



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



BILL ANALYSIS

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

House Bill 5782 (as reported without amendment)
Sponsor: Representative Gene DeRossett
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bill would amend the Michigan Education Savings Program (MESP) Act to do the following:

- Delete the requirement that distributions from an MESP account be used to pay for qualified expenses incurred after the account is established.
- Permit an estate or trust to establish an MESP account.
- Expand the permissible methods for making contributions to MESP accounts.
- Allow an account owner to transfer ownership of an MESP account to another eligible individual or entity.

In addition, the bill would remove the following requirements: that the designated beneficiary certify before a distribution that the funds will be spent on qualified higher education expenses within a reasonable time after the distribution; that the designated beneficiary provide documentation of payment of qualified expenses within 30 days of the distribution; and that the MESP retain an account balance large enough to collect any penalties owed if the documentation is not produced.

MCL 390.1472 et al.

Legislative Analyst: J.P. Finet

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 9-17-04

Fiscal Analyst: Bill Bowerman