

# Legislative Analysis



## EXPAND EXPENSES COVERED UNDER THE MICHIGAN PROMISE ZONE AUTHORITY ACT

Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**Senate Bill 350 (S-1) as passed by the Senate**

**Sponsor: Sen. Rosemary Bayer**

**House Committee: Appropriations**

**Senate Committee: Appropriations**

**Complete to 2-20-24**

Analysis available at  
<http://www.legislature.mi.gov>

### SUMMARY:

Senate Bill 350 would amend the Michigan Promise Zone Authority Act to expand the definition of “qualified educational expenses” that could be covered under an authority’s promise zone development plan.

Currently, the act defines qualified educational expenses as institutional tuition and fees, books, supplies, and course-required equipment.

The bill would expand qualified educational expenses to include the following: the cost of housing and food; transportation expenses; federal student loan fees; miscellaneous expenses that could include a personal computer; an allowance for child care or dependent care; disability-related costs; cost to obtain a license, certification or professional credential; and study abroad program costs.

MCL 390.1663

### FISCAL IMPACT:

Senate Bill 350 would not have a fiscal impact on state government or affect State Education Tax (SET) collections, but could increase costs to promise zone authorities. As more expenses would be covered for students under the expanded definition of qualified educational expenses, the promise zone authority would face increased expenditures to cover the broader list of student expenses if the authority offers additional educational expenses under their development plan.

Promise zone authorities are funded through one of three methods: private donations, revenues, or other sources approved by the authority or the state. Primarily, a promise zone authority captures a portion of SET growth following the establishment of the promise zone. Specifically, the promise zone receives 50% of the growth in SET revenue as calculated from the base year in which the promise zone begins providing qualified educational expenses to students. In order to receive revenues from the tax on an annual basis, the promise zone authority must continue to provide annual qualified educational expenses. The bill does not change the funding formulas or revenue collection.

Fiscal Analyst: Perry Zielak

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