



**House  
Legislative  
Analysis  
Section**

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**ADJUST TAXABLE INCOME FOR MET CONTRACTS**

House Bill 4419  
Sponsor: Rep. Dennis M. Dutko  
Committee: Taxation

Complete to 7-5-89

**A SUMMARY OF HOUSE BILL 4419 AS INTRODUCED 3-9-89**

The Income Tax Act allows taxpayers to deduct from taxable income the amount of payment made under an advance tuition payment contract under the Michigan Educational Trust (MET) program. The bill would allow a deduction for the amount of an advance tuition payment contract "or another contract with the Michigan Education Trust providing educational benefits for a beneficiary." The bill would specify that the amount that could be deducted from income would include the amount charged as payment under the contract, whether or not the payment was made with the proceeds of a secured loan, and any nonrefundable application fee. However, if a lender received reimbursement from MET because the taxpayer failed to repay the loan, the taxpayer would have to add the amount of the reimbursement to his or her taxable income, to the extent that it was not included in the taxpayer's federal adjusted gross income. Further, the bill would provide a deduction for any amount considered income for federal tax purposes due to a MET contract being used by a beneficiary to attend college without further payment of tuition.

MCL 206.30

House Bill 4419 (7-5-89)