

HOUSE BILL No. 6037

November 27, 2012, Introduced by Rep. Bauer 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, 2013, 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 BE REFUNDED.

6 (4) AS USED IN THIS SECTION:

7 (A) "APPROVED POSTSECONDARY EDUCATIONAL INSTITUTION" MEANS ANY
8 OF THE FOLLOWING:

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

13 (ii) AN INDEPENDENT NONPROFIT COLLEGE OR UNIVERSITY LOCATED IN
14 THIS STATE.

15 (B) "PROOF OF RESIDENCY" MEANS A FILED MICHIGAN INDIVIDUAL
16 INCOME TAX RETURN THAT INCLUDES THE TAXPAYER'S CERTIFICATION THAT
17 HE OR SHE IS A RESIDENT, A SIGNED AFFIDAVIT OF MICHIGAN RESIDENCY,
18 OR OTHER PROOF OF RESIDENCY ACCEPTABLE TO THE DEPARTMENT.

19 (C) "QUALIFIED STUDENT LOAN" MEANS ANY STATE OR FEDERAL LOANS
20 INCURRED TO ATTEND AND RECEIVE A BACHELOR'S DEGREE FROM AN APPROVED
21 POSTSECONDARY EDUCATIONAL INSTITUTION, INCLUDING, BUT NOT LIMITED
22 TO, STATE LOANS AUTHORIZED UNDER THE HIGHER EDUCATION LOAN
23 AUTHORITY ACT, 1975 PA 222, MCL 390.1151 TO 390.1165, AND FEDERAL
24 LOANS AUTHORIZED UNDER THE HIGHER EDUCATION ACT OF 1965, PUBLIC LAW
25 89-329, 20 USC 1001 TO 1155.

26 (D) "QUALIFIED TAXPAYER" MEANS A TAXPAYER WHO ATTENDED AN
27 APPROVED POSTSECONDARY EDUCATIONAL INSTITUTION AND RECEIVED A

1 BACHELOR'S DEGREE FROM THAT INSTITUTION, WHO IS A RESIDENT OF THIS
2 STATE, AND WHO IS EMPLOYED IN THIS STATE.

3 SEC. 675. (1) BEGINNING ON AND AFTER JANUARY 1, 2013, A
4 TAXPAYER MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY THIS PART
5 EQUAL TO 50% OF THE AMOUNT OF QUALIFIED STUDENT LOAN PAYMENTS MADE
6 BY THE TAXPAYER ON BEHALF OF A QUALIFIED EMPLOYEE DURING TAX YEAR
7 FOR WHICH THE CREDIT IS CLAIMED OR 20% OF THE AVERAGE YEARLY
8 TUITION FOR MICHIGAN'S PUBLIC UNIVERSITIES PER EMPLOYEE, WHICHEVER
9 IS LESS.

10 (2) TO BE ELIGIBLE FOR THE CREDIT UNDER THIS SECTION, THE
11 TAXPAYER IN A FORM AS PRESCRIBED BY THE DEPARTMENT SHALL PROVIDE
12 REASONABLE PROOF IN SUPPORT OF PAYMENTS CLAIMED TO BE PAID ON
13 BEHALF OF A QUALIFIED EMPLOYEE FOR HIS OR HER QUALIFIED STUDENT
14 LOAN UNDER THIS SECTION. THE FORM SHALL INCLUDE, AT A MINIMUM, ALL
15 OF THE FOLLOWING:

16 (A) THE TAXPAYER'S FEDERAL EMPLOYER IDENTIFICATION NUMBER OR
17 THE MICHIGAN TREASURY NUMBER ASSIGNED.

18 (B) THE NAME AND ADDRESS OF THE QUALIFIED EMPLOYEE.

19 (C) THE DATE AND AMOUNT OF EACH PAYMENT MADE TOWARD A
20 QUALIFIED STUDENT LOAN.

21 (D) ANY OTHER CRITERIA THAT THE DEPARTMENT CONSIDERS
22 APPROPRIATE FOR THE DETERMINATION OF ELIGIBILITY FOR THE CREDIT
23 UNDER THIS SECTION.

24 (3) IF THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION
25 EXCEEDS THE TAX LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT
26 PORTION OF THE CREDIT THAT EXCEEDS THE TAX LIABILITY OF THE
27 TAXPAYER FOR THE TAX YEAR SHALL NOT BE REFUNDED BUT MAY BE CARRIED

1 FORWARD TO OFFSET TAX LIABILITY UNDER THIS ACT IN SUBSEQUENT TAX
2 YEARS FOR A PERIOD NOT TO EXCEED 10 TAX YEARS OR UNTIL USED UP,
3 WHICHEVER OCCURS FIRST.

4 (4) AS USED IN THIS SECTION:

5 (A) "APPROVED POSTSECONDARY EDUCATIONAL INSTITUTION" MEANS ANY
6 OF THE FOLLOWING:

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

11 (ii) AN INDEPENDENT NONPROFIT COLLEGE OR UNIVERSITY LOCATED IN
12 THIS STATE.

13 (B) "QUALIFIED EMPLOYEE" MEANS AN EMPLOYEE WHO ATTENDED AN
14 APPROVED POSTSECONDARY EDUCATIONAL INSTITUTION AND RECEIVED A
15 BACHELOR'S DEGREE FROM THAT INSTITUTION AND WHO IS A RESIDENT OF
16 THIS STATE.

17 (C) "QUALIFIED STUDENT LOAN" MEANS ANY STATE OR FEDERAL LOANS
18 INCURRED TO ATTEND AND RECEIVE A BACHELOR'S DEGREE FROM AN APPROVED
19 POSTSECONDARY EDUCATIONAL INSTITUTION, INCLUDING, BUT NOT LIMITED
20 TO, STATE LOANS AUTHORIZED UNDER THE HIGHER EDUCATION LOAN
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22 LOANS AUTHORIZED UNDER THE HIGHER EDUCATION ACT OF 1965, PUBLIC LAW
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