390.1440 Payments deductible from taxable income.

Sec. 20. Pursuant to section 30 of the income tax act of 1967, Act No. 281 of the Public Acts of 1967, being section 206.30 of the Michigan Compiled Laws, the purchaser may deduct from taxable income the following payments made by the purchaser in the tax year:

(a) The amount of payment made under an advance tuition payment contract.

(b) The amount of payment made under a contract with a private sector investment manager that meets all of the following criteria:

   (i) The contract is certified and approved by the board to provide equivalent benefits and rights to purchasers and beneficiaries as an advance tuition payment contract.

   (ii) The contract applies only for a state institution of higher education or a community or junior college.

   (iii) The contract provides for enrollment by the contract's qualified beneficiary in not less than 4 years after the date on which the contract is entered into.

   (iv) The contract is entered into either:

       (A) After the purchaser has had his or her offer to enter into an advance tuition payment contract rejected by the board, if the board determines that the trust cannot accept an unlimited number of enrollees upon an actuarially sound basis.

       (B) After the board determines that the trust can accept an unlimited number of enrollees upon an actuarially sound basis.