

# HOUSE BILL No. 5300

September 2, 2009, Introduced by Reps. Smith, Warren, Cushingberry, Young, Donigan, Jackson, Johnson, Tlaib, Lindberg, Espinoza, Stanley and Durhal and referred to the Committee on Appropriations.

A bill to amend 1967 PA 281, entitled  
"Income tax act of 1967,"  
by amending section 51 (MCL 206.51), as amended by 2007 PA 94, and  
by adding section 278; and to repeal acts and parts of acts.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1           Sec. 51. (1) For receiving, earning, or otherwise acquiring  
2 income from any source whatsoever, there is levied and imposed upon  
3 the taxable income of every person other than a corporation a tax  
4 at the following rates in the following circumstances:

- 5           (a) Before May 1, 1994, 4.6%.  
6           (b) After April 30, 1994 and before January 1, 2000, 4.4%.  
7           (c) For tax years that begin on and after January 1, 2000 and  
8 before January 1, 2002, 4.2%.  
9           (d) For tax years that begin on and after January 1, 2002 and

1 before January 1, 2003, 4.1%.

2 (e) On and after January 1, 2003 and before July 1, 2004,  
3 4.0%.

4 (f) On and after July 1, 2004 and before October 1, 2007,  
5 3.9%.

6 (g) On and after October 1, 2007 and before ~~October 1, 2011~~  
7 **JANUARY 1, 2010**, 4.35%.

8 ~~—— (h) Beginning on October 1, 2011 and each October 1 after~~  
9 ~~2011, the maximum rate under this subsection shall be reduced by~~  
10 ~~0.1 each year until the rate is 3.95%.~~

11 **(H) (i)** ~~On and after October 1, 2015, 3.9%~~ **JANUARY 1, 2010,**  
12 **5.5%.**

13 (2) The following percentages of the net revenues collected  
14 under this section shall be deposited in the state school aid fund  
15 created in section 11 of article IX of the state constitution of  
16 1963:

17 (a) Beginning October 1, 1994 and before October 1, 1996,  
18 14.4% of the gross collections before refunds from the tax levied  
19 under this section.

20 (b) After September 30, 1996 and before January 1, 2000, 23.0%  
21 of the gross collections before refunds from the tax levied under  
22 this section.

23 (c) Beginning January 1, 2000, that percentage of the gross  
24 collections before refunds from the tax levied under this section  
25 that is equal to 1.012% divided by the income tax rate levied under  
26 this section.

27 **(3) BEGINNING ON AND AFTER JANUARY 1, 2010, IN ADDITION TO THE**

1 DISTRIBUTION REQUIRED UNDER SUBSECTION (2), AN AMOUNT EQUAL TO THE  
2 DIFFERENCE BETWEEN THE NET REVENUES COLLECTED AT THE RATE OF 5.5%  
3 AND THE AMOUNT THAT WOULD HAVE BEEN COLLECTED UNDER THIS SECTION IF  
4 THE INCOME TAX HAD BEEN LEVIED AT A RATE OF 4.35% SHALL BE  
5 DEPOSITED IN THE MICHIGAN FUTURE TRUST FUND CREATED IN SECTION 5 OF  
6 THE MICHIGAN FUTURE TRUST FUND ACT.

7 (4) ~~(3)~~—The department shall annualize rates provided in  
8 subsection (1) as necessary for tax years that end after April 30,  
9 1994. The applicable annualized rate shall be imposed upon the  
10 taxable income of every person other than a corporation for those  
11 tax years.

12 (5) ~~(4)~~—The taxable income of a nonresident shall be computed  
13 in the same manner that the taxable income of a resident is  
14 computed, subject to the allocation and apportionment provisions of  
15 this act.

