

Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 599 (Substitute S-2 as reported)
Senate Bill 600 (Substitute S-2 as reported)
Sponsor: Senator Mike Rogers
Committee: Finance

CONTENT

Senate Bill 599 (S-2) would create the "Michigan Education Savings Program Act" to establish the Michigan Education Savings Program within the Department of Treasury; allow individuals, beginning October 1, 2000, to open an education savings account to save money for the qualified higher education expenses of a designated beneficiary; provide that contributions to and interest earned on an education savings account would be exempt from taxation as provided under the Income Tax Act; set a maximum of \$125,000 on the total contributions that could be made to all of the accounts naming any one individual as the designated beneficiary; specify requirements for contributions to and withdrawals from education savings accounts; require the State Treasurer to select an entity to be the program manager to manage the program; and require that the program be managed so as to qualify as a qualified State tuition program under the Internal Revenue Code.

Senate Bill 600 (S-2) would amend the Income Tax Act to allow a taxpayer to deduct from taxable income contributions up to \$5,000 per year (\$10,000 for a joint return) to an education savings account, and the interest earned on the contributions.

The bills are tie-barred.

MCL 206.30

Legislative Analyst: G. Towne

FISCAL IMPACT

These bills would reduce income tax revenue an estimated \$4.6 million in FY 2000-01, and \$5.4 million in FY 2001-02. This loss in revenue would reduce General Fund/General Purpose revenue an estimated \$4.4 million in FY 2000-01 and \$5.1 million in FY 2001-02, and School Aid Fund revenue would be reduced \$0.2 million in FY 2000-01 and \$0.3 million in FY 2001-02.

Date Completed: 4-19-00

Fiscal Analyst: J. Wortley