

# Legislative Analysis

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## **SBT: HIGHER EDUCATION CREDIT**

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**Senate Bill 387 (Substitute S-4)**

**Sponsor: Sen. Bruce Patterson**

**House Committee: Tax Policy**

**Senate Committee: Finance**

**Complete to 11-28-06**

## **A SUMMARY OF SENATE BILL 387 AS PASSED BY THE SENATE 6-16-05**

The bill would amend the Single Business Tax Act to create a refundable credit against the SBT for education expenses paid by eligible taxpayers for qualified employees equal to 10 percent of the first \$10,000 in expenses per employee.

The credit would be limited to taxpayers with an average of 250 or fewer full-time equivalent employees during the tax year in which the credit is claimed. Eligible expenses used to determine the amount of the credit would include the cost of tuition and related expenses (fees, books, supplies, equipment, etc) at colleges, universities, vocational schools, and other post-secondary education institutions. Eligible expenses would not include expenses related to courses needed to meet continuing education requirements for licensure or certification required for the employee's job or courses concerning sports, games, or hobbies.

Employees whose education expenses are paid would have to meet the following criteria: (1) be an employee during the tax year; (2) have a modified adjusted gross income of less than \$51,000 [or \$103,000 if filing jointly]; (3) be at least 24 years of age; (4) be employed for at least 25 hours per week; and (5) not be a full-time student.

MCL 208.35d

## **FISCAL IMPACT:**

The bill would reduce SBT revenue, all of which accrues to the General Fund/General Purpose, by an estimated \$1 to \$2 million dollars on a full year basis.

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