

SENATE BILL NO. 350

March 25, 2021, Introduced by Senators HERTEL, BULLOCK, WOJNO, SANTANA, BRINKS, CHANG, ALEXANDER and GEISS and referred to the Committee on Finance.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.713) by adding sections 277 and 677.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 **Sec. 277. (1) Beginning on and after January 1, 2021, 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**

1 yearly tuition for Michigan's public universities under this
2 section for any single tax year.

3 (2) To be eligible for the credit under this section, the
4 qualified taxpayer shall provide the department with proof of
5 residency and proof of employment in this state. The department may
6 also require reasonable proof from the qualified taxpayer in
7 support of payments claimed to be paid for a qualified student loan
8 under this section.

9 (3) If the credit allowed under this section exceeds the
10 qualified taxpayer's tax liability for the tax year, that portion
11 that exceeds the tax liability for the tax year shall not be
12 refunded.

13 (4) As used in this section:

14 (a) "Approved postsecondary educational institution" means any
15 of the following:

16 (i) A college, university, community college, or junior college
17 described in section 4, 5, or 6 of article VIII of the state
18 constitution of 1963 or established under section 7 of article VIII
19 of the state constitution of 1963.

20 (ii) An independent nonprofit college or university located in
21 this state.

22 (b) "Proof of residency" means a filed Michigan individual
23 income tax return that includes the taxpayer's certification that
24 he or she is a resident, a signed affidavit of Michigan residency,
25 or other proof of residency acceptable to the department.

26 (c) "Qualified student loan" means any state or federal loans
27 incurred to attend and receive a degree from an approved
28 postsecondary educational institution, including, but not limited
29 to, state loans authorized under the higher education loan

1 authority act, 1975 PA 222, MCL 390.1151 to 390.1165, and federal
2 loans authorized under the higher education act of 1965, Public Law
3 89-329, 20 USC 1001 to 1161aa-1.

4 (d) "Qualified taxpayer" means a taxpayer who received a
5 degree from an approved postsecondary educational institution after
6 May 1, 2021, who is a resident of this state, and who is employed
7 in this state.

8 Sec. 677. (1) Beginning on and after January 1, 2021, a
9 taxpayer may claim a credit against the tax imposed by this part
10 equal to 50% of the amount of qualified student loan payments made
11 by the taxpayer on behalf of a qualified employee during the tax
12 year for which the credit is claimed or 20% of the average yearly
13 tuition for Michigan's public universities per employee, whichever
14 is less.

15 (2) To be eligible for the credit under this section, the
16 taxpayer in a form as prescribed by the department shall provide
17 reasonable proof in support of payments claimed to be paid on
18 behalf of a qualified employee for his or her qualified student
19 loan under this section. The form shall include, at a minimum, all
20 of the following:

21 (a) The taxpayer's federal employer identification number or
22 the Michigan treasury number assigned.

23 (b) The name and address of the qualified employee.

24 (c) The date and amount of each payment made toward a
25 qualified student loan.

26 (d) Any other criteria that the department considers
27 appropriate for the determination of eligibility for the credit
28 under this section.

29 (3) If the amount of the credit allowed under this section

1 exceeds the tax liability of the taxpayer for the tax year, that
2 portion of the credit that exceeds the tax liability of the
3 taxpayer for the tax year shall not be refunded.

4 (4) As used in this section:

5 (a) "Approved postsecondary educational institution" means any
6 of the following:

7 (i) A college, university, community college, or junior college
8 described in section 4, 5, or 6 of article VIII of the state
9 constitution of 1963 or established under section 7 of article VIII
10 of the state constitution of 1963.

11 (ii) An independent nonprofit college or university located in
12 this state.

13 (b) "Qualified employee" means an employee who received a
14 degree from an approved postsecondary educational institution after
15 May 1, 2021 and who is a resident of this state.

16 (c) "Qualified student loan" means any state or federal loans
17 incurred to attend and receive a degree from an approved
18 postsecondary educational institution, including, but not limited
19 to, state loans authorized under the higher education loan
20 authority act, 1975 PA 222, MCL 390.1151 to 390.1165, and federal
21 loans authorized under the higher education act of 1965, Public Law
22 89-329, 20 USC 1001 to 1161aa-1.