

# END TUITION TAX CREDIT; APPROPS FOR HIGHER ED



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FISCAL ANALYSIS

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## SENATE BILL 371 SUBSTITUTE H-11

**Sponsor:** Sen. John J. H. Schwarz  
**House Committee:** Appropriations

## FLOOR ANALYSIS - 2/25/02

**Analyst(s):** Hank Prince

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### SUMMARY

The House substitute (H-11) for SB 371 amends the Michigan Income Tax Act to restrict the state Tuition Tax Credit's effective dates to tax years 1995 through 2000. It also appropriates \$32.7 million to postsecondary institutions, with \$26.2 million to state universities, \$1.3 million to independent colleges and universities, and \$5.2 million to community colleges.

For state universities, the distribution is based primarily on the university's proportionate share of the total number of resident undergraduate FY 2000-01 fiscal year equated students (FYES) and secondarily on the university's FY 2000-01 state appropriations.

For the community college appropriations, the allocations are based on a combination of across-the-board and formula-funding components, using the FY 2000-01 budget as a base.

For independent colleges and universities, the allocation is made through the General Degree Grant reimbursement program, which provides a per-graduate amount based on the number of degrees conferred on Michigan residents in the prior academic year.

It requires state universities to distribute their allocations, on a per-FYES basis by December 15, 2001, to all resident undergraduate students who were enrolled and paid tuition/fees for the fall semester/term. If a state university did not certify by November 15, 2001 that it would distribute the allocations in this prescribed manner, its appropriation would be reallocated to all other complying state universities.

H-11 also repeals the contingent appropriations sections contained in the already-enacted FY 2001-02 community college and higher education budgets.