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House Bill 4191 (Substitute S-1 as reported) House Bill 4629 (Substitute S-1 as reported)

Sponsor: Representative Rebekah Warren (H.B. 4191)

Representative Ellen Cogan Lipton (H.B. 4629)

House Committee: Tax Policy Senate Committee: Finance

CONTENT

House Bills 4191 (S-1) and 4629 (S-1) would amend the Income Tax Act and the Michigan Business Tax Act, respectively, to allow a taxpayer to deduct the amount of a charitable contribution made to the Advance Tuition Payment Fund created under the Michigan Education Trust (MET) Act.

House Bill 4191 (S-1) would allow the income tax deduction for the 2010 tax year and each subsequent tax year.

House Bill 4629 (S-1) would allow a taxpayer, for tax years beginning after December 31, 2009, to deduct the amount of a contribution from its business income tax base, to the extent included in Federal taxable income.

MCL 206.30 (H.B. 4191) 208.1201 (H.B. 4629) Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

It is estimated that the income tax and Michigan Business Tax deductions for charitable contributions to the Advance Tuition Payment Fund proposed in these bills would have relatively small negative impacts on income tax and Michigan Business Tax revenue. A decrease in income tax revenue would reduce the General Fund and School Aid Fund and a loss of Michigan Business Tax revenue would reduce the General Fund. These bills would have no direct impact on local governments.

Date Completed: 9-24-09 Fiscal Analyst: Jay Wortley