16 (6) ~~(5)~~—A resident beneficiary of a trust whose taxable income  
17 includes all or part of an accumulation distribution by a trust, as  
18 defined in section 665 of the internal revenue code, shall be  
19 allowed a credit against the tax otherwise due under this act. The  
20 credit shall be all or a proportionate part of any tax paid by the  
21 trust under this act for any preceding taxable year that would not  
22 have been payable if the trust had in fact made distribution to its  
23 beneficiaries at the times and in the amounts specified in section  
24 666 of the internal revenue code. The credit shall not reduce the  
25 tax otherwise due from the beneficiary to an amount less than would  
26 have been due if the accumulation distribution were excluded from  
27 taxable income.

1           (7) ~~(6)~~—The taxable income of a resident who is required to  
2 include income from a trust in his or her federal income tax return  
3 under the provisions of 26 USC 671 to 679, shall include items of  
4 income and deductions from the trust in taxable income to the  
5 extent required by this act with respect to property owned  
6 outright.

7           (8) ~~(7)~~—It is the intention of this section that the income  
8 subject to tax of every person other than corporations shall be  
9 computed in like manner and be the same as provided in the internal  
10 revenue code subject to adjustments specifically provided for in  
11 this act.

12           (9) ~~(8)~~—There is appropriated to the department of treasury  
13 for the 2006-2007 state fiscal year the sum of \$100,000.00 to begin  
14 implementing the requirements of ~~the amendatory act that added this~~  
15 ~~subsection~~ **2007 PA 94**. Any portion of this amount under this  
16 section that is not expended in the 2006-2007 state fiscal year  
17 shall not lapse to the general fund but shall be carried forward in  
18 a work project account that is in compliance with section 451a of  
19 the management and budget act, 1984 PA 431, MCL 18.1451a, for the  
20 following state fiscal year.

21           (10) ~~(9)~~—As used in this section:

22           (a) "Person other than a corporation" means a resident or  
23 nonresident individual or any of the following:

24           (i) A partner in a partnership as defined in the internal  
25 revenue code.

26           (ii) A beneficiary of an estate or a trust as defined in the  
27 internal revenue code.

1           (iii) An estate or trust as defined in the internal revenue  
2 code.

3           (b) "Taxable income" means taxable income as defined in this  
4 act subject to the applicable source and attribution rules  
5 contained in this act.

6           SEC. 278. (1) THE CREDIT ALLOWED UNDER THIS SECTION SHALL BE  
7 KNOWN AS THE "MICHIGAN FUTURE CREDIT".

8           (2) FOR TAX YEARS THAT BEGIN ON AND AFTER JANUARY 1, 2010, A  
9 TAXPAYER WHO IS A RESIDENT OF THIS STATE MAY, ON A SEPARATE FORM AS  
10 PROVIDED BY THE DEPARTMENT, CLAIM A CREDIT AGAINST THE TAX IMPOSED  
11 BY THIS ACT EQUAL TO THE AMOUNT CALCULATED UNDER THIS SECTION.

12           (3) A TAXPAYER SHALL NOT CLAIM THE CREDIT ALLOWED UNDER THIS  
13 SECTION FOR MORE THAN 6 YEARS OR FOR MORE THAN THE REQUIRED NUMBER  
14 OF CREDIT HOURS NECESSARY TO OBTAIN A BACHELOR'S OR PRIMARY DEGREE  
15 IN A SPECIFIC DISCIPLINE AS OF SEPTEMBER 1, 2008, WHICHEVER OCCURS  
16 FIRST, BEGINNING WITH THE FIRST YEAR THAT THE ELIGIBLE STUDENT  
17 ENROLLS IN AN ELIGIBLE INSTITUTION.

18           (4) SUBJECT TO THE LIMITATION UNDER SUBSECTION (7), THE CREDIT  
19 ALLOWED UNDER THIS SECTION IS EQUAL TO THE APPLICABLE PERCENTAGE AS  
20 DETERMINED UNDER SUBSECTION (6) OF THE AMOUNT OF TUITION AND FEES  
21 PAID BY THE TAXPAYER ON BEHALF OF THE TAXPAYER IF HE OR SHE IS AN  
22 ELIGIBLE STUDENT OR ON BEHALF OF ANY OTHER ELIGIBLE STUDENT TO AN  
23 ELIGIBLE INSTITUTION MINUS ALL OF THE FOLLOWING:

