

SENATE BILL No. 393

April 19, 2005, Introduced by Senators OLSHOVE, BARCIA, BERNERO, BRATER and PATTERSON
and referred to the Committee on Commerce and Labor.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.532) by adding section 272.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 272. (1) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31,
2 2005, A TAXPAYER WITH MODIFIED ADJUSTED GROSS INCOME OF LESS THAN
3 \$51,000.00 FOR A SINGLE RETURN OR LESS THAN \$103,000.00 FOR A JOINT
4 RETURN MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY THIS ACT EQUAL
5 TO 10% OF THE FIRST \$10,000.00 OF ELIGIBLE EXPENSES PAID IN THE TAX
6 YEAR FOR COURSES THAT WILL LEAD TO A POSTSECONDARY DEGREE OR THAT
7 ARE TAKEN TO ACQUIRE OR IMPROVE THE TAXPAYER'S JOB SKILLS AT AN
8 ELIGIBLE EDUCATIONAL INSTITUTION.

9 (2) FOR THE 2006 TAX YEAR AND EACH TAX YEAR AFTER THE 2006 TAX
10 YEAR, THE MAXIMUM AMOUNTS OF ADJUSTED GROSS INCOME UNDER SUBSECTION

1 (1) SHALL BE ADJUSTED BY THE PERCENTAGE INCREASE IN THE UNITED
2 STATES CONSUMER PRICE INDEX FOR THE IMMEDIATELY PRECEDING CALENDAR
3 YEAR.

4 (3) MONEY FROM ANY OTHER SOURCE USED TO PAY FOR ELIGIBLE
5 EXPENSES SHALL NOT BE USED TO CALCULATE THE CREDIT UNDER THIS
6 SECTION.

7 (4) AMOUNTS DEDUCTED UNDER ANY OTHER SECTION OF THIS ACT OR
8 THE SINGLE BUSINESS TAX ACT, 1975 PA 228, MCL 208.1 TO 208.145,
9 SHALL NOT BE USED TO CALCULATE THE CREDIT UNDER THIS SECTION.

10 (5) IF THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION
11 EXCEEDS THE TAX LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT
12 PORTION OF THE CREDIT THAT EXCEEDS THE TAX LIABILITY SHALL BE
13 REFUNDED.

14 (6) AS USED IN THIS SECTION:

15 (A) "ELIGIBLE EDUCATIONAL INSTITUTION" MEANS ANY COLLEGE,
16 UNIVERSITY, VOCATIONAL SCHOOL, OR OTHER POSTSECONDARY EDUCATIONAL
17 INSTITUTION THAT IS ELIGIBLE TO PARTICIPATE IN A STUDENT AID
18 PROGRAM ADMINISTERED BY THE FEDERAL DEPARTMENT OF EDUCATION.

19 (B) "ELIGIBLE EXPENSES" MEANS EXPENSES LISTED IN SUBPARAGRAPHS
20 (i) AND (ii) PAID FOR COURSES FOR WHICH THE TAXPAYER, THE TAXPAYER'S
21 SPOUSE, AND ANY DEPENDENT OF THE TAXPAYER FOR WHOM THE TAXPAYER
22 CLAIMS AN EXEMPTION UNDER SECTION 30(2) FOR THE TAX YEAR IN WHICH
23 THE CREDIT IS CLAIMED TOOK DURING THE TAX YEAR AND FOR WHICH HE OR
24 SHE RECEIVED ACADEMIC CREDIT AND DOES NOT INCLUDE EXPENSES LISTED
25 IN SUBPARAGRAPH (iii), AS FOLLOWS:

26 (i) TUITION.

27 (ii) RELATED EXPENSES SUCH AS STUDENT-ACTIVITY FEES AND

1 EXPENSES FOR COURSE RELATED BOOKS, SUPPLIES, AND EQUIPMENT IF THE
2 RELATED EXPENSES ARE PAID DIRECTLY TO THE ELIGIBLE EDUCATIONAL
3 INSTITUTION AS A CONDITION FOR ENROLLMENT OR ATTENDANCE AT THE
4 INSTITUTION OR IN THE COURSE.

5 (iii) ANY EXPENSES RELATED TO THE FOLLOWING TYPES OF COURSES:

6 (A) COURSES TAKEN TO MEET A CONTINUING EDUCATION REQUIREMENT
7 FOR A LICENSE OR CERTIFICATE REQUIRED FOR THE TAXPAYER'S JOB.

8 (B) SPORTS, GAMES, OR HOBBIES.

9 (C) NONCREDIT COURSES.

10 (C) "MODIFIED ADJUSTED GROSS INCOME" MEANS MODIFIED ADJUSTED
11 GROSS INCOME FOR PURPOSES OF THE LIFETIME LEARNING CREDIT UNDER
12 SECTION 25A OF THE INTERNAL REVENUE CODE.

13 (D) "UNITED STATES CONSUMER PRICE INDEX" MEANS THE UNITED
14 STATES CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS AS DEFINED AND
15 REPORTED BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR
16 STATISTICS, AND AS CERTIFIED BY THE STATE TREASURER.