

HOUSE BILL No. 6454

October 17, 2018, Introduced by Rep. LaGrand and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.713) by adding sections 280 and 675.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 280. (1) FOR TAX YEARS BEGINNING ON AND AFTER JANUARY 1,
2 2019 AND SUBJECT TO THE LIMITATIONS UNDER THIS SECTION, A QUALIFIED
3 TAXPAYER MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY THIS PART
4 EQUAL TO THE FOLLOWING PERCENTAGES OF THE AMOUNT PAID ON A
5 QUALIFIED STUDENT LOAN BY THE QUALIFIED TAXPAYER DURING THE TAX
6 YEAR:

7 (A) FOR A TAXPAYER WHO SATISFIES BOTH ELIGIBILITY CONDITIONS
8 UNDER SUBSECTION (6) (D) (i) AND (ii) , 50%.

9 (B) FOR A TAXPAYER WHO ONLY SATISFIES 1 OF THE ELIGIBILITY
10 CONDITIONS UNDER SUBSECTION (6) (D) (i) OR (ii) , 25%.

1 (2) A QUALIFIED TAXPAYER SHALL NOT CLAIM A CREDIT OF MORE THAN
2 20% OF THE AVERAGE YEARLY TUITION TO ATTEND A SIMILAR POSTSECONDARY
3 EDUCATIONAL INSTITUTION IN THIS STATE UNDER THIS SECTION FOR ANY
4 SINGLE TAX YEAR. A QUALIFIED TAX PAYER IS ONLY ELIGIBLE TO CLAIM
5 THE CREDIT ALLOWED UNDER THIS SECTION WITHIN THE 10 TAX YEARS
6 IMMEDIATELY FOLLOWING HIS OR HER GRADUATION FROM THE POSTSECONDARY
7 EDUCATIONAL INSTITUTION.

8 (3) TO BE ELIGIBLE FOR THE CREDIT UNDER THIS SECTION, THE
9 QUALIFIED TAXPAYER SHALL PROVIDE THE DEPARTMENT WITH PROOF OF
10 RESIDENCY AND PROOF OF EMPLOYMENT IN THIS STATE. THE DEPARTMENT MAY
11 ALSO REQUIRE REASONABLE PROOF FROM THE QUALIFIED TAXPAYER IN
12 SUPPORT OF PAYMENTS CLAIMED TO BE PAID FOR A QUALIFIED STUDENT LOAN
13 UNDER THIS SECTION.

14 (4) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE
15 QUALIFIED TAXPAYER'S TAX LIABILITY FOR THE TAX YEAR, THAT PORTION
16 THAT EXCEEDS THE TAX LIABILITY FOR THE TAX YEAR SHALL BE REFUNDED.

17 (5) THE CREDIT ALLOWED UNDER THIS SECTION SHALL BE KNOWN AS
18 THE "MICHIGAN TUITION REIMBURSEMENT CREDIT".

19 (6) AS USED IN THIS SECTION:

20 (A) "POSTSECONDARY EDUCATIONAL INSTITUTION" MEANS A DEGREE OR
21 CERTIFICATE GRANTING COLLEGE, UNIVERSITY, COMMUNITY COLLEGE, JUNIOR
22 COLLEGE, OR TRADE, VOCATIONAL, OR OCCUPATIONAL SCHOOL.

23 (B) "PROOF OF RESIDENCY" MEANS A FILED MICHIGAN INDIVIDUAL
24 INCOME TAX RETURN THAT INCLUDES THE TAXPAYER'S CERTIFICATION THAT
25 HE OR SHE IS A RESIDENT, A SIGNED AFFIDAVIT OF MICHIGAN RESIDENCY,
26 OR OTHER PROOF OF RESIDENCY ACCEPTABLE TO THE DEPARTMENT.

27 (C) "QUALIFIED STUDENT LOAN" MEANS ANY STATE OR FEDERAL LOANS

1 INCURRED TO ATTEND AND RECEIVE A DEGREE OR CERTIFICATION FROM A
2 POSTSECONDARY EDUCATIONAL INSTITUTION, INCLUDING, BUT NOT LIMITED
3 TO, STATE LOANS AUTHORIZED UNDER THE HIGHER EDUCATION LOAN
4 AUTHORITY ACT, 1975 PA 222, MCL 390.1151 TO 390.1165, AND FEDERAL
5 LOANS AUTHORIZED UNDER THE HIGHER EDUCATION ACT OF 1965, PUBLIC LAW
6 89-329, 20 USC 1001 TO 1155.

7 (D) "QUALIFIED TAXPAYER" MEANS A TAXPAYER WHO IS A RESIDENT OF
8 THIS STATE, WHO IS EMPLOYED IN THIS STATE, AND WHO SATISFIES AT
9 LEAST 1 OF THE FOLLOWING:

10 (i) HAS GRADUATED FROM A HIGH SCHOOL LOCATED IN THIS STATE.

11 (ii) HAS RECEIVED A DEGREE OR CERTIFICATION FROM A
12 POSTSECONDARY EDUCATIONAL INSTITUTION LOCATED IN THIS STATE.