24           (A) ANY AMOUNT OF TUITION AND FEES USED TO REDUCE THAT  
25 TAXPAYER'S FEDERAL TAX LIABILITY UNDER THE HOPE SCHOLARSHIP TAX  
26 CREDIT, THE LIFETIME LEARNING TAX CREDIT, OR ANY SUCCESSOR TAX  
27 CREDIT TO THOSE CREDITS OR ANY ADDITIONAL TAX CREDITS OR FEDERAL

1 GRANTS AND SCHOLARSHIPS.

2 (B) EDUCATIONAL BENEFITS PURSUANT TO THE MONTGOMERY GI BILL  
3 PROGRAM.

4 (C) PELL GRANT FUNDS UNDER SECTION 411 OF TITLE IV OF THE  
5 HIGHER EDUCATION ACT OF 1965, 20 USC 1070A.

6 (D) TUITION PAID UNDER AN ADVANCE TUITION PAYMENT CONTRACT  
7 PURCHASED PURSUANT TO THE MICHIGAN EDUCATION TRUST ACT, 1986 PA  
8 316, MCL 390.1421 TO 390.1442, OR AN ADVANCE TUITION PAYMENT  
9 CONTRACT PURCHASED THROUGH ANY OTHER STATE'S ADVANCE TUITION  
10 PAYMENT PROGRAM.

11 (E) ANY OTHER AMOUNT OF TUITION OR FEES PAID ON BEHALF OF THE  
12 TAXPAYER OR OTHERWISE REIMBURSED TO THE TAXPAYER FROM ANY SOURCE  
13 OTHER THAN THE TAXPAYER.

14 (5) THE CREDIT ALLOWED UNDER THIS SECTION SHALL BE TAKEN AFTER  
15 ALL OTHER TAX CREDITS UNDER THIS ACT AND AFTER ANY OTHER FEDERAL  
16 GRANTS AND SCHOLARSHIPS THAT ARE AVAILABLE.

17 (6) A TAXPAYER IS ENTITLED TO CLAIM A PERCENTAGE OF THE AMOUNT  
18 DETERMINED UNDER SUBSECTION (4) AS FOLLOWS:

19 (A) IF THE ELIGIBLE STUDENT ATTENDED A HIGH SCHOOL IN THIS  
20 STATE AND COMPLETED ALL OF THE CREDIT HOURS REQUIRED FOR GRADUATION  
21 AT A HIGH SCHOOL IN THIS STATE PRIOR TO ATTENDING AN ELIGIBLE  
22 INSTITUTION FOR WHICH TUITION AND FEES WERE PAID AND A CREDIT UNDER  
23 THIS SECTION IS BASED, 100%.

24 (B) IF THE ELIGIBLE STUDENT ATTENDED AND COMPLETED GRADES 10  
25 THROUGH 12 AT A HIGH SCHOOL IN THIS STATE PRIOR TO ATTENDING AN  
26 ELIGIBLE INSTITUTION FOR WHICH TUITION AND FEES WERE PAID AND A  
27 CREDIT UNDER THIS SECTION IS BASED, 75%.

1 (C) IF THE ELIGIBLE STUDENT ATTENDED AND COMPLETED GRADES 11  
2 AND 12 AT A HIGH SCHOOL IN THIS STATE PRIOR TO ATTENDING AN  
3 ELIGIBLE INSTITUTION FOR WHICH TUITION AND FEES WERE PAID AND A  
4 CREDIT UNDER THIS SECTION IS BASED, 50%.

5 (D) IF THE ELIGIBLE STUDENT ATTENDED AND COMPLETED ONLY GRADE  
6 12 AT A HIGH SCHOOL IN THIS STATE PRIOR TO ATTENDING AN ELIGIBLE  
7 INSTITUTION FOR WHICH TUITION AND FEES WERE PAID AND A CREDIT UNDER  
8 THIS SECTION IS BASED, 25%.

