	Yes	No	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	No
. of Michigan	206.435	No	No	Yes	Yes	Yes	Yes	No	No	No	No	No	No
. Michigan Junior Achievement	206.435	No	No	No	No	No	Yes	Yes	No	No	No	No	No
. American Red Cross Michigan	206.435	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Fostering Futures Scholarship													
. Trust Fund	206.435	No	No	No	No	No	No	No	No	Yes	No	No	No
. Kiwanis Fund	206.435	No	No	No	No	No	No	No	Yes	Yes	No	No	No
. Lions of Michigan Foundation													
. Fund	206.435	No	No	No	No	No	No	No	Yes	Yes	No	No	No
. Michigan World War II													
. Legacy Memorial Fund	206.435	No	No	No	No	No	No	No	Yes	Yes	No	No	No

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

	<u>MCL</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>TY</u>	<u>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>	<u>2022</u>
<u>Tax Base Adjustments Limits</u>													
• Maximum Private Pension Deduction (*****)	206.30(1)(v)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
For those born before 1946	(7)	\$45,842	\$47,309	\$48,302	\$49,027	\$49,811	\$49,861	\$50,509	\$51,570	\$52,808	\$53,759	\$54,404	\$56,961
		\$91,684	\$94,618	\$96,605	\$98,054	\$99,623	\$99,723	\$101,019	\$103,140	\$105,615	\$107,517	\$108,808	\$113,922
• For those born after 1945 and before 1953	203.30(9)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	(7)	\$45,842	\$20,000	\$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	\$40,000
• For those born after 1952	203.30(9)	Yes	No	No	No	No	No	No	No	No	No	No	No
	(7)	\$45,842	n.a.	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.	n.a.
• Political Contribution	206.30(1)(i)	Yes	No	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.	n.a.
		\$100	n.a.	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 (*****)	206.30(1)(p)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	(8)	\$10,218	\$10,545	\$10,767	\$10,929	\$11,104	\$11,115	\$11,259	\$11,495	\$11,771	\$11,983	\$12,127	\$12,697
		\$20,437	\$21,091	\$21,534	\$21,857	\$22,207	\$22,229	\$22,518	\$22,991	\$23,542	\$23,966	\$24,254	\$25,394
• For those born after 1945	206.30(1)(p)	Yes	No	No	No	No	No	No	No	No	No	No	No
	(8)	\$10,218	n.a.	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.	n.a.
• Maximum MESP Contribution	206.30(1)(i)	Yes	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	\$5,000
		\$10,000	\$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	\$147,000
• 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	\$20,500
• 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	\$20,500
• 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	\$27,000
• Federal IRA Contribution Limit													
• General		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
• 50 and over		\$5,000	\$5,000	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$5,500	\$6,000	\$6,000	\$6,000	\$6,000
		\$6,000	\$6,000	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$6,500	\$7,000	\$7,000	\$7,000	\$7,000

For notes, see page 134.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

		MCL Section	TY 1967	TY 1968	TY 1969	TY 1970	TY 1971	TY 1972	TY 1973	TY 1974	TY 1975	TY 1976	TY 1977
<u>NonRefundable Credits</u>													
. Taxes Paid to Another State Cr	(10)	206.255(1)	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Nonresident Cr for Reciprocal State Income Tax Exemption	(11)	206.256	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. City Income Taxes Cr	(12) (#)	206.257	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Public Contribution Cr	(13) (#)	206.26	No	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)	Yes (a)
. Credit for SBT Paid		206.269	No	No	No	No	No	No	No	No	No	Yes	Yes
<u>Refundable Credits</u>													
. Inventory Tax Cr or Franchise Fee Cr	(22)	206.258(1) 206.258(1)	No No	No No	No No	No No	No No	No No	Yes Yes	Yes Yes	Yes Yes	No No	No No

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

[illegible]

