

# HOUSE BILL NO. 5045

September 26, 2023, Introduced by Reps. Schuette, Beeler, Bierlein, Kunse, Tisdell, Meerman, Zorn, Schmaltz, Beson and Posthumus 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 section 277.

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

1           **Sec. 277. (1) For tax years beginning on and after January 1,**  
2 **2024 and subject to the limitations under this section, a qualified**  
3 **taxpayer who received a bachelor's, master's, or other higher**  
4 **graduate degree from a postsecondary educational institution**  
5 **located in this state and remained in, or relocated to, this state**  
6 **for employment with an employer located in this state after**

1 obtaining a bachelor's, master's, or other higher graduate degree  
2 from that postsecondary educational institution may claim a credit  
3 against the tax imposed by this part equal to 50% of the amount  
4 paid on a qualified student loan by the qualified taxpayer during  
5 the tax year.

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

13 (3) To be eligible for the credit under this section, the  
14 qualified taxpayer shall provide the department with proof of  
15 residency, proof of the applicable degree, and proof of employment  
16 in this state. The department may also require reasonable proof  
17 from the qualified taxpayer in support of payments claimed to be  
18 paid for a qualified student loan 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 not be  
22 refunded.

23 (5) As used in this section:

24 (a) "Postsecondary educational institution" means a college,  
25 university, community college, or junior college that grants  
26 bachelor's, master's, or other higher graduate degrees.

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

1 residency, or other proof of residency acceptable to the  
2 department.

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

10 (d) "Qualified taxpayer" means a taxpayer who is a resident of  
11 this state, who is employed by an employer located in this state,  
12 and who has received a bachelor's, master's, or other higher  
13 graduate degree from a postsecondary educational institution  
14 located in this state after the effective date of the amendatory  
15 act that added this section.

16 (e) "Resident" means an individual who is domiciled in this  
17 state for at least the 365 days immediately preceding the fifteenth  
18 day of the fourth month following the close of the tax year for  
19 which a credit is being claimed under this section.