9 (7) THE AMOUNT OF A CREDIT CLAIMED UNDER THIS SECTION BASED ON  
10 AN ELIGIBLE STUDENT WHO IS A MICHIGAN RESIDENT AS DEFINED UNDER  
11 THIS SECTION BUT IS NOT CONSIDERED A RESIDENT OF THIS STATE AND  
12 DOES NOT QUALIFY FOR THE IN-STATE TUITION RATE BY THE ELIGIBLE  
13 INSTITUTION THAT HE OR SHE ATTENDS SHALL NOT EXCEED THE AMOUNT  
14 ALLOWED UNDER SUBSECTIONS (4) AND (6) IF THAT ELIGIBLE STUDENT WERE  
15 ASSESSED AT THE IN-STATE TUITION RATE.

16 (8) AN ELIGIBLE STUDENT FOR WHOM A CREDIT UNDER THIS SECTION  
17 IS CLAIMED SHALL PERFORM, AT A MINIMUM, SOME TYPE OF COMMUNITY  
18 SERVICE IN THIS STATE IN AN AMOUNT OF HOURS EQUAL TO 50% OF THE  
19 AMOUNT OF CREDIT HOURS TAKEN EACH SEMESTER BY THAT ELIGIBLE STUDENT  
20 PRIOR TO OBTAINING HIS OR HER BACHELOR'S OR PRIMARY DEGREE. IF THE  
21 ELIGIBLE STUDENT FOR WHOM A CREDIT IS CLAIMED UNDER THIS SECTION  
22 FAILS TO PERFORM THE MINIMUM HOURS OF COMMUNITY SERVICE AS REQUIRED  
23 UNDER THIS SUBSECTION BY THE TIME HE OR SHE OBTAINS HIS OR HER  
24 BACHELOR'S OR PRIMARY DEGREE, 25% OF THE CREDIT AMOUNT PREVIOUSLY  
25 CLAIMED BY A TAXPAYER BASED ON THE TUITION AND FEES PAID ON BEHALF  
26 OF THAT ELIGIBLE STUDENT SHALL BE ADDED TO THE TAX LIABILITY OF THE  
27 ELIGIBLE STUDENT IN THE YEAR THAT THE ELIGIBLE STUDENT OBTAINS A

1 BACHELOR'S OR PRIMARY DEGREE.

2 (9) BEGINNING ON AND AFTER JANUARY 1 OF THE TAX YEAR  
3 IMMEDIATELY SUCCEEDING THE FISCAL YEAR IN WHICH THE BALANCE OF THE  
4 COUNTERCYCLICAL BUDGET AND ECONOMIC STABILIZATION FUND CREATED IN  
5 SECTION 351 OF THE MANAGEMENT AND BUDGET ACT, 1984 PA 431, MCL  
6 18.1351, EQUALS OR EXCEEDS \$2,000,000,000.00, AN ELIGIBLE STUDENT  
7 FOR WHOM A CREDIT UNDER THIS SECTION IS CLAIMED SHALL CONTINUE TO  
8 BE A RESIDENT OF THIS STATE FOR AT LEAST 4 YEARS AFTER HE OR SHE  
9 OBTAINS A BACHELOR'S OR PRIMARY DEGREE. IF THE ELIGIBLE STUDENT FOR  
10 WHOM A CREDIT IS CLAIMED UNDER THIS SECTION FAILS TO MAINTAIN HIS  
11 OR HER RESIDENCY IN THIS STATE FOR THE 4 YEARS, THEN 100% OF THE  
12 CREDIT AMOUNT PREVIOUSLY CLAIMED BY A TAXPAYER BASED ON THE TUITION  
13 AND FEES PAID ON BEHALF OF THAT ELIGIBLE STUDENT SHALL BE ADDED TO  
14 THE TAX LIABILITY OF THE ELIGIBLE STUDENT IN THE YEAR THAT THE  
15 ELIGIBLE STUDENT IS NO LONGER CONSIDERED A RESIDENT OF THIS STATE.

