

HOUSE BILL NO. 6262

June 22, 2022, Introduced by Reps. Anthony, Breen, Neeley, Scott, Kuppa, Aiyash, Ellison, Manoogian, Glanville, Rogers, Cynthia Johnson, Sabo, Hood, Steckloff, Cavanagh, Sowerby, Weiss and Hope and referred to the Committee on Education.

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) Subject to the limitations under this section,**
2 **beginning on and after January 1, 2023, a qualified taxpayer may**
3 **claim a credit against the tax imposed by this part equal to 50% of**
4 **the amount paid on a qualified student loan by the qualified**
5 **taxpayer on behalf of a qualified employee during the tax year. The**

1 maximum credit allowed under this section for payments made on
2 behalf of each qualified employee per tax year is \$1,800.00 and a
3 qualified taxpayer shall not claim a credit for more than 20
4 qualified employees in a single tax year.

5 (2) To be eligible for the credit under this section, the
6 qualified taxpayer must submit an application to the department.
7 The application must include, at a minimum, all of the following
8 information:

9 (a) The name and address of the employer.

10 (b) The total number of employees of the employer.

11 (c) The number of qualified employees for whom qualified
12 student loan repayments will be made in the tax year for which a
13 credit is sought under this section.

14 (d) The amount of the qualified student loan repayments
15 anticipated to be made for each qualified employee.

16 (e) The total amount of credits sought under this section for
17 the tax year.

18 (f) Any other documentation required by the department.

19 (3) If the department determines that the employer qualifies
20 for tax credit under this section, the department shall approve the
21 application, authorize tentative tax credits to the employer within
22 the limits set forth in subsection (1), and issue a written
23 certification to the employer that designates the employer as a
24 qualified taxpayer and certifies the amount of tentative tax
25 credits approved to that qualified taxpayer. The department shall
26 consider applications in the order in which they are received and
27 may approve up to an aggregate of \$1,500,000.00 in tax credits
28 under this section and section 677 in any calendar year. At least
29 25% of the credits approved in any calendar year must go to

1 qualified taxpayers that have no more than 30 employees.

2 (4) For a qualified taxpayer who is a member of a flow-through
3 entity that voluntarily provides paid adoption leave to its
4 employees, that qualified taxpayer may claim credit against the
5 member's tax liability under this part based on the member's
6 distributive share of business income reported from that flow-
7 through entity or an alternative method approved by the department.

8 (5) The qualified taxpayer shall attach a copy of the
9 certificate with the annual return filed under this part for the
10 same tax year in which a credit is claimed under this section for
11 payments made during the tax year for qualified student loans, but
12 a qualified taxpayer shall not claim more than what is approved and
13 certified by the department.

14 (6) If the credit allowed under this section for the tax year
15 and any unused carryforward of the credit allowed by this section
16 exceed the qualified taxpayer's tax liability for the tax year,
17 that portion that exceeds the tax liability for the tax year shall
18 not be refunded but may be carried forward to offset tax liability
19 in subsequent tax years for 10 years or until used up, whichever
20 occurs first.

21 (7) On or before July 1, 2024, and on or before July 1 of each
22 year thereafter, the department shall electronically submit an
23 annual report to the governor, the clerk of the house of
24 representatives, and the secretary of the senate concerning the
25 operation and effectiveness of the credit under this section and
26 section 677. The report shall include all of the following for
27 credits claimed under this section and section 677:

28 (a) The total number of employers receiving tax credits.

29 (b) The total amount of student loan repayments made on behalf

1 of qualified employees.

2 (c) The total amount of tax credits claimed by qualified
3 taxpayers.

4 (d) The total number of qualified employees for whom qualified
5 student loan repayments have been made.

6 (e) Of the total amount of qualified employees reported under
7 subdivision (d), the number of those employees who, as of the most
8 recently completed tax year, pay income taxes under this part to
9 this state.

10 (8) The department may request information from qualified
11 taxpayers as necessary to fulfill the reporting requirements of
12 subsection (7).

13 (9) As used in this section:

14 (a) "Approved postsecondary educational institution" means any
15 of the following:

16 (i) A college, university, community college, or junior college
17 described in section 4, 5, or 6 of article VIII of the state
18 constitution of 1963 or established under section 7 of article VIII
19 of the state constitution of 1963.