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

NonRefundable Credits																								
. Taxes Paid to																								
. Another State Cr																								
. Nonresident Cr for Reciprocal State																								
. Income Tax Exemption																								
. City Income Taxes Cr																								
. Public Contribution Cr																								
. Community Foundation Cr																								
. Homeless Shelter/Foodbank Cr																								
. MI Historic Preservation Cr																								
. Vehicle Donation Cr																								
. College Tuition Cr																								
. Individual or Family																								
. Development Account Cr																								
. Film Production Cr																								
Refundable Credits																								
. Sec. 1341 of IRC Cr																								
. Adoption Cr																								
. Prescription Drug Cr																								
. Stillbirth Credit																								
. Earned Income Tax Credit																								

For notes, see page 134.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

[illegible]

For notes, see page 134.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)		MCL Section	TY 1967	TY 1968	TY 1969	TY 1970	TY 1971	TY 1972	TY 1973	TY 1974	TY 1975	TY 1976	TY 1977
. <u>Homestead Property Tax Cr</u> (30)		206.520, 522	No	Yes (b)	Yes (b)	Yes (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.)

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

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)		MCL	TY	TY	TY	TY	TY	TY	TY	TY	TY	TY	TY	TY
Section			1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	
• Homestead Property Tax Cr	(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 10% per \$1,000 10% per \$1,000											
• Total HPTC Limit		206.520(5)	\$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														
• Low Income Renters		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)	
• 1973 Homestead Exempt		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)	
• Para/hemi/quadruplegic		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)	
• 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 (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	Yes (g)	
• Veterans		206.522(1)(c)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
• Veterans		206.522(1)(d)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	
• Blind		206.522(1)(e)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	Yes (i)	
Farmland Preservation Credit	(31)	554.710(1)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	Yes (j)	

For notes, see page 134.

Refundable Credits (cont.)

For notes, see page 134.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)		MCL	TY	TY	TY	TY	TY	TY	TY	TY	TY	TY	TY	TY	TY	TY
		Section	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
• <u>Homestead Property Tax Cr</u> • Eligible Property Tax Paid Percent	(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)	Yes (b4)	Yes (b4)	Yes (b4)
		206.520(1)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
		206.520(2)	20%	20%	20%	20%	20%	20%	20%	23%	23%	23%	23%	23%	23%	23%
		• Ad Valorem Taxes	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
		• Service Charges	share	share	share	share	share	share	share	share	share	share	share	share	share	share
		• Nursing Home Patient														
		• Homeowner Veterans Cr Requirements:														
		• Taxable Value Allowance	\$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	\$2,500 to \$4,500	\$2,500 to \$4,500	\$2,500 to \$4,500
		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)	\$7,500 (b4)	\$7,500 (b4)	\$7,500 (b4)
		206.506														
• <u>Homestead Property Tax Cr</u> • Eligible Property Tax Paid Percent	(31)	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	\$3,500	\$3,500	\$3,500
		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	\$7,000	\$7,000	\$7,000
		206.520(1)	n.a.	≤ \$135,000	≤ \$135,000	≤ \$135,000	≤ \$135,000	≤ \$135,000	≤ \$135,000	≤ \$135,000	≤ \$135,000	≤ \$135,000	≤ \$135,000	≤ \$135,000	≤ \$135,000	≤ \$135,000
		206.520(8)	\$82,650	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
		206.520(8)	n.a.	\$50,000 (b4)	\$50,000 (b4)	\$50,000 (b4)	\$50,000 (b4)	\$50,000 (b4)	\$50,000 (b4)	\$50,000 (b4)	\$50,000 (b4)	\$50,000 (b4)	\$50,000 (b4)	\$50,000 (b4)	\$50,000 (b4)	\$50,000 (b4)
		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 10% per \$1,000 10% per \$1,000 10% per \$1,000 10% per \$1,000														
		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	\$1,200	\$1,200	\$1,200
		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')	Yes (c')	Yes (c')	Yes (c')
		• General														
		• Low Income Renters	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
• <u>Homestead Property Tax Cr</u> • Eligible Property Tax Paid Percent	(32)	206.522(1)(b), (c)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)
		206.520(9), (10)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)
		206.522(5)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
		• 1973 Homestead Exempt	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
		• Para/hemi/quadruplegic	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
		• Disabled	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
		• Deaf	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
		• Veterans	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)
		206.522(1)(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)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)
		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)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)
• <u>Homestead Property Tax Cr</u> • Eligible Property Tax Paid Percent	(33)	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')	Yes (j')	Yes (j')	Yes (j')
		• Farmland Preservation Credit														
		• General														
		• Low Income Renters	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
		• 1973 Homestead Exempt	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)	Yes (e)
		• Para/hemi/quadruplegic	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)	Yes (f)
		• Disabled	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
		• Deaf	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)	Yes (d)
		• Veterans	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)	Yes (h)
		206.522(1)(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)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)	Yes (i) or (d)

