

SENATE BILL NO. 368

June 10, 2025, Introduced by Senators THEIS, DALEY, LAUWERS, BELLINO, RUNESTAD, JOHNSON, NESBITT, LINDSEY, HUIZENGA, VICTORY, OUTMAN, DAMOOSE and MCBROOM and referred to Committee on Education.

A bill to amend 2000 PA 161, entitled
"Michigan education savings program act,"
by amending section 2 (MCL 390.1472), as amended by 2024 PA 195.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 2. As used in this act:
- 2 (a) "Account" or "education savings account" means an account
- 3 established under this act.
- 4 (b) "Account owner" means any of the following:
- 5 (i) The individual who enters into a Michigan education savings

1 program agreement and establishes an education savings account. The
2 account owner may also be the designated beneficiary of the
3 account.

4 (ii) A state or local government agency or instrumentality, an
5 entity exempt from taxation under section 501(c)(3) of the internal
6 revenue code, an estate or trust, or a corporation that enters into
7 a Michigan education savings program agreement and establishes an
8 education savings account.

9 (c) "Board" means the board of directors of the Michigan
10 education trust described in section 10 of the Michigan education
11 trust act, 1986 PA 316, MCL 390.1430.

12 (d) "Department" means the department of treasury.

13 (e) "Designated beneficiary" means the individual designated
14 as the individual whose higher education expenses are expected to
15 be paid from the account.

16 (f) "Eligible educational institution" means that term as
17 defined in section 529 of the internal revenue code or a college,
18 university, community college, or junior college described in
19 section 4, 5, or 6 of article VIII of the state constitution of
20 1963 or established under section 7 of article VIII of the state
21 constitution of 1963.

22 (g) "Internal revenue code" means the United States internal
23 revenue code of 1986 in effect on January 1, 2024 or at the option
24 of the taxpayer, in effect for the current year.

25 (h) "Management contract" means the contract executed between
26 the treasurer and a program manager.

27 (i) "Member of the family" means a family member as defined in
28 section 529 of the internal revenue code.

29 (j) "Michigan education savings program agreement" means the

1 agreement between the program and an account owner that establishes
2 an education savings account.

3 (k) "Program" means the Michigan education savings program
4 established pursuant to this act.

5 (l) "Program manager" means an entity selected by the treasurer
6 to act as a manager of 1 or more of the savings plans offered under
7 the program.

8 (m) "Qualified higher education expenses" means qualified
9 higher education expenses as defined in section 529 of the internal
10 revenue code. Any reference in this act to the term "qualified
11 higher education expenses" includes ~~both~~**all** of the following:

12 (i) Expenses for fees, books, supplies, and equipment required
13 for participation of a designated beneficiary in an apprenticeship
14 program as provided in section 529(c)(8) of the internal revenue
15 code.

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

19 **(iii) Expenses for tuition in connection with enrollment or**
20 **attendance at an elementary or secondary public, private, or**
21 **religious school as provided in section 529(c)(7).**

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

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

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

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

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

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

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

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

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

21 (q) "Treasurer" means the state treasurer.