20 (ii) An independent nonprofit college or university located in
21 this state.

22 (b) "Qualified employee" means an individual who satisfies
23 each of the following:

24 (i) Has been employed by the qualified taxpayer for at least
25 480 hours during the tax year.

26 (ii) Received a degree from an approved postsecondary
27 educational institution after January 1, 2023.

28 (iii) Incurred a qualified student loan while attending a
29 postsecondary educational institution.

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

8 (d) "Qualified taxpayer" means a taxpayer that is an employer
9 that is physically located in this state and employs 1 or more
10 qualified employees.

11 Sec. 677. (1) Subject to the limitations under this section,
12 beginning on and after January 1, 2023, a qualified taxpayer may
13 claim a credit against the tax imposed by this part equal to 50% of
14 the amount paid on a qualified student loan by the qualified
15 taxpayer on behalf of a qualified employee during the tax year. The
16 maximum credit allowed under this section for payments made on
17 behalf of each qualified employee per tax year is \$1,800.00 and a
18 qualified taxpayer shall not claim a credit for more than 20
19 qualified employees in a single tax year.

20 (2) To be eligible for the credit under this section, the
21 qualified taxpayer must submit an application to the department.
22 The application must include, at a minimum, all of the following
23 information:

24 (a) The name and address of the employer.

25 (b) The total number of employees of the employer.

26 (c) The number of qualified employees for whom qualified
27 student loan repayments will be made in the tax year for which a
28 credit is sought under this section.

29 (d) The amount of the qualified student loan repayments

1 anticipated to be made for each qualified employee.

2 (e) The total amount of credits sought under this section for
3 the tax year.

4 (f) Any other documentation required by the department.

5 (3) If the department determines that the employer qualifies
6 for tax credit under this section, the department shall approve the
7 application, authorize tentative tax credits to the employer within
8 the limits set forth in subsection (1), and issue a written
9 certification to the employer that designates the employer as a
10 qualified taxpayer and certifies the amount of tentative tax
11 credits approved to that qualified taxpayer. The department shall
12 consider applications in the order in which they are received and
13 may approve up to an aggregate of \$1,500,000.00 in tax credits
14 under this section and section 277 in any calendar year. At least
15 25% of the credits approved in any calendar year must go to
16 qualified taxpayers that have no more than 30 employees.

17 (4) The qualified taxpayer shall attach a copy of the
18 certificate with the annual return filed under this part for the
19 same tax year in which a credit is claimed under this section for
20 payments made during the tax year for qualified student loans, but
21 a qualified taxpayer shall not claim more than what is approved and
22 certified by the department.

23 (5) If the credit allowed under this section for the tax year
24 and any unused carryforward of the credit allowed by this section
25 exceed the qualified taxpayer's tax liability for the tax year,
26 that portion that exceeds the tax liability for the tax year shall
27 not be refunded but may be carried forward to offset tax liability
28 in subsequent tax years for 10 years or until used up, whichever
29 occurs first.

1 (6) The department may request information from qualified
2 taxpayers as necessary to fulfill the reporting requirements of
3 section 277(7).

4 (7) As used in this section:

5 (a) "Approved postsecondary educational institution" means any
6 of the following:

7 (i) A college, university, community college, or junior college
8 described in section 4, 5, or 6 of article VIII of the state
9 constitution of 1963 or established under section 7 of article VIII
10 of the state constitution of 1963.

11 (ii) An independent nonprofit college or university located in
12 this state.

13 (b) "Qualified employee" means an individual who satisfies
14 each of the following:

15 (i) Has been employed by the qualified taxpayer for at least
16 480 hours during the tax year.

17 (ii) Received a degree from an approved postsecondary
18 educational institution after January 1, 2023.

19 (iii) Incurred a qualified student loan while attending a
20 postsecondary educational institution.

21 (c) "Qualified student loan" means any state or federal loans
22 incurred to attend and receive a degree from an approved
23 postsecondary educational institution, including, but not limited
24 to, state loans authorized under the higher education loan
25 authority act, 1975 PA 222, MCL 390.1151 to 390.1165, and federal
26 loans authorized under the higher education act of 1965, Public Law
27 89-329, 20 USC 1001 to 1161aa-1.

28 (d) "Qualified taxpayer" means a taxpayer that is an employer
29 that is physically located in this state and employs 1 or more

1 qualified employees.