

SENATE BILL NO. 797

February 19, 2020, Introduced by Senators CHANG, WOJNO, BULLOCK, ANANICH, ALEXANDER, GEISS, HERTEL and IRWIN 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 section 280.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 280. (1) For tax years that begin on and after January 1,
2 2020, a taxpayer may, on a separate form as provided by the
3 department, claim a credit against the tax imposed by this part
4 equal to the amount of the sales or use tax paid for textbooks
5 purchased during the tax year by the taxpayer if he or she is an
6 eligible student or on behalf of a dependent of the taxpayer if

1 that dependent is an eligible student.

2 (2) The department may require the taxpayer to submit copies
3 of the receipts or other reasonable proof to support that the
4 taxpayer or a dependent of the taxpayer is an eligible student and
5 to support any payments claimed under this section.

6 (3) If the amount of the credit allowed under this section
7 exceeds the tax liability of the taxpayer for the tax year, that
8 portion of the credit that exceeds the tax liability shall be
9 refunded.

10 (4) As used in this section:

11 (a) "Eligible institution" means a vocational school or an
12 institution of higher education that is eligible to participate in
13 student aid programs administered by the federal Department of
14 Education or any other federal agency or department.

15 (b) "Eligible student" means an individual who is enrolled in
16 and attends an eligible institution in this state for at least 1
17 academic period during the tax year in which the credit under this
18 section is claimed and has been determined to have a need and is
19 eligible for a federal Pell grant under section 411 of title IV of
20 the higher education act of 1965, 20 USC 1070a, or would be
21 eligible for a Pell grant under section 411 of title IV of the
22 higher education act of 1965, 20 USC 1070a, if he or she was an
23 undergraduate student rather than a professional or graduate
24 student.

25 (c) "Institution of higher education" means a degree- or
26 certificate-granting public or private college or university,
27 junior college, or community college in this state.

28 (d) "Sales or use tax" means the tax levied and imposed under
29 the general sales tax act, 1933 PA 167, MCL 205.51 to 205.78, or

1 the use tax act, 1937 PA 94, MCL 205.91 to 205.111.

2 (e) "Textbook" means any book or other written material that

3 an eligible institution requires for 1 of its courses.