

# HOUSE BILL NO. 6131

May 24, 2022, Introduced by Reps. LaGrand, Sowerby, Brenda Carter, Stone and Kuppa 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 206.847) by adding sections 277 and 677.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           **Sec. 277. (1) For tax years beginning on and after January 1,**  
2 **2023 and subject to the limitations under this section, a qualified**  
3 **taxpayer may claim a credit against the tax imposed by this part**  
4 **equal to the following percentages of the amount paid on a**  
5 **qualified student loan by the qualified taxpayer during the tax**

1 year:

2 (a) For a taxpayer who satisfies both eligibility conditions  
3 under subsection (6) (d) (i) and (ii) , 50%.

4 (b) For a taxpayer who only satisfies 1 of the eligibility  
5 conditions under subsection (6) (d) (i) or (ii) , 25%.

6 (2) A qualified taxpayer shall not claim a credit of more than  
7 20% of the average yearly tuition to attend a similar postsecondary  
8 educational institution in this state under this section for any  
9 single tax year. A qualified taxpayer is only eligible to claim the  
10 credit allowed under this section within the 10 tax years  
11 immediately following his or her graduation from the postsecondary  
12 educational institution.

13 (3) To be eligible for the credit under this section, the  
14 qualified taxpayer shall provide the department with proof of  
15 residency and proof of employment in this state. The department may  
16 also require reasonable proof from the qualified taxpayer in  
17 support of payments claimed to be paid for a qualified student loan  
18 under this section.

19 (4) If the credit allowed under this section exceeds the  
20 qualified taxpayer's tax liability for the tax year, that portion  
21 that exceeds the tax liability for the tax year shall be refunded.

22 (5) The credit allowed under this section shall be known as  
23 the "Michigan tuition reimbursement credit".

24 (6) As used in this section:

25 (a) "Postsecondary educational institution" means a degree or  
26 certificate granting college, university, community college, junior  
27 college, or trade, vocational, or occupational school.

28 (b) "Proof of residency" means a filed Michigan individual  
29 income tax return that includes the taxpayer's certification that

1 he or she is a resident, a signed affidavit of Michigan residency,  
2 or other proof of residency acceptable to the department.

3 (c) "Qualified student loan" means any state or federal loans  
4 incurred to attend and receive a degree or certification from a  
5 postsecondary educational institution, including, but not limited  
6 to, state loans authorized under the higher education loan  
7 authority act, 1975 PA 222, MCL 390.1151 to 390.1165, and federal  
8 loans authorized under the higher education act of 1965, Public Law  
9 89-329, 20 USC 1001 to 1161aa-1.

10 (d) "Qualified taxpayer" means a taxpayer who is a resident of  
11 this state, who is employed in this state, and who satisfies at  
12 least 1 of the following:

13 (i) Has graduated from a high school located in this state.

14 (ii) Has received a degree or certification from a  
15 postsecondary educational institution located in this state.

16 Sec. 677. (1) For tax years beginning on and after January 1,  
17 2023 and subject to the limitations under this section, a taxpayer  
18 may claim a credit against the tax imposed by this part equal to  
19 the following percentages of the amount paid on a qualified student  
20 loan by the taxpayer on behalf of a qualified employee during the  
21 tax year:

22 (a) For a qualified employee who satisfies both eligibility  
23 conditions under subsection (6) (b) (i) and (ii), 50%.

24 (b) For a qualified employee who only satisfies 1 of the  
25 eligibility conditions under subsection (6) (b) (i) or (ii), 25%.

26 (2) A taxpayer shall not claim a credit of more than 20% of  
27 the average yearly tuition to attend a similar postsecondary  
28 educational institution in this state under this section for any  
29 single tax year for payments made on a qualified student loan on

1 behalf of any single qualified employee.

2 (3) To be eligible for the credit under this section, the  
3 taxpayer in a form as prescribed by the department shall provide  
4 reasonable proof in support of payments claimed to be paid on  
5 behalf of a qualified employee for his or her qualified student  
6 loan under this section. The form shall include, at a minimum, all  
7 of the following:

8 (a) The taxpayer's federal employer identification number or  
9 the Michigan treasury number assigned.

10 (b) The name and address of the qualified employee.

11 (c) The date and amount of each payment made toward a  
12 qualified student loan.

13 (d) Any other criteria that the department considers  
14 appropriate for the determination of eligibility for the credit  
15 under this section.

16 (4) If the credit allowed under this section exceeds the  
17 qualified taxpayer's tax liability for the tax year, that portion  
18 that exceeds the tax liability for the tax year shall be refunded.

19 (5) The credit allowed under this section shall be known as  
20 the "Michigan tuition reimbursement credit".

21 (6) As used in this section:

22 (a) "Postsecondary educational institution" means a degree or  
23 certificate granting college, university, community college, junior  
24 college, or trade, vocational, or occupational school.

25 (b) "Qualified employee" means an employee who is a resident  
26 of this state, who received a degree or certification from a  
27 postsecondary educational institution within the 10 immediately  
28 preceding tax years, and who satisfies at least 1 of the following:

29 (i) Has graduated from a high school located in this state.

1           (ii) Has received a degree or certification from a  
2 postsecondary educational institution located in this state.

3           (c) "Qualified student loan" means any state or federal loans  
4 incurred by a qualified employee to attend and receive a degree or  
5 certification from a postsecondary educational institution,  
6 including, but not limited to, state loans authorized under the  
7 higher education loan authority act, 1975 PA 222, MCL 390.1151 to  
8 390.1165, and federal loans authorized under the higher education  
9 act of 1965, Public Law 89-329, 20 USC 1001 to 1161aa-1.