

SENATE BILL NO. 118

March 05, 2025, Introduced by Senators LINDSEY, OUTMAN and RUNESTAD and referred to Committee on Finance, Insurance, and Consumer Protection.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.847) by adding section 281.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 281. (1) A taxpayer may claim a credit against the tax
2 imposed by this part in an amount equal to the target foundation
3 allowance as specified in section 20(1) of the state school aid act
4 of 1979, 1979 PA 94, MCL 388.1620, for the school year that ends
5 during the tax year in which the credit is claimed for each
6 qualified dependent of the taxpayer for which an exemption was

1 claimed under section 30(2)(b) for that same tax year. The
2 department may require reasonable proof from the taxpayer
3 demonstrating that the dependent is a qualified dependent.

4 (2) If the credit allowed under this section exceeds the tax
5 liability of the taxpayer for the tax year, that portion of the
6 credit that exceeds the tax liability must be refunded.

7 (3) As used in this section:

8 (a) "Public school" means that term as defined in section 5 of
9 the revised school code, 1976 PA 451, MCL 380.5.

10 (b) "Qualified dependent" means a dependent who satisfies all
11 of the following:

12 (i) Is at least 5 years of age but younger than 19 years of age
13 on the last day of the tax year for which the credit is claimed.

14 (ii) Is not enrolled in a public school for the school year
15 that ends during the tax year in which the credit is claimed.

16 (iii) Has demonstrated a proficiency for the dependent's
17 appropriate grade level in reading and math. For purposes of this
18 subparagraph, proficiency may be measured utilizing performance on
19 state or private assessments, exams, or other testing mechanisms.