

# Legislative Analysis

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## ADVANCE TUITION PAYMENT FUND TAX INCENTIVE

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### House Bill 4191

Sponsor: Rep. Rebekah Warren

Committee: Tax Policy

Complete to 4-21-09

### A SUMMARY OF HOUSE BILL 4191 AS INTRODUCED 2-5-09

House Bill 4191 would amend the Income Tax Act of 1967 to provide for a tax deduction for charitable contributions to the Advance Tuition Payment Fund.

The bill specifies that a taxpayer's "taxable income" would be adjusted, to allow for a deduction, for the 2009 tax year and each tax year after 2009, by the amount of a charitable contribution made to the Advance Tuition Payment Fund created under section 9 of the Michigan Education Trust Act, Public Act 316 of 1986.

Currently, a taxpayer's "taxable income" is adjusted by the amount of payment made under an Advance Tuition Payment Contract, as provided by the Michigan Education Trust Act. That provision would be retained under the bill.

Under the Income Tax Act, the term "charitable contribution" is not defined. Generally, the term "charitable contribution" is understood to mean those contributions that qualify as charitable contributions under federal law.

MCL 206.30

### FISCAL IMPACT:

The bill would reduce income tax revenue by an unknown amount.

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