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)			MCL Section	TY 1978	TY 1979	TY 1980	TY 1981	TY 1982	TY 1983	TY 1984	TY 1985	TY 1986	TY 1987	TY 1988
. <u>Home Heating Credit</u>			(32)	206.527a(1)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Federal Poverty Income Limit				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 (kl)	Yes (kl)	Yes (kl)	Yes (kl)	Yes (kl)	Yes (kl)	Yes (kl)	Yes (kl)	Yes (kl)	Yes (kl)
. 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 (l)	Yes (l)	Yes (l)	Yes (l)	Yes (l)
. Heating Fuel Cost Limit			206.527a(1)(d)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$1,200	\$1,184	\$1,211	\$1,207	\$1,190
. Maximum Income:														
. 0 or 1 Exemptions				n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$6,263	\$6,463	\$6,569	\$6,778	\$7,060
. 2 Exemptions				n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$8,428	\$8,698	\$8,840	\$9,122	\$9,501
. 3 or more				n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$9,231	\$9,108	\$9,315	\$9,285	\$9,501
. Credit Proration (%)			206.527a(18)	n.a.	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

For notes, see page 134.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	MCL Section	TY 1989	TY 1990	TY 1991	TY 1992	TY 1993	TY 1994	TY 1995	TY 1996	TY 1997	TY 1998	TY 1999
. <u>Home Heating Credit</u>	(32)	206.527a(1)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Federal Poverty Income Limit		206.527a(1)(b)	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%
. General Credit		206.527a(1)(c)(i)	Yes (k1)	Yes (k1)	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	\$285	\$289	\$299	\$305	\$312	\$319
. 2 Exemptions			\$326	\$326	\$343	\$355	\$380	\$388	\$400	\$410	\$420	\$428
. 3 Exemptions			\$389	\$408	\$430	\$447	\$476	\$486	\$501	\$515	\$528	\$536
. 4 Exemptions			\$467	\$490	\$517	\$539	\$571	\$585	\$602	\$619	\$635	\$645
. 5 Exemptions			\$546	\$573	\$604	\$630	\$667	\$683	\$703	\$724	\$743	\$754
. 6 Exemptions			\$624	\$655	\$691	\$722	\$762	\$782	\$804	\$829	\$851	\$862
. more than 6 exemp.			+\$79 per exemp.	+\$83 per exemp.	+\$88 per exemp.	+\$92 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	\$8,143	\$8,257	\$8,543	\$8,714	\$8,914	\$9,114
. 2 Exemptions			\$9,314	\$9,314	\$10,962	\$10,143	\$10,857	\$11,086	\$11,429	\$11,714	\$12,000	\$12,229
. 3 Exemptions			\$11,114	\$11,657	\$12,286	\$12,771	\$13,114	\$13,886	\$14,314	\$14,714	\$15,086	\$15,314
. 4 Exemptions			\$13,343	\$14,000	\$14,771	\$15,400	\$16,314	\$16,714	\$17,200	\$17,686	\$18,143	\$18,429
. 5 Exemptions			\$15,600	\$16,371	\$17,257	\$18,000	\$19,057	\$19,514	\$20,086	\$20,686	\$21,229	\$21,543
. 6 Exemptions			\$17,829	\$18,714	\$19,743	\$20,629	\$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.	+\$2,743 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 (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)	\$1,234	\$1,264	\$1,246	\$1,289	\$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	\$8,789	\$9,068	\$9,303	\$9,558	\$9,774	\$10,011
. 2 Exemptions			\$9,986	\$10,485	\$10,962	\$11,190	\$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	\$11,818	\$12,136	\$12,755	\$12,764	\$12,873
. Credit Proration (%)		206.527a(18)	100%	100%	100%	100%	100%	62%	70%	74%	82%	90%