16 (10) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE TAX  
17 LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT PORTION OF THE  
18 CREDIT THAT EXCEEDS THE TAX LIABILITY OF THE TAXPAYER FOR THE TAX  
19 YEAR SHALL BE REFUNDED.

20 (11) ON OR BEFORE THE FIRST MONDAY IN JANUARY BEGINNING IN  
21 JANUARY 2011, THE STATE TREASURER SHALL DETERMINE ALL OF THE  
22 FOLLOWING:

23 (A) THE DOLLAR VALUE OF THE INCREASE IN THE TAX RATE FROM  
24 4.35% TO 5.5% FOR THE IMMEDIATELY PRECEDING CALENDAR YEAR.

25 (B) THE AMOUNT OF MONEY EXPENDED FROM THE MICHIGAN FUTURE  
26 TRUST FUND CREATED UNDER THE MICHIGAN FUTURE TRUST FUND ACT FOR THE  
27 CREDIT UNDER THIS SECTION, THE PRESCHOOL PROGRAM, AND THE NEED-

1 BASED REVOLVING FUND PROGRAM, RESPECTIVELY.

2 (C) THE BALANCE BETWEEN SUBDIVISIONS (A) AND (B) THAT SHALL BE  
3 CARRIED FORWARD.

4 (12) ON OR BEFORE JANUARY 12 EACH YEAR BEGINNING JANUARY 12,  
5 2011, THE INFORMATION DETERMINED UNDER SUBSECTION (11) SHALL BE  
6 REPORTED TO THE MAJORITY AND MINORITY LEADERS OF THE HOUSE OF  
7 REPRESENTATIVES AND THE SENATE, THE CHAIRPERSONS OF THE HOUSE OF  
8 REPRESENTATIVES AND SENATE APPROPRIATIONS COMMITTEES, AND THE HOUSE  
9 AND SENATE FISCAL AGENCIES, SHALL BE POSTED ON THE OFFICIAL  
10 GOVERNMENTAL WEBSITE OF THIS STATE, AND SHALL BE DISSEMINATED TO  
11 EVERY DAILY NEWSPAPER IN THIS STATE.

12 (13) AS USED IN THIS SECTION:

13 (A) "ELIGIBLE INSTITUTION" MEANS A VOCATIONAL SCHOOL OR A  
14 STATE INSTITUTION OF HIGHER EDUCATION THAT IS ELIGIBLE TO  
15 PARTICIPATE IN STUDENT AID PROGRAMS ADMINISTERED BY THE FEDERAL  
16 DEPARTMENT OF EDUCATION OR ANY OTHER FEDERAL AGENCY OR DEPARTMENT.  
17 IN ORDER FOR THE TUITION AND FEES PAID TO AN ELIGIBLE INSTITUTION  
18 TO BE USED TO CLAIM THE CREDIT UNDER THIS SECTION FOR ANY TAX YEAR,  
19 THAT ELIGIBLE INSTITUTION SHALL NOT RAISE TUITION AND FEES FOR THE  
20 ACADEMIC YEAR THAT BEGINS IN THAT TAX YEAR BY MORE THAN THE  
21 INCREASE IN THE UNITED STATES CONSUMER PRICE INDEX FOR THE  
22 IMMEDIATELY PRECEDING CALENDAR YEAR AND THE LEGISLATURE  
23 APPROPRIATES TO THAT INSTITUTION AN AMOUNT, AT A MINIMUM, EQUAL TO  
24 THE INCREASE IN THE CONSUMER PRICE INDEX FOR THE IMMEDIATELY  
25 PRECEDING YEAR.

