

# SENATE BILL NO. 816

April 10, 2024, Introduced by Senators CHANG, SHINK, DAMOOSE, BAYER and GEISS and referred to the Committee on Finance, Insurance, and Consumer Protection.

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
(MCL 206.1 to 206.847) 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 2024, a taxpayer may, in a form and manner as prescribed by the  
3 department, claim a credit against the tax imposed by this part  
4 equal to the amount of the sales tax or use tax paid for textbooks  
5 purchased during the tax year by the taxpayer if the taxpayer 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 and 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 must 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 United States Department  
14 of Education.

15 (b) "Eligible student" means an individual who has been  
16 awarded a federal Pell grant under section 401 of title IV of the  
17 higher education act of 1965, 20 USC 1070a, and who is enrolled in  
18 and currently attending an eligible institution in this state and  
19 maintaining satisfactory academic progress as required to continue  
20 receiving federal student aid during the tax year in which the  
21 credit under this section is claimed. Eligible student includes an  
22 individual who is a professional or graduate student who had  
23 already earned a bachelor's or professional degree and who would  
24 have otherwise been eligible for and awarded a federal Pell grant  
25 under section 401 of title IV of the higher education act of 1965,  
26 20 USC 1070a, based on the individual's financial need during the  
27 tax year for which the credit is claimed if that individual was an  
28 undergraduate student.

29 (c) "Institution of higher education" means a degree- or

1 certificate-granting public or private college or university,  
2 junior college, or community college in this state.

3 (d) "Sales tax or use tax" means the tax levied and imposed  
4 under the general sales tax act, 1933 PA 167, MCL 205.51 to 205.78,  
5 or the use tax act, 1937 PA 94, MCL 205.91 to 205.111.

6 (e) "Textbook" means any book or other written material that  
7 an eligible institution requires for 1 of its courses.