



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986

House Bill 5783 (as passed by the House)
Sponsor: Representative Christine Morse
House Committee: Higher Education
Senate Committee: Committee of the Whole

Date Completed: 12-10-24

CONTENT

The bill would amend the Michigan Education Savings Program Act to include in the definition of "qualified higher education expenses" expenses for fees, books, supplies, and equipment required for participation in an apprenticeship program and amounts paid as principal or interest on any qualified education loan, as required in Section 529 of the Internal Revenue Code (IRC).

Generally, the Act creates the Michigan Education Savings Program in the State Treasury. The Program allows an individual, a State or local government agency, a 501(c)(3) non-profit, an estate or trust, or a corporation to open one or more education savings accounts to pay the qualified higher education expenses of one or more designated beneficiaries.

Currently, "qualified higher education expenses" means qualified higher education expenses as defined in Section 529 of the IRC. The bill specifies that the term would include the following:

- Expenses for fees, books, supplies, and equipment required for participation of a designated beneficiary in an apprenticeship program.
- Amounts paid as principal or interest on any qualified education loan.

Additionally, the bill would modify the definition of "IRC". Currently, "IRC" means the IRC in effect on January 1, 2002, or, at the option of the taxpayer, in effect for the current year. Under the bill, the term would mean the IRC in effect on January 1, 2024, or, at the option of the taxpayer, in effect for the current year.

MCL 390.1472 & 390.1486

PREVIOUS LEGISLATION

(This section does not provide a comprehensive account of previous legislative efforts on this subject matter.)

The bill is similar to Senate Bill 463 of the 2021-2022 Legislative Session.

Legislative Analyst: Abby Schneider

FISCAL IMPACT

The bill would have a negligible fiscal impact on State and local revenue.

Fiscal Analyst: Elizabeth Raczkowski
David Zin

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.