26 (B) "ELIGIBLE STUDENT" MEANS AN INDIVIDUAL WHO MEETS ALL OF  
27 THE FOLLOWING CRITERIA:

1           (i) IS A MICHIGAN RESIDENT AND ATTENDED A HIGH SCHOOL IN THIS  
2 STATE, OR WAS HOME-SCHOOLED IN THIS STATE AND CAN DOCUMENT THAT HE  
3 OR SHE RECEIVED THE EQUIVALENT CREDITS AS A STUDENT WHO ATTENDED A  
4 HIGH SCHOOL. ONCE A STUDENT WHO ATTENDS AN ELIGIBLE INSTITUTION IN  
5 THIS STATE HAS BEEN CORRECTLY DETERMINED TO MEET THE RESIDENCY  
6 REQUIREMENTS FOR PURPOSES OF THE CREDIT UNDER THIS SECTION, THE  
7 RESIDENCY STATUS OF THE STUDENT CONTINUES TO ATTACH TO THE STUDENT  
8 AS LONG AS THE STUDENT IS CONTINUOUSLY ENROLLED IN AN ELIGIBLE  
9 INSTITUTION. FOR PURPOSES OF THIS SUBPARAGRAPH, A STUDENT IS  
10 CONSIDERED TO BE CONTINUOUSLY ENROLLED IF ANY ABSENCE FROM  
11 ENROLLMENT IS THE RESULT OF A SERIOUS ILLNESS OR OTHER HARDSHIP  
12 THAT IS VALIDATED BY THE ELIGIBLE INSTITUTION OR THE RESULT OF  
13 BEING CALLED TO ACTIVE DUTY IN THE ARMED FORCES OF THE UNITED  
14 STATES.

15           (ii) IS ENROLLED IN AND ATTENDS AN ELIGIBLE INSTITUTION IN THIS  
16 STATE FOR AT LEAST 1 ACADEMIC PERIOD DURING THE TAX YEAR IN WHICH  
17 THE CREDIT UNDER THIS SECTION IS CLAIMED.

18           (iii) DOES NOT HAVE A CERTIFICATE, AN ASSOCIATE DEGREE, OR AN  
19 UNDERGRADUATE DEGREE AT THE TIME THE CREDIT UNDER THIS SECTION IS  
20 FIRST CLAIMED AND IS PURSUING A CERTIFICATE, AN ASSOCIATE DEGREE,  
21 OR AN UNDERGRADUATE DEGREE DURING THE TAX YEAR IN WHICH A CREDIT  
22 UNDER THIS SECTION IS CLAIMED. THIS SUBPARAGRAPH IS NOT INTENDED TO  
23 PROHIBIT AN OTHERWISE ELIGIBLE STUDENT WHO HAS ANY NUMBER OF  
24 CREDITS, A CERTIFICATE, OR A DEGREE OR WHO TRANSFERS CREDIT FROM A  
25 PRIVATE OR INDEPENDENT POSTSECONDARY INSTITUTION IN THIS STATE FROM  
26 SEEKING A CREDIT UNDER THIS SECTION FOR THE REMAINING CREDIT HOURS  
27 NECESSARY TO OBTAIN A 4-YEAR UNDERGRADUATE DEGREE.

1           (iv) IS ENROLLED IN AT LEAST 10 CREDIT HOURS AND MAINTAINS  
2 ACADEMIC ELIGIBILITY, AS DEFINED BY THE ELIGIBLE INSTITUTION, IN  
3 THE COURSE OF STUDY THAT THE STUDENT IS PURSUING DURING THE TAX  
4 YEAR IN WHICH A CREDIT UNDER THIS SECTION IS CLAIMED.

5           (v) THE STUDENT'S TUITION AND FEES USED AS A BASIS FOR A  
6 CREDIT UNDER THIS SECTION WERE ALSO USED AS THE BASIS FOR A CREDIT  
7 CLAIMED UNDER SECTION 25A OF THE INTERNAL REVENUE CODE FOR THE TAX  
8 YEAR IN WHICH THE CREDIT FOR THE TUITION AND FEES UNDER THIS  
9 SECTION IS CLAIMED OR WOULD HAVE BEEN USED AS THE BASIS FOR A  
10 CREDIT UNDER SECTION 25A OF THE INTERNAL REVENUE CODE EXCEPT THAT  
11 THE FEDERAL INCOME LIMITS MADE THE TAXPAYER INELIGIBLE. NOTHING IN  
12 THIS SUBPARAGRAPH PROHIBITS AN ELIGIBLE STUDENT WHO IS UNABLE TO  
13 CLAIM ALL OR PART OF THE CREDIT AVAILABLE UNDER SECTION 25A OF THE  
14 INTERNAL REVENUE CODE BECAUSE OF THE TAXPAYER'S INSUFFICIENT  
15 FEDERAL TAX LIABILITY FROM CLAIMING THE ENTIRE CREDIT AVAILABLE  
16 UNDER THIS SECTION.

