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BILL ANALYSIS

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House Bill 5783 (as reported without amendment)
Sponsor: Representative Gene DeRossett
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bill would amend the Michigan Education Trust (MET) Act to allow local governments and charitable organizations to enter into MET contracts for unnamed beneficiaries; and exempt certain information from disclosure under the Freedom of Information Act.

The MET Act allows individuals to enter into a contract with the Michigan Education Trust for the advance payment of tuition for qualified beneficiaries to attend a State institution of higher education, without further tuition costs to the beneficiary. The program generally does not cover certain required fees, room, board, or books.

The Act requires a contract between MET and a purchaser to specify the name and age of the qualified beneficiary. The bill would make an exception to this requirement for contracts purchased by a State or local governmental agency or a charitable organization exempt from taxation under 501(c)(3) of the Internal Revenue Code, as part of a scholarship program.

The bill would exempt from disclosure under the Freedom of Information Act any writing or information provided to MET for the purposes of contracting for payment by a purchaser, qualified beneficiary, or person appointed to act on behalf of the purchaser or qualified beneficiary.

Under the Act, termination of a MET contract and the right to receive a refund may not be authorized under the contract if the qualified beneficiary has completed more than half of the credit hours required by the institution of higher education for a bachelor's degree. The bill, instead, would allow the contract to provide that the trust could deny payment of a refund upon termination if the beneficiary had completed more than half of the credit hours.

MCL 390.1426-390.1428

Legislative Analyst: J.P. Finet

FISCAL IMPACT

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

Date Completed: 9-20-04

Fiscal Analyst: Bill Bowerman