



Senate Fiscal Agency
P.O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 1052 (as introduced 7-23-20)
Sponsor: Senator Jon Bumstead
Committee: Appropriations

Date Completed: 9-29-20

CONTENT

The bill would amend the Michigan Promise Zone Act to allow fees, books, supplies, and equipment required for courses of instruction to be included as a "qualified educational expense" if those expenses were provided for in a promise zone's development plan.

Specifically, under the Act, "qualified educational expenses" means tuition and fees required for the enrollment or attendance of a student at an educational institution, and expenses for fees, books, supplies, and equipment required for courses of instruction at that educational institution. Under the bill, the term would mean tuition and fees required for the enrollment or attendance of a student at an educational institution, and *may also include, if provided for in an authority's promise zone development plan*, expenses for fees, books, supplies, and equipment required for courses of instruction at that educational institution.

MCL 390.1663

FISCAL IMPACT

Under current law, when a promise zone is created, a base year of State Education Tax collections is established, and 50% of the increase in State Education Tax revenue collected over the base year amount is captured to make payments to eligible promise zones. In order to be eligible to receive payments of captured revenue, a promise zone must make payments that cover qualified educational expenses in accordance with the promise zone authority's promise of financial assistance.

The bill would not affect the amount of State Education Tax collected statewide, nor the amount captured for making payments to promise zones. However, the bill would affect the expenditures that a promise zone would have to make in order to qualify for payments under the Act. By making it optional to include some expenditures in qualified educational expenses, the bill would reduce the required expenditures a promise zone authority would need to make to be eligible for payments. It is unclear if the bill would be applied retroactively to existing promise zones.

Fiscal Analyst: Cory Savino
David Zin

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