17           (vi) HAS FILED A FREE APPLICATION FOR FEDERAL STUDENT AID, FORM  
18 OMB 1840-0110, WITH THE UNITED STATES DEPARTMENT OF EDUCATION FOR  
19 THE ACADEMIC YEAR FOR WHICH TUITION PAYMENTS ARE USED AS THE BASIS  
20 FOR A CREDIT CLAIMED UNDER THIS SECTION.

21           (C) "HOPE SCHOLARSHIP TAX CREDIT" AND "LIFETIME LEARNING TAX  
22 CREDIT" MEAN THE CREDITS ALLOWED UNDER SECTION 25A OF THE INTERNAL  
23 REVENUE CODE.

24           (D) "IN-DISTRICT TUITION" MEANS THE TUITION CHARGED TO A  
25 RESIDENT OF THIS STATE WHO IS ALSO A RESIDENT OF THE COMMUNITY  
26 COLLEGE DISTRICT AS DETERMINED BY THE COMMUNITY COLLEGE ESTABLISHED  
27 UNDER THE COMMUNITY COLLEGE ACT OF 1966, 1966 PA 331, MCL 389.1 TO

1 389.195, OF THE COMMUNITY COLLEGE HE OR SHE IS ATTENDING.

2 (E) "IN-STATE TUITION" MEANS THE PER CREDIT HOUR CHARGE OR  
3 SEMESTER CHARGE TO A RESIDENT OF THIS STATE WHO IS ENROLLED IN AN  
4 ELIGIBLE INSTITUTION.

5 (F) "MICHIGAN RESIDENT" MEANS AN INDIVIDUAL WHO IS 1 OF THE  
6 FOLLOWING:

7 (i) AN ELIGIBLE STUDENT WHO MEETS BOTH OF THE FOLLOWING  
8 CRITERIA:

9 (A) GRADUATED FROM AN ACCREDITED HIGH SCHOOL IN THIS STATE,  
10 ATTENDED AN ACCREDITED HIGH SCHOOL IN THIS STATE AND PASSED THIS  
11 STATE'S GENERAL EDUCATION DEVELOPMENT (GED) TEST, OR WAS HOME-  
12 SCHOOLED IN THIS STATE AND CAN DOCUMENT THAT HE OR SHE RECEIVED THE  
13 EQUIVALENT CREDITS FOR GRADUATION AS A STUDENT WHO ATTENDED A HIGH  
14 SCHOOL.

15 (B) HAS LIVED IN THIS STATE FOR AT LEAST 12 MONTHS IMMEDIATELY  
16 PRECEDING THE YEAR IN WHICH HE OR SHE CLAIMS A CREDIT UNDER THIS  
17 SECTION.

18 (ii) AN INDIVIDUAL WHO MEETS ALL OF THE FOLLOWING CRITERIA:

19 (A) IS A MEMBER OF THE ARMED FORCES OF THE UNITED STATES AND  
20 WAS STATIONED IN A STATE OTHER THAN THIS STATE OR A COUNTRY OTHER  
21 THAN THE UNITED STATES IN THE 12 MONTHS IMMEDIATELY PRECEDING  
22 ENROLLMENT IN AN ELIGIBLE INSTITUTION.