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	MCL Section	TY 2000	TY 2001	TY 2002	TY 2003	TY 2004	TY 2005	TY 2006	TY 2007	TY 2008	TY 2009	TY 2010
. <u>Home Heating Credit</u>	(32)	206.527a(1)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
. Federal Poverty Income Limit		206.527a(1)(b)	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%
. General Credit		206.527a(1)(c)(i)	Yes (k2)	Yes (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
. 2 Exemptions			\$435	\$448	\$461	\$468	\$482	\$495	\$509	\$528	\$540	\$562
. 3 Exemptions			\$547	\$565	\$579	\$589	\$604	\$620	\$640	\$662	\$679	\$706
. 4 Exemptions			\$658	\$681	\$698	\$709	\$727	\$746	\$771	\$790	\$817	\$850
. 5 Exemptions			\$770	\$797	\$816	\$830	\$849	\$871	\$902	\$930	\$956	\$994
. 6 Exemptions			\$882	\$914	\$935	\$951	\$972	\$997	\$1,033	\$1,064	\$1,094	\$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.	+ \$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
. 2 Exemptions			\$12,429	\$12,800	\$13,171	\$13,371	\$13,771	\$14,129	\$14,529	\$15,072	\$15,415	\$16,043
. 3 Exemptions			\$15,629	\$16,143	\$16,543	\$16,829	\$17,257	\$17,700	\$18,271	\$18,900	\$19,386	\$20,158
. 4 Exemptions			\$18,800	\$19,457	\$19,943	\$20,257	\$20,771	\$21,300	\$22,014	\$22,729	\$23,329	\$24,272
. 5 Exemptions			\$22,000	\$22,771	\$23,314	\$23,714	\$24,257	\$24,871	\$25,757	\$26,558	\$27,301	\$28,387
. 6 Exemptions			\$25,200	\$26,114	\$26,714	\$27,171	\$27,771	\$28,471	\$29,500	\$30,386	\$31,243	\$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.	+ \$3,971 per exemp.	+ \$4,114 per exemp.	+ \$4,114 per exemp.
. Alternative Credit												
. Heating Fuel Cost Limit		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)
. Maximum Income:		206.527a(1)(d)	\$1,453	\$1,493	\$1,578	\$1,687	\$1,843	\$2,028	\$2,231	\$2,351	\$2,430	\$2,506
. 0 or 1 Exemptions			\$10,350	\$10,703	\$10,922	\$11,211	\$11,360	\$11,635	\$12,066	\$12,263	\$12,590	\$12,691
. 2 Exemptions			\$13,209	\$13,573	\$14,345	\$15,088	\$15,287	\$15,658	\$16,230	\$16,502	\$16,942	\$17,078
. 3 or more			\$13,209	\$13,573	\$14,345	\$15,340	\$16,757	\$18,433	\$20,282	\$21,298	\$21,298	\$21,469
. Credit Proration (%)		206.527a(18)	100%	100%	100%	80%	76%	76%	76%	65%	65%	52%

For notes, see page 134.

MICHIGAN INCOME TAX REQUIREMENTS (cont.)

