



**House
Legislative
Analysis
Section**

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**TUITION TAX CREDIT: NO
INFLATION CAP**

**House Bill 4340
Sponsor: Rep. A.T. Frank
Committee: Tax Policy**

Complete to 8-21-01

A SUMMARY OF HOUSE BILL 4340 AS INTRODUCED 2-27-01

Under the Income Tax Act, a taxpayer can claim a non-refundable credit for eight percent of undergraduate tuition and uniformly required fees paid to a Michigan institution of higher learning, up to a maximum credit of \$375. The credit is available to a resident of the state with an adjusted gross income of \$200,000 or less for fees and tuition paid on behalf of any student (including the claimant). The credit is limited to four years per student. However, the credit is only available if the student is attending an institution that promises not to raise fees and tuition rates during the ensuing academic year by more than the annual average percentage increase in the U.S. consumer price index for all urban consumers. House Bill 4340 would amend the act to eliminate this last provision, so that, after the 2000 tax year, the tax credit would be available for tuition and fees paid on behalf of a student attending any Michigan undergraduate institution of higher learning, regardless of the rate at which tuition and fee rates were increased.

MCL 206.274

[For the 2000 tax year, 22 schools were listed as qualifying institutions in the instruction booklet accompanying the state tax form, including 17 community colleges, 4 private colleges, and 1 four-year public university.]

House Bill 4340 (8-21-01)

Analyst: C. Couch

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