

SENATE BILL No. 385

May 19, 2011, Introduced by Senators JOHNSON and BRANDENBURG and referred to the Committee on Finance.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.532) by adding section 281.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 281. (1) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2011
2 AND SUBJECT TO THE LIMITATIONS UNDER THIS SECTION, A TAXPAYER WHO
3 IS A RESIDENT OF THIS STATE AND WHO HAS OBTAINED AN ASSOCIATE
4 DEGREE, BACHELOR'S DEGREE, MASTER'S DEGREE, OR DOCTORATE DEGREE
5 FROM AN APPROVED POSTSECONDARY EDUCATIONAL INSTITUTION LOCATED IN
6 THIS STATE WITHIN THE IMMEDIATELY PRECEDING 10 YEARS MAY CLAIM A
7 CREDIT AGAINST THE TAX IMPOSED BY THIS ACT EQUAL TO THE FOLLOWING:
8 (A) FOR AN ASSOCIATE DEGREE, \$5,000.00.
9 (B) FOR A BACHELOR'S DEGREE, \$20,000.00.
10 (C) FOR A MASTER'S DEGREE, \$30,000.00
11 (D) FOR A DOCTORATE DEGREE, \$50,000.00.

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1 (2) A TAXPAYER MAY CLAIM A CREDIT FOR EACH DEGREE IDENTIFIED
2 IN SUBSECTION (1) (A) THROUGH (D) .

3 (3) TO BE ELIGIBLE TO CLAIM THE CREDIT UNDER THIS SECTION, THE
4 TAXPAYER SHALL PROVIDE THE DEPARTMENT WITH PROOF OF RESIDENCY AND
5 PROOF THAT HE OR SHE HAS OBTAINED A DEGREE FROM AN APPROVED
6 POSTSECONDARY EDUCATIONAL INSTITUTION FOR WHICH THE TAXPAYER IS
7 SEEKING A CREDIT UNDER THIS SECTION. IF THE TAXPAYER FILES A JOINT
8 RETURN, EACH JOINT FILER MAY TAKE THE CREDIT UNDER THIS SECTION FOR
9 A DEGREE EARNED BY EACH FILER.

10 (4) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE
11 TAXPAYER'S TAX LIABILITY FOR THE TAX YEAR, THAT PORTION THAT
12 EXCEEDS THE TAX LIABILITY FOR THE TAX YEAR SHALL NOT BE REFUNDED
13 BUT MAY BE CARRIED FORWARD TO OFFSET TAX LIABILITY UNDER THIS ACT
14 IN SUBSEQUENT TAX YEARS FOR A PERIOD NOT TO EXCEED 10 TAX YEARS OR
15 UNTIL USED UP, WHICHEVER OCCURS FIRST.

16 (5) AS USED IN THIS SECTION:

17 (A) "APPROVED POSTSECONDARY EDUCATIONAL INSTITUTION" MEANS A
18 DEGREE- OR CERTIFICATE-GRANTING PUBLIC OR PRIVATE COLLEGE OR
19 UNIVERSITY, JUNIOR COLLEGE, OR COMMUNITY COLLEGE LOCATED IN THIS
20 STATE.

21 (B) "PROOF OF RESIDENCY" MEANS A FILED MICHIGAN INDIVIDUAL
22 INCOME TAX RETURN THAT INCLUDES THE TAXPAYER'S CERTIFICATION THAT
23 HE OR SHE IS A RESIDENT, A SIGNED AFFIDAVIT OF MICHIGAN RESIDENCY,
24 OR OTHER PROOF OF RESIDENCY ACCEPTABLE TO THE DEPARTMENT.