Refundable Credits (cont.)	MCL Section	TY 2011	TY 2012	TY 2013	TY 2014	TY 2015	TY 2016	TY 2017	TY 2018	TY 2019	TY 2020	TY 2021	TY 2022
. <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%	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)	Yes (k3)
. Maximum Credit:	206.527a(1)(a)												
. 0 or 1 Exemption		\$420	\$431	\$443	\$450	\$454	\$458	\$465	\$468	\$482	\$492	\$497	\$524
. 2 Exemptions		\$567	\$584	\$598	\$607	\$614	\$618	\$626	\$635	\$652	\$665	\$672	\$706
. 3 Exemptions		\$714	\$736	\$753	\$763	\$774	\$777	\$787	\$801	\$822	\$837	\$846	\$888
. 4 Exemptions		\$861	\$888	\$908	\$919	\$935	\$937	\$948	\$967	\$992	\$1,010	\$1,021	\$1,069
. 5 Exemptions		\$1,009	\$1,041	\$1,062	\$1,076	\$1,095	\$1,096	\$1,109	\$1,134	\$1,163	\$1,182	\$1,196	\$1,251
. 6 Exemptions		\$1,156	\$1,193	\$1,217	\$1,232	\$1,255	\$1,255	\$1,270	\$1,300	\$1,333	\$1,355	\$1,371	\$1,433
. 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.	+ \$182 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	\$14,957
. 2 Exemptions		\$16,186	\$16,671	\$17,071	\$17,329	\$17,528	\$17,642	\$17,871	\$18,129	\$18,614	\$18,986	\$19,186	\$20,157
. 3 Exemptions		\$20,387	\$21,014	\$21,500	\$21,786	\$22,099	\$22,185	\$22,471	\$22,871	\$23,471	\$23,900	\$24,157	\$25,357
. 4 Exemptions		\$24,587	\$25,357	\$25,929	\$26,243	\$26,699	\$26,753	\$27,071	\$27,614	\$28,328	\$28,842	\$29,156	\$30,528
. 5 Exemptions		\$28,815	\$29,728	\$30,328	\$30,728	\$31,270	\$31,299	\$31,671	\$32,386	\$33,214	\$33,757	\$34,157	\$35,729
. 6 Exemptions		\$33,014	\$34,071	\$34,757	\$35,186	\$35,842	\$35,842	\$36,271	\$37,129	\$38,071	\$38,700	\$39,157	\$40,929
. 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.	+ \$5,200 per exemp.
. Alternative Credit	206.527a(1)(c)(ii)	Yes (l2)	Yes (l3)	Yes (l3)	Yes (l3)	Yes (l3)	Yes (l3)	Yes (l3)	Yes (l3)	Yes (l3)	Yes (l3)	Yes (l3)	Yes (l3)
. 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	\$3,340
. 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	\$16,387
. 2 Exemptions		\$17,458	\$17,920	\$18,269	\$18,472	\$18,472	\$18,605	\$18,989	\$19,475	\$19,690	\$19,982	\$20,504	\$22,051
. 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	\$27,720
. Credit Proration (%)	206.527a(18)	52%	48%	49%	50%	50%	67%	75%	75%	80%	85%	100%	90%

For notes, see page 134.

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.

(.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 {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).

For TY 1968 and 1969:

.	$\leq \$100$	20% of city income taxes
.	$> \$100, \leq \150	\$20 + 15% of excess over \$100
.	$> \$150, \leq \200	\$27.50 + 10% of excess over \$150
.	$> \$200$	min { \$32.50 + 5% of excess over \$200, \$10,000 }

. For TY 1971 - 1985:

.	$\leq \$100$	20% of city income taxes
.	$> \$100, \leq \150	$\$20 + 10\%$ of excess over \$100
.	$> \$150, \leq \200	$\$25 + 5\%$ of excess over \$150
.	$> \$200$	$\min \{ \$27.50 + 5\% \text{ of excess over } \$200, \$10,000 \}$

If City Income Tax is:

. <=\$100	20% of city income taxes
. >\$100, <=\$150	\$20 + 10% of excess over \$100
. >\$150	min (\$25 + 5% of excess over \$150, \$10,000)

(a). From TY 1968 through 1987, credit was limited to min. {50% of contribution, 10% of liability, \$5,000} for estates, trusts, or

(a'). Starting TV 1988, credit limited to min. {50% contribution, \$100 for single returns, \$200 for joint returns} or

