
Senate Fiscal Agency
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Senate Bill 600 (Substitute S-2 as reported by the Committee of the Whole)

Sponsor: Senator Mike Rogers

Committee: Finance

CONTENT

The bill 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. Further, the bill would allow a taxpayer to deduct the amount of a distribution from a qualified individual retirement account (IRA), if the distribution were used to pay qualified higher expenses.

The bill is tie-barred to Senate Bill 599, which would create the "Michigan Education Savings Program Act".

MCL 206.30

Legislative Analyst: G. Towne

FISCAL IMPACT

Senate Bills 599 (S-2) and 600 (S-2) would reduce income tax revenue an estimated \$6.7 million in FY 2000-01, and \$8.2 million in FY 2001-02. This loss in revenue would reduce General Fund/General Purpose revenue an estimated \$6.4 million in FY 2000-01 and \$7.8 million in FY 2001-02, and School Aid Fund revenue would be reduced \$0.3 million in FY 2000-01 and \$0.4 million in FY 2001-02.

Date Completed: 5-3-00

Fiscal Analyst: J. Wortley