



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

## BILL ANALYSIS



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

Senate Bill 463 (as reported without amendment)  
Sponsor: Senator Jon Bumstead  
Committee: Finance

**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 provided in Section 529 of the Internal Revenue Code (IRC).

Under the Act, "qualified higher education expenses" means qualified higher education expenses as defined in Section 529 of the IRC. (Section 529 includes the following as qualified higher education expenses:

- Tuition, fees, books, supplies, and equipment required for the enrollment or attendance of a designated beneficiary at an eligible educational institution.
- Expenses for special needs services in the case of a special needs beneficiary which are incurred in connection with such enrollment or attendance.
- Expenses for the purchase of computer or peripheral equipment, computer software, or Internet access and related services, if such equipment, software, or services are to be used primarily by the beneficiary during any of the years the beneficiary is enrolled at an eligible educational institution.)

Beginning after the bill's effective date, the term would include the following:

- Expenses for fees, books, supplies, and equipment required for participation of a designated beneficiary in an apprenticeship program as provided in Section 529(c)(8) of the IRC (which provides for the tax treatment of certain expenses associated with registered apprenticeship programs).
- Amounts paid as principal or interest on any qualified education loan as provided in Section 529(c)(9) of the IRC (which provides for the tax treatment of qualified education loan repayments).

MCL 390.1472 & 390.1486

Legislative Analyst: Christian Schmidt

**FISCAL IMPACT**

The bill would have no impact on State revenue or expenses. The proposed changes are technical in nature and would clarify that changes in Federal statute that have occurred in recent years are explicitly incorporated into Michigan statute.

Date Completed: 10-25-21

Fiscal Analyst: David Zin