(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 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, assignable, 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 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 TY2011, 6% of federal credit claimed for TY 2012 through TY2022 (for TY2022, additional credit equal to 24% of the federal EITC credit), and 30% of federal EITC for TY2023 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% cost of purchase & installation, \$75 (single), or \$150 (joint)}.
- (29) MI Historical Preservation Credit equals to 25% of qualified expenses, reduced by the amount of federal historic credit received. Starting TY 2009, instead of carrying forward the cr amount that exceeds liability (10 yrs), taxpayer may elect to have 90% of the excess credit amount refunded, where maximum equals 90% of \$250,000 per completed project, subject to a total of \$250,000 credit amount. Starting in TY 2012, only taxpayers with a rehabilitation certificate issued between 1999 and 2011 are eligible to claim this credit.
- (30) Property Tax Credit eligibility requirements and calculations:
- (b). In TY 1968 and 1969, credit was non-refundable, applicable also to non-homestead property tax paid by the taxpayer, and its percent was inversely proportioned to the total eligible ad valorem taxes paid by the taxpayers as follows:
- | | |
|--|------------------------------------|
| Eligible Property Taxes (PPT) Amount: Credit | 20% of property taxes |
| . <=\$100 | \$20 + 15% of excess over \$100 |
| . >\$100, <=\$150 | \$27.50 + 10% of excess over \$150 |
| . >\$150, <=\$200 | \$32.50 + 5% of excess over \$200 |
| . >\$200, <=\$10,000 | 4% of property taxes |
| . >\$10,000 | |
- (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 |
| . <=\$100 | 20% of property taxes |
| . >\$100, <=\$150 | \$20 + 10% of excess over \$100 |
| . >\$150, <=\$200 | \$25 + 5% of excess over \$150 |
| . >\$200, <=\$10,000 | \$27.50 + 5% of excess over \$200 |
| . >\$10,000 | 4% of property taxes |
- (b3). Starting TY 1973, credit became refundable, based only on homestead property taxes paid and was calculated based on taxpayer's household income. For mobile home owners, property taxes include the \$3.00 / month specific tax plus statutorily allowed percentage of rent.
- (b4). Starting in TY 2012, the credit became subject no longer to household income, but to household resources. Household resources refer to total household income plus any net business loss after netting all business income and loss, plus any net rental or royalty loss, plus any deduction from federal adjusted gross income for a carryback or carryforward of a net operating loss as defined in IRC sec. 172 (b) (2).

- (c). Through TY 2011, General Credit (for homeowners or renters) equals to 60% of property tax amount paid in excess of 3.5% of household income.
(c'). Starting TY 2012, General Credit (for homeowners or renters) equals to 60% of property tax amount paid in excess of 3.5% of household resources.
(c''). Starting TY 2018, General Credit (for homeowners or renters) equals to 60% of property tax amount paid in excess of 3.2% of household resources.
(d). Credit for homeowners or renters who are: Seniors (General Credit, only through TY 2011); Para/Quadriplegic (starting TY 1974); Hemiplegic (starting TY 1984); Blind (starting TY 2000 through TY 2011, and TY 2013 and on), or Deaf (starting TY 2000).

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

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

- (d1). Starting TY 2012, homeowners or renters who are Seniors or Blind (for TY 2012 only) with household income above \$21,000 have credit amount equaled to percentage of eligible property tax paid in excess of 3.5% taxpayer's household resources as follows:

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

- (d2). Starting TY 2018, credit for homeowners or renters who are: Seniors; Para/Quadriplegic; Hemiplegic; blind, or Deaf.

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

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

- (d3). Starting TY 2018, homeowners or renters who are Seniors or Blind with household income above \$21,000 have credit amount equal to percentage of eligible property tax paid in excess of 3.2% taxpayer's household resources as follows:
- | Household Income | Credit %
same as (d2) | Household Income | Credit % |
|-----------------------|--------------------------|-----------------------|----------|
| <=\$21,000 | | >\$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).