13 SEC. 675. (1) FOR TAX YEARS BEGINNING ON AND AFTER JANUARY 1,
14 2019 AND SUBJECT TO THE LIMITATIONS UNDER THIS SECTION, A TAXPAYER
15 MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY THIS PART EQUAL TO
16 THE FOLLOWING PERCENTAGES OF THE AMOUNT PAID ON A QUALIFIED STUDENT
17 LOAN BY THE TAXPAYER ON BEHALF OF A QUALIFIED EMPLOYEE DURING THE
18 TAX YEAR:

19 (A) FOR A QUALIFIED EMPLOYEE WHO SATISFIES BOTH ELIGIBILITY
20 CONDITIONS UNDER SUBSECTION (6) (B) (i) AND (ii) , 50%.

21 (B) FOR A QUALIFIED EMPLOYEE WHO ONLY SATISFIES 1 OF THE
22 ELIGIBILITY CONDITIONS UNDER SUBSECTION (6) (B) (i) OR (ii) , 25%.

23 (2) A TAXPAYER SHALL NOT CLAIM A CREDIT OF MORE THAN 20% OF
24 THE AVERAGE YEARLY TUITION TO ATTEND A SIMILAR POSTSECONDARY
25 EDUCATIONAL INSTITUTION IN THIS STATE UNDER THIS SECTION FOR ANY
26 SINGLE TAX YEAR FOR ANY SINGLE QUALIFIED EMPLOYEE.

27 (3) TO BE ELIGIBLE FOR THE CREDIT UNDER THIS SECTION, THE

1 TAXPAYER IN A FORM AS PRESCRIBED BY THE DEPARTMENT SHALL PROVIDE
2 REASONABLE PROOF IN SUPPORT OF PAYMENTS CLAIMED TO BE PAID ON
3 BEHALF OF A QUALIFIED EMPLOYEE FOR HIS OR HER QUALIFIED STUDENT
4 LOAN UNDER THIS SECTION. THE FORM SHALL INCLUDE, AT A MINIMUM, ALL
5 OF THE FOLLOWING:

6 (A) THE TAXPAYER'S FEDERAL EMPLOYER IDENTIFICATION NUMBER OR
7 THE MICHIGAN TREASURY NUMBER ASSIGNED.

8 (B) THE NAME AND ADDRESS OF THE QUALIFIED EMPLOYEE.

9 (C) THE DATE AND AMOUNT OF EACH PAYMENT MADE TOWARD A
10 QUALIFIED STUDENT LOAN.

11 (D) ANY OTHER CRITERIA THAT THE DEPARTMENT CONSIDERS
12 APPROPRIATE FOR THE DETERMINATION OF ELIGIBILITY FOR THE CREDIT
13 UNDER THIS SECTION.

14 (4) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE
15 QUALIFIED TAXPAYER'S TAX LIABILITY FOR THE TAX YEAR, THAT PORTION
16 THAT EXCEEDS THE TAX LIABILITY FOR THE TAX YEAR SHALL BE REFUNDED.

17 (5) THE CREDIT ALLOWED UNDER THIS SECTION SHALL BE KNOWN AS
18 THE "MICHIGAN TUITION REIMBURSEMENT CREDIT".

19 (6) AS USED IN THIS SECTION:

20 (A) "POSTSECONDARY EDUCATIONAL INSTITUTION" MEANS A DEGREE OR
21 CERTIFICATE GRANTING COLLEGE, UNIVERSITY, COMMUNITY COLLEGE, JUNIOR
22 COLLEGE, OR TRADE, VOCATIONAL, OR OCCUPATIONAL SCHOOL.

23 (B) "QUALIFIED EMPLOYEE" MEANS AN EMPLOYEE WHO IS A RESIDENT
24 OF THIS STATE, WHO RECEIVED A DEGREE OR CERTIFICATION FROM A
25 POSTSECONDARY EDUCATIONAL INSTITUTION WITHIN THE 10 IMMEDIATELY
26 PRECEDING TAX YEARS, AND WHO SATISFIES AT LEAST 1 OF THE FOLLOWING:

27 (i) HAS GRADUATED FROM A HIGH SCHOOL LOCATED IN THIS STATE.

1 (ii) HAS RECEIVED A DEGREE OR CERTIFICATION FROM A
2 POSTSECONDARY EDUCATIONAL INSTITUTION LOCATED IN THIS STATE.

3 (C) "QUALIFIED STUDENT LOAN" MEANS ANY STATE OR FEDERAL LOANS
4 INCURRED TO ATTEND AND RECEIVE A DEGREE OR CERTIFICATION FROM A
5 POSTSECONDARY EDUCATIONAL INSTITUTION, INCLUDING, BUT NOT LIMITED
6 TO, STATE LOANS AUTHORIZED UNDER THE HIGHER EDUCATION LOAN
7 AUTHORITY ACT, 1975 PA 222, MCL 390.1151 TO 390.1165, AND FEDERAL
8 LOANS AUTHORIZED UNDER THE HIGHER EDUCATION ACT OF 1965, PUBLIC LAW
9 89-329, 20 USC 1001 TO 1155.