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Senate Bill 350 (Substitute S-1 as reported)
Sponsor: Senator Rosemary Bayer
Committee: Appropriations

CONTENT

The bill would amend the Michigan Promise Zone Act to allow other costs of attendance at educational institutions to be included as a "qualified educational expense" if those expenses were provided for in a promise zone's development plan. The bill specifies that other costs of attendance include housing, food, transportation, Federal student loan fees, miscellaneous expenses, a personal computer, child care, disability expenses, and reasonable costs for study abroad programs. The bill also would allow the cost of obtaining a license, certification, or a first professional credential to be included as an allowable expense.

Specifically, under the Act, "qualified educational expenses" means tuition and fees required for the enrollment or attendance of a student at an educational institution, and expenses for fees, books, supplies, and equipment required for courses of instruction at that educational institution. Under the bill, the term would include other costs of attendance listed above.

MCL 390.1663

FISCAL IMPACT

Under current law, when a promise zone is created, a base year of State Education Tax collections is established, and 50% of the increase in State Education Tax revenue collected over the base year amount is captured to make payments to eligible promise zones. In order to be eligible to receive payments of captured revenue, a promise zone must make payments that cover qualified educational expenses in accordance with the promise zone authority's promise of financial assistance.

The bill would not affect the amount of State Education Tax collected statewide, nor the amount captured for making payments to promise zones. However, the bill would affect the expenditures that a promise zone would have to make in order to qualify for payments under the Act. By allowing expenses for on-campus room and board in qualified educational expenses, the bill would increase the types of expenditures a promise zone authority could make to be eligible for payments. It is unclear if the bill would be applied retroactively to existing promise zones.

Date Completed: 10-19-23

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