

SUBSTITUTE FOR  
SENATE BILL NO. 393

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
(MCL 206.1 to 206.532) by adding section 272.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1           SEC. 272. (1) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31,  
2 2005, A QUALIFIED TAXPAYER MAY CLAIM A CREDIT AGAINST THE TAX  
3 IMPOSED BY THIS ACT EQUAL TO 10% OF THE FIRST \$10,000.00 OF  
4 ELIGIBLE EXPENSES PAID IN THE TAX YEAR FOR COURSES THAT WILL LEAD  
5 TO A POSTSECONDARY DEGREE OR THAT ARE TAKEN TO ACQUIRE OR IMPROVE  
6 THE TAXPAYER'S JOB SKILLS AT AN ELIGIBLE EDUCATIONAL INSTITUTION.  
7           (2) FOR THE 2006 TAX YEAR AND EACH TAX YEAR AFTER THE 2006 TAX  
8 YEAR, THE MAXIMUM AMOUNTS OF ADJUSTED GROSS INCOME UNDER SUBSECTION  
9 (6) (E) (i) SHALL BE ADJUSTED BY THE PERCENTAGE INCREASE IN THE UNITED  
10 STATES CONSUMER PRICE INDEX FOR THE IMMEDIATELY PRECEDING CALENDAR  
11 YEAR.

1 (3) MONEY FROM ANY OTHER SOURCE USED TO PAY FOR ELIGIBLE  
2 EXPENSES SHALL NOT BE USED TO CALCULATE THE CREDIT UNDER THIS  
3 SECTION.

4 (4) AMOUNTS DEDUCTED UNDER ANY OTHER SECTION OF THIS ACT OR  
5 THE SINGLE BUSINESS TAX ACT, 1975 PA 228, MCL 208.1 TO 208.145,  
6 SHALL NOT BE USED TO CALCULATE THE CREDIT UNDER THIS SECTION.

7 (5) IF THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION  
8 EXCEEDS THE TAX LIABILITY OF THE QUALIFIED TAXPAYER FOR THE TAX  
9 YEAR, THAT PORTION OF THE CREDIT THAT EXCEEDS THE TAX LIABILITY  
10 SHALL BE REFUNDED.

11 (6) AS USED IN THIS SECTION:

12 (A) "ELIGIBLE EDUCATIONAL INSTITUTION" MEANS ANY COLLEGE,  
13 UNIVERSITY, VOCATIONAL SCHOOL, OR OTHER POSTSECONDARY EDUCATIONAL  
14 INSTITUTION THAT IS ELIGIBLE TO PARTICIPATE IN A STUDENT AID  
15 PROGRAM ADMINISTERED BY THE FEDERAL DEPARTMENT OF EDUCATION.

16 (B) "ELIGIBLE EXPENSES" MEANS EXPENSES LISTED IN SUBPARAGRAPHS  
17 (i) AND (ii) PAID FOR COURSES THE QUALIFIED TAXPAYER TOOK DURING THE  
18 TAX YEAR AND FOR WHICH HE OR SHE RECEIVED ACADEMIC CREDIT AND DOES  
19 NOT INCLUDE EXPENSES LISTED IN SUBPARAGRAPH (iii), AS FOLLOWS:

20 (i) TUITION.

21 (ii) RELATED EXPENSES SUCH AS STUDENT-ACTIVITY FEES AND  
22 EXPENSES FOR COURSE RELATED BOOKS, SUPPLIES, AND EQUIPMENT IF THE  
23 RELATED EXPENSES ARE A CONDITION FOR ENROLLMENT OR ATTENDANCE AT  
24 THE INSTITUTION OR IN THE COURSE.

25 (iii) ANY EXPENSES RELATED TO THE FOLLOWING TYPES OF COURSES:

26 (A) COURSES TAKEN TO MEET A CONTINUING EDUCATION REQUIREMENT  
27 FOR A LICENSE OR CERTIFICATE REQUIRED FOR THE TAXPAYER'S JOB.

1 (B) SPORTS, GAMES, OR HOBBIES.

2 (C) "ELIGIBLE TAXPAYER" MEANS THAT TERM AS DEFINED IN SECTION  
3 35D OF THE SINGLE BUSINESS TAX ACT, 1975 PA 228, MCL 208.35D.

4 (D) "MODIFIED ADJUSTED GROSS INCOME" MEANS MODIFIED ADJUSTED  
5 GROSS INCOME FOR PURPOSES OF THE LIFETIME LEARNING CREDIT UNDER  
6 SECTION 25A OF THE INTERNAL REVENUE CODE.

7 (E) "QUALIFIED TAXPAYER" MEANS AN INDIVIDUAL WHO MEETS ALL OF  
8 THE FOLLOWING CRITERIA:

9 (i) HAS MODIFIED ADJUSTED GROSS INCOME OF LESS THAN \$51,000.00  
10 FOR A SINGLE RETURN OR LESS THAN \$103,000.00 FOR A JOINT RETURN.

11 (ii) IS AT LEAST 24 YEARS OLD.

12 (iii) IS EMPLOYED BY AN ELIGIBLE TAXPAYER FOR 25 HOURS PER WEEK  
13 OR MORE.

14 (iv) IS NOT A FULL-TIME STUDENT AS THAT STATUS IS DETERMINED BY  
15 THE ELIGIBLE EDUCATIONAL INSTITUTION THAT THE EMPLOYEE ATTENDS.

16 (F) "UNITED STATES CONSUMER PRICE INDEX" MEANS THE UNITED  
17 STATES CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS AS DEFINED AND  
18 REPORTED BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR  
19 STATISTICS, AND AS CERTIFIED BY THE STATE TREASURER.