

# HOUSE BILL No. 4118

January 29, 2015, Introduced by Reps. Schor, Irwin, Derek Miller, Faris, Neeley, Yonker, Pagan, Pagel, Driskell, Singh, Greig, Wittenberg, Hoadley, Geiss and Sarah Roberts 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, 2015, 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  
11          ALSO REQUIRE REASONABLE PROOF FROM THE QUALIFIED TAXPAYER IN

1 SUPPORT OF PAYMENTS CLAIMED TO BE PAID FOR A QUALIFIED STUDENT LOAN  
2 UNDER THIS SECTION.

3 (3) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE  
4 QUALIFIED TAXPAYER'S TAX LIABILITY FOR THE TAX YEAR, THAT PORTION  
5 THAT EXCEEDS THE TAX LIABILITY FOR THE TAX YEAR SHALL NOT BE  
6 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 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 1161AA-1.

27 (D) "QUALIFIED TAXPAYER" MEANS A TAXPAYER WHO RECEIVED A

1 DEGREE FROM AN APPROVED POSTSECONDARY EDUCATIONAL INSTITUTION AFTER  
2 MAY 1, 2015, WHO IS A RESIDENT OF THIS STATE, AND WHO IS EMPLOYED  
3 IN THIS STATE.

4 SEC. 675. (1) BEGINNING ON AND AFTER JANUARY 1, 2015, 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.

2 (4) AS USED IN THIS SECTION:

3 (A) "APPROVED POSTSECONDARY EDUCATIONAL INSTITUTION" MEANS ANY  
4 OF THE FOLLOWING:

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

9 (ii) AN INDEPENDENT NONPROFIT COLLEGE OR UNIVERSITY LOCATED IN  
10 THIS STATE.

11 (B) "QUALIFIED EMPLOYEE" MEANS AN EMPLOYEE WHO RECEIVED A  
12 DEGREE FROM AN APPROVED POSTSECONDARY EDUCATIONAL INSTITUTION AFTER  
13 MAY 1, 2015 AND WHO IS A RESIDENT OF THIS STATE.

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