

Act No. 195
Public Acts of 2024
Approved by the Governor
January 16, 2025
Filed with the Secretary of State
January 16, 2025
EFFECTIVE DATE: April 2, 2025

**STATE OF MICHIGAN
102ND LEGISLATURE
REGULAR SESSION OF 2024**

Introduced by Reps. Morse, Paiz, Rheingans, Hill, Byrnes, Coffia and MacDonell

ENROLLED HOUSE BILL No. 5783

AN ACT to amend 2000 PA 161, entitled “An act to create the Michigan education savings program; to provide for education savings accounts; to prescribe the powers and duties of certain state agencies, boards, and departments; to allow certain tax credits or deductions; and to provide for penalties and remedies,” by amending sections 2 and 16 (MCL 390.1472 and 390.1486), section 2 as amended by 2010 PA 6.

The People of the State of Michigan enact:

Sec. 2. As used in this act:

- (a) “Account” or “education savings account” means an account established under this act.
- (b) “Account owner” means any of the following:
 - (i) The individual who enters into a Michigan education savings program agreement and establishes an education savings account. The account owner may also be the designated beneficiary of the account.
 - (ii) A state or local government agency or instrumentality, an entity exempt from taxation under section 501(c)(3) of the internal revenue code, an estate or trust, or a corporation that enters into a Michigan education savings program agreement and establishes an education savings account.
- (c) “Board” means the board of directors of the Michigan education trust described in section 10 of the Michigan education trust act, 1986 PA 316, MCL 390.1430.
- (d) “Department” means the department of treasury.
- (e) “Designated beneficiary” means the individual designated as the individual whose higher education expenses are expected to be paid from the account.
- (f) “Eligible educational institution” means that term as defined in section 529 of the internal revenue code or a college, university, community college, or junior college described in section 4, 5, or 6 of article VIII of the state constitution of 1963 or established under section 7 of article VIII of the state constitution of 1963.
- (g) “Internal revenue code” means the United States internal revenue code of 1986 in effect on January 1, 2024 or at the option of the taxpayer, in effect for the current year.
- (h) “Management contract” means the contract executed between the treasurer and a program manager.
- (i) “Member of the family” means a family member as defined in section 529 of the internal revenue code.
- (j) “Michigan education savings program agreement” means the agreement between the program and an account owner that establishes an education savings account.
- (k) “Program” means the Michigan education savings program established pursuant to this act.
- (l) “Program manager” means an entity selected by the treasurer to act as a manager of 1 or more of the savings plans offered under the program.
- (m) “Qualified higher education expenses” means qualified higher education expenses as defined in section 529 of the internal revenue code. Any reference in this act to the term “qualified higher education expenses” includes both of the following:
 - (i) Expenses for fees, books, supplies, and equipment required for participation of a designated beneficiary in an apprenticeship program as provided in section 529(c)(8) of the internal revenue code.

(ii) Amounts paid as principal or interest on any qualified education loan as provided in section 529(c)(9) of the internal revenue code.

(n) "Qualified withdrawal" means a distribution that is not subject to a penalty or an excise tax under section 529 of the internal revenue code, a penalty under this act, or taxation under the income tax act of 1967, 1967 PA 281, MCL 206.1 to 206.847, and that meets any of the following:

(i) A withdrawal from an account to pay the qualified higher education expenses of the designated beneficiary incurred after the account is established.

(ii) A withdrawal made as the result of the death or disability of the designated beneficiary of an account.

(iii) A withdrawal made because a beneficiary received a scholarship that paid for all or part of the qualified higher education expenses of the beneficiary to the extent the amount of the withdrawal does not exceed the amount of the scholarship.

(iv) A withdrawal made because a beneficiary attended a service academy to the extent that the amount of the withdrawal does not exceed the costs of the advanced education attributable to the beneficiary's attendance in the service academy.

(v) A transfer of funds due to the termination of the management contract as provided in section 5.

(vi) A transfer of funds as provided in section 8.

(o) "Savings plan" or "plans" means a plan that provides different investment strategies and allows account distributions for qualified higher education expenses.

(p) "Service academy" means the United States Military Academy, United States Naval Academy, United States Air Force Academy, United States Coast Guard Academy, or United States Merchant Marine Academy.

(q) "Treasurer" means the state treasurer.

Sec. 16. (1) Contributions to and interest earned on an education savings account are exempt from taxation as provided in section 30 of the income tax act of 1967, 1967 PA 281, MCL 206.30.

(2) Withdrawals made from education savings accounts are taxable as provided in section 30 of the income tax act of 1967, 1967 PA 281, MCL 206.30.



Clerk of the House of Representatives



Secretary of the Senate

Approved _____

Governor