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House Bills 4191 and 4629 (as passed by the House)  
Sponsor: Representative Rebekah Warren (H.B. 4191)  
Representative Ellen Cogan Lipton (H.B. 4629)  
House Committee: Tax Policy  
Senate Committee: Finance

Date Completed: 9-16-09

### **CONTENT**

**House Bills 4191 and 4629 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.**

(The MET Act provides for a guaranteed tuition payment program, under which individuals, governmental entities, and charitable organizations may prepurchase undergraduate tuition for qualified beneficiaries (residents of the State). Purchasers must enter into a contract with the Michigan Education Trust. Payments received from purchasers must be deposited into the Advance Tuition Payment Fund, which is under the control of the MET board of directors.)

#### **House Bill 4191**

The Income Tax Act allows a taxpayer to deduct from adjusted gross income the amount of payment made under an advance tuition payment contract, as provided in the MET Act. The bill also would allow a taxpayer, for the 2009 tax year and each subsequent tax year, to deduct the amount of a charitable contribution made to the Advance Tuition Payment Fund.

#### **House Bill 4629**

The bill would allow a taxpayer, for tax years beginning after December 31, 2008, to deduct from its business income tax base the amount of a charitable contribution to the Advance Tuition Payment Fund, 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.

Fiscal Analyst: Jay Wortley

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.