

HOUSE BILL No. 4182

February 5, 2013, Introduced by Reps. Schor, Brown, Singh, Irwin, Switalski, Knezek, Slavens and Cavanagh 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 275 and 675.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 275. (1) BEGINNING ON AND AFTER JANUARY 1, 2013, A
2 QUALIFIED TAXPAYER MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY
3 THIS PART EQUAL TO 50% OF THE AMOUNT PAID ON A QUALIFIED STUDENT
4 LOAN BY THE QUALIFIED TAXPAYER DURING THE TAX YEAR. A QUALIFIED
5 TAXPAYER SHALL NOT CLAIM A CREDIT OF MORE THAN 20% OF THE AVERAGE
6 YEARLY TUITION FOR MICHIGAN'S PUBLIC UNIVERSITIES UNDER THIS
7 SECTION FOR ANY SINGLE TAX YEAR.

8 (2) 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

1 ALSO REQUIRE REASONABLE PROOF FROM THE QUALIFIED TAXPAYER IN
2 SUPPORT OF PAYMENTS CLAIMED TO BE PAID FOR A QUALIFIED STUDENT LOAN
3 UNDER THIS SECTION.

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

7 (4) AS USED IN THIS SECTION:

8 (A) "APPROVED POSTSECONDARY EDUCATIONAL INSTITUTION" MEANS ANY
9 OF THE FOLLOWING:

10 (i) A COLLEGE, UNIVERSITY, COMMUNITY COLLEGE, OR JUNIOR COLLEGE
11 DESCRIBED IN SECTION 4, 5, OR 6 OF ARTICLE VIII OF THE STATE
12 CONSTITUTION OF 1963 OR ESTABLISHED UNDER SECTION 7 OF ARTICLE VIII
13 OF THE STATE CONSTITUTION OF 1963.

14 (ii) AN INDEPENDENT NONPROFIT COLLEGE OR UNIVERSITY LOCATED IN
15 THIS STATE.

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

20 (C) "QUALIFIED STUDENT LOAN" MEANS ANY STATE OR FEDERAL LOANS
21 INCURRED TO ATTEND AND RECEIVE A BACHELOR'S DEGREE FROM AN APPROVED
22 POSTSECONDARY EDUCATIONAL INSTITUTION, INCLUDING, BUT NOT LIMITED
23 TO, STATE LOANS AUTHORIZED UNDER THE HIGHER EDUCATION LOAN
24 AUTHORITY ACT, 1975 PA 222, MCL 390.1151 TO 390.1165, AND FEDERAL
25 LOANS AUTHORIZED UNDER THE HIGHER EDUCATION ACT OF 1965, PUBLIC LAW
26 89-329, 20 USC 1001 TO 1155.

27 (D) "QUALIFIED TAXPAYER" MEANS A TAXPAYER WHO ATTENDED AN

1 APPROVED POSTSECONDARY EDUCATIONAL INSTITUTION AND RECEIVED A
2 BACHELOR'S DEGREE FROM THAT INSTITUTION, WHO IS A RESIDENT OF THIS
3 STATE, AND WHO IS EMPLOYED IN THIS STATE.

4 SEC. 675. (1) BEGINNING ON AND AFTER JANUARY 1, 2013, A
5 TAXPAYER MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY THIS PART
6 EQUAL TO 50% OF THE AMOUNT OF QUALIFIED STUDENT LOAN PAYMENTS MADE
7 BY THE TAXPAYER ON BEHALF OF A QUALIFIED EMPLOYEE DURING TAX YEAR
8 FOR WHICH THE CREDIT IS CLAIMED OR 20% OF THE AVERAGE YEARLY
9 TUITION FOR MICHIGAN'S PUBLIC UNIVERSITIES PER EMPLOYEE, WHICHEVER
10 IS LESS.

11 (2) TO BE ELIGIBLE FOR THE CREDIT UNDER THIS SECTION, THE
12 TAXPAYER IN A FORM AS PRESCRIBED BY THE DEPARTMENT SHALL PROVIDE
13 REASONABLE PROOF IN SUPPORT OF PAYMENTS CLAIMED TO BE PAID ON
14 BEHALF OF A QUALIFIED EMPLOYEE FOR HIS OR HER QUALIFIED STUDENT
15 LOAN UNDER THIS SECTION. THE FORM SHALL INCLUDE, AT A MINIMUM, ALL
16 OF THE FOLLOWING:

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

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

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

22 (D) ANY OTHER CRITERIA THAT THE DEPARTMENT CONSIDERS
23 APPROPRIATE FOR THE DETERMINATION OF ELIGIBILITY FOR THE CREDIT
24 UNDER THIS SECTION.

25 (3) IF THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION
26 EXCEEDS THE TAX LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT
27 PORTION OF THE CREDIT THAT EXCEEDS THE TAX LIABILITY OF THE

1 TAXPAYER FOR THE TAX YEAR SHALL NOT BE REFUNDED BUT MAY BE CARRIED
2 FORWARD TO OFFSET TAX LIABILITY UNDER THIS ACT IN SUBSEQUENT TAX
3 YEARS FOR A PERIOD NOT TO EXCEED 10 TAX YEARS OR UNTIL USED UP,
4 WHICHEVER OCCURS FIRST.

5 (4) AS USED IN THIS SECTION:

6 (A) "APPROVED POSTSECONDARY EDUCATIONAL INSTITUTION" MEANS ANY
7 OF THE FOLLOWING:

8 (i) A COLLEGE, UNIVERSITY, COMMUNITY COLLEGE, OR JUNIOR COLLEGE
9 DESCRIBED IN SECTION 4, 5, OR 6 OF ARTICLE VIII OF THE STATE
10 CONSTITUTION OF 1963 OR ESTABLISHED UNDER SECTION 7 OF ARTICLE VIII
11 OF THE STATE CONSTITUTION OF 1963.

12 (ii) AN INDEPENDENT NONPROFIT COLLEGE OR UNIVERSITY LOCATED IN
13 THIS STATE.

14 (B) "QUALIFIED EMPLOYEE" MEANS AN EMPLOYEE WHO ATTENDED AN
15 APPROVED POSTSECONDARY EDUCATIONAL INSTITUTION AND RECEIVED A
16 BACHELOR'S DEGREE FROM THAT INSTITUTION AND WHO IS A RESIDENT OF
17 THIS STATE.

18 (C) "QUALIFIED STUDENT LOAN" MEANS ANY STATE OR FEDERAL LOANS
19 INCURRED TO ATTEND AND RECEIVE A BACHELOR'S DEGREE FROM AN APPROVED
20 POSTSECONDARY EDUCATIONAL INSTITUTION, INCLUDING, BUT NOT LIMITED
21 TO, STATE LOANS AUTHORIZED UNDER THE HIGHER EDUCATION LOAN
22 AUTHORITY ACT, 1975 PA 222, MCL 390.1151 TO 390.1165, AND FEDERAL
23 LOANS AUTHORIZED UNDER THE HIGHER EDUCATION ACT OF 1965, PUBLIC LAW
24 89-329, 20 USC 1001 TO 1161AA-1.