SENATE BILL NO. 86

February 05, 2019, Introduced by Senators HERTEL, WOJNO, IRWIN, GEISS, HOLLIER, MCCANN, BRINKS, SANTANA, CHANG, MOSS, POLEHANKI, BAYER, MCMORROW, ANANICH, BULLOCK and ALEXANDER 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:

Sec. 277. (1) Beginning on and after January 1, 2019, a qualified taxpayer may claim a credit against the tax imposed by this part equal to 50% of the amount paid on a qualified student loan by the qualified taxpayer during the tax year. A qualified taxpayer shall not claim a credit of more than 20% of the average
yearly tuition for Michigan's public universities under this section for any single tax year.

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

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

(4) As used in this section:

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

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

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

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

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

(d) "Qualified taxpayer" means a taxpayer who received a
degree from an approved postsecondary educational institution after
May 1, 2019, who is a resident of this state, and who is employed
in this state.

Sec. 677. (1) Beginning on and after January 1, 2019, a
taxpayer may claim a credit against the tax imposed by this part
equal to 50% of the amount of qualified student loan payments made
by the taxpayer on behalf of a qualified employee during the tax
year for which the credit is claimed or 20% of the average yearly
tuition for Michigan's public universities per employee, whichever
is less.

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

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

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

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

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

(3) If the amount of the credit allowed under this section
exceeds the tax liability of the taxpayer for the tax year, that portion of the credit that exceeds the tax liability of the taxpayer for the tax year shall not be refunded.

(4) As used in this section:
(a) "Approved postsecondary educational institution" means any of the following:
(i) A college, university, community college, or junior college described in section 4, 5, or 6 of article VIII of the state constitution of 1963 or established under section 7 of article VIII of the state constitution of 1963.
(ii) An independent nonprofit college or university located in this state.
(b) "Qualified employee" means an employee who received a degree from an approved postsecondary educational institution after May 1, 2019 and who is a resident of this state.
(c) "Qualified student loan" means any state or federal loans incurred to attend and receive a degree from an approved postsecondary educational institution, including, but not limited to, state loans authorized under the higher education loan authority act, 1975 PA 222, MCL 390.1151 to 390.1165, and federal loans authorized under the higher education act of 1965, Public Law 89-329, 20 USC 1001 to 1161aa-1.