

City of Saginaw

Michigan Homestead Property Tax
Credit

Prepared by:

Fiscal Services Department

Property Taxes Defined per the Michigan Compiled Laws

INCOME TAX ACT OF 1967 (EXCERPT)

Act 281 of 1967

206.512a “Property taxes” defined.

Sec. 512a. “Property taxes” means, for the 2003 tax year and tax years after the 2003 tax year, general ad valorem taxes due and payable, levied on a homestead within this state including property tax administration fees, but does not include penalties, interest, or special assessments unless the special assessment is levied using a uniform millage rate on all real property not exempt by state law from the levy of the special assessment and complies with 1 of the following:

- (a) The special assessment is levied in the entire city, village, or township and is levied and based on state equalized valuation or taxable value.
- (b) The special assessment is for police, fire, or advanced life support, is levied in the entire township excluding all or a portion of a village within the township, and is levied and based on state equalized valuation or taxable value.

What this means to the City of Saginaw Taxpayers

- If you are eligible for a homestead property tax credit, the additional taxes from the special assessment millage would be included in your property tax credit calculation. The maximum credit is \$1,200.
- For taxpayers age 65 and over, the additional taxes may be refunded 100%. Support of the millage would not cost anything.
- For taxpayers under the age of 65, the additional taxes may be refunded 60%. Each dollar of additional tax would only cost 40¢.

Example of Homestead Property Tax Credit

Example Assumptions:

Home Valuations:

\$50,000 Market Value

\$25,000 State Equalized or Assessed Value

\$21,000 Taxable Value

Income:

\$16,000 of Household Income

Definition of Household Income

Household Income is the total income (taxable and nontaxable) of both spouses or a single person maintaining a household. This includes, but is not limited to the following:

- Pensions
- Social security – do not include the amount deducted for Medicare
- Child support
- Public assistance payments
- Gambling winnings over \$300
- Life insurance (except for a policy on your spouse)
- Inheritance (except from spouse)

Deductions from Household Income

Deductions from Household Income includes, but is not limited to the following:

- Medical or Health Savings Account deduction
- Educator expenses
- Payments to individual retirement accounts
- Deduction for self employment tax
- Forfeited interest penalty for premature withdrawal
- Medical insurance premiums – do not include premiums paid for long-term care insurance or amounts paid before taxes.

Age 65 and Over Property tax credit calculation

	Before Millage	After Millage	Difference
Taxable Value	\$21,000	\$21,000	\$ 0
Taxes	\$ 776	\$ 902	\$ 126
Household Income	\$16,000	\$16,000	\$ 0
Multiplied by 3.5% or table	\$ 560	\$ 560	\$ 0
Refundable taxes	\$ 216	\$ 342	\$ 126
Actual annual “cost” of millage for 5 years			\$ 0

Under age 65 Property tax credit calculation

	Before Millage	After Millage	Difference
Taxable Value	\$21,000	\$21,000	\$ 0
Taxes	\$ 776	\$ 902	\$ 126
Household Income	\$16,000	\$16,000	\$ 0
Multiplied by 3.5% or table	\$ 560	\$ 560	\$ 0
Refundable taxes	\$ 216	\$ 342	\$ 126
60% of refundable taxes	\$ 130	\$ 205	\$ 75
Actual annual “cost” of millage for 5 years			\$ 51

Renter's Credit

- You must be under a lease or rental contract to claim rent for credit.
- In most cases, 20 percent of rent paid is considered property tax that can be claimed for credit. There are a few exceptions.

Summary

- Taxpayers age 65 and over that are eligible for the homestead property tax credit would not have any additional cost for the 5 year millage.
- Taxpayers under age 65 that are eligible for the homestead property tax credit would have an actual cost of 2.4 mills instead of 6 mills for the 5 year millage.

Places to go for assistance with Homestead Property Tax Credit forms

Voluntary Income Tax Assistance Programs are available at the following Saginaw locations:

National City Bank	1472 N. Michigan
United Way of Saginaw	1840 N. Michigan
Butman Fish Library	1716 Hancock

These places offer free income tax assistance to eligible taxpayers.