23 (B) GRADUATED FROM AN ACCREDITED HIGH SCHOOL IN THIS STATE,  
24 ATTENDED AN ACCREDITED HIGH SCHOOL IN THIS STATE AND PASSED THIS  
25 STATE'S GENERAL EDUCATION DEVELOPMENT (GED) TEST, OR WAS HOME-  
26 SCHOOLED IN THIS STATE AND CAN DOCUMENT THAT HE OR SHE RECEIVED THE  
27 EQUIVALENT CREDITS FOR GRADUATION AS A STUDENT WHO ATTENDED A HIGH

1 SCHOOL.

2 (G) "STATE INSTITUTION OF HIGHER EDUCATION" MEANS A PUBLIC  
3 COMMUNITY OR JUNIOR COLLEGE ESTABLISHED UNDER SECTION 7 OF ARTICLE  
4 VIII OF THE STATE CONSTITUTION OF 1963 OR PART 25 OF THE REVISED  
5 SCHOOL CODE, 1976 PA 451, MCL 380.1601 TO 380.1607, OR A FEDERAL  
6 TRIBALLY CONTROLLED COMMUNITY COLLEGE LOCATED IN THIS STATE THAT IS  
7 RECOGNIZED UNDER THE TRIBALLY CONTROLLED COMMUNITY COLLEGE  
8 ASSISTANCE ACT OF 1978, 25 USC 1801 TO 1852, AND IS DETERMINED BY  
9 THE DEPARTMENT TO MEET THE REQUIREMENTS FOR ACCREDITATION BY A  
10 RECOGNIZED REGIONAL ACCREDITING BODY, OR A STATE UNIVERSITY  
11 DESCRIBED IN SECTION 4, 5, OR 6 OF ARTICLE VIII OF THE STATE  
12 CONSTITUTION OF 1963.

13 (H) "TUITION AND FEES" MEANS IN-STATE OR IN-DISTRICT TUITION  
14 FOR NOT MORE THAN THE REQUIRED NUMBER OF CREDIT HOURS NECESSARY TO  
15 OBTAIN A BACHELOR'S OR PRIMARY DEGREE IN A SPECIFIC DISCIPLINE AS  
16 OF SEPTEMBER 1, 2008 FOR ALL TAX YEARS FOR COURSEWORK THAT LEADS TO  
17 A BACHELOR'S DEGREE OR NOT MORE THAN A TOTAL OF 65 CREDITS FOR ALL  
18 TAX YEARS FOR COURSEWORK THAT LEADS TO AN ASSOCIATE DEGREE OR IS  
19 PART OF A CERTIFICATION PROGRAM, AND MANDATORY FEES THAT ARE  
20 REQUIRED AND UNIFORMLY PAID BY A MAJORITY OF THE STUDENTS OF THE  
21 ELIGIBLE INSTITUTION BUT DOES NOT INCLUDE ANY OF THE FOLLOWING:

22 (i) THE AMOUNT CLAIMED BY THE ELIGIBLE TAXPAYER IN THE TAX YEAR  
23 AGAINST HIS OR HER FEDERAL TAX LIABILITY AS A HOPE SCHOLARSHIP TAX  
24 CREDIT OR A LIFETIME LEARNING TAX CREDIT.

25 (ii) AMOUNTS PAID THAT ARE EXCLUDED UNDER SECTION 25A(F) (1) (B)  
26 AND (C) OF THE INTERNAL REVENUE CODE.

27 (iii) AMOUNTS DESCRIBED IN SECTION 25A(G) (2) (A), (B), AND (C) OF

1 THE INTERNAL REVENUE CODE.

2 (iv) AMOUNTS PAID FOR MANDATORY ATHLETIC OR EXTRACURRICULAR  
3 ACTIVITIES FEES.

4 (I) "UNITED STATES CONSUMER PRICE INDEX" MEANS THE UNITED  
5 STATES CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS AS DEFINED AND  
6 REPORTED BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR  
7 STATISTICS.

8 Enacting section 1. Section 274 of the income tax act of 1967,  
9 1967 PA 281, MCL 206.274, is repealed.

10 Enacting section 2. This amendatory act does not take effect  
11 unless Senate Bill No.\_\_\_\_ or House Bill No. 5301(request no.  
12 00505'09 a) of the 95th Legislature is enacted into law.