



MICHIGAN  
HOUSE OF REPRESENTATIVES  
P.O. Box 30014  
LANSING, MICHIGAN 48909-7514

Minutes of the House Standing Committee  
on  
Education Reform

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Thursday, February 8, 2018

9:00 a.m.

Room 521 House Office Building

The House Standing Committee on Education Reform was called to order by Representative Tim Kelly, Chair.

The Clerk called the roll; members present were **Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, Reilly, Zemke, Brinks, Chang, Camilleri, and Sowerby. (15/15)**

The Clerk announced that a quorum was present.

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The Chair laid before the committee the minutes of February 1, 2018 as printed.

**Representative Griffin moved to adopt the minutes of February 1, 2018, as printed. There being no objection the motion prevailed by unanimous consent of the members present; the minutes were adopted as printed.**

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The Chair laid before the committee House Bill 4614.

**HB 4614 (Miller)** Education; teachers; option to renew lapsed provisional education certificate; repeal.

Emily Laidlaw, representing the Education Service Agencies Legislative Group, submitted a testimony card in support of the bill, but did not wish to speak.

**Representative Noble moved to report House Bill 4614 without amendment and with the recommendation that the bill pass.**

**The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:**

**Yeas: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, Reilly, Zemke, Brinks, Chang, and Sowerby, (14/15)**

**Nays: None. (0/15)**

The bill was referred to the order of Second Reading of Bills.

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The Chair laid before the committee House Bill 5379.

**HB 5379 (Hertel)** Education; safety; possession and application of sunscreen at school; allow.

The Chair offered the substitute (H-1) for House Bill 5379.

**Representative Hornberger moved to adopt the substitute (H-1) for House Bill 5379.**

**The motion did prevail by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:**

**Yeas: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, Reilly, Zemke, Brinks, Chang, Camilleri, and Sowerby, (15/15)**

**Nays: None. (0/15)**

The substitute was adopted.

**Representative Hornberger moved to report House Bill 5379 with the recommendation that the substitute (H-1) be adopted and that the bill then pass.**

**The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:**

**Yeas: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, Reilly, Zemke, Brinks, Chang, Camilleri, and Sowerby, (15/15)**

**Nays: None. (0/15)**

The bill and substitute were referred to the order of Second Reading of Bills.

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The Chair returned to House Bill 4614.

**Representative Zemke moved to reconsider the vote by which House Bill 4614 was reported without amendment and with the recommendation that the bill pass.**

**The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:**

**Yeas: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, Reilly, Zemke, Brinks, Chang, Camilleri and Sowerby, (15/15)**

**Nays: None. (0/15)**

The motion to reconsider the vote was adopted.

**Representative Lilly moved to report House Bill 4614 without amendment and with the recommendation that the bill pass.**

**The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:**

**Yeas: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, Reilly, Zemke, Brinks, Chang, Camilleri and Sowerby, (15/15)**  
**Nays: None. (0/15)**

The bill was referred to the order of Second Reading of Bills.

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The Chair laid before the committee Senate Bills 544, 545, 546, 547, 548, Senate Concurrent Resolution 25 and House Bill 5428.

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| <b>SB 544</b>  | <b>(Colbeck)</b> | Individual income tax; other; enhanced Michigan education savings program; create.  |
| <b>SB 545</b>  | <b>(Pavlov)</b>  | Individual income tax; other; enhanced Michigan education savings program website; create, and designate eligible services.   |
| <b>SB 546</b>  | <b>(Emmons)</b>  | Individual income tax; other; enhanced Michigan education savings accounts; allow parents to open.  |
| <b>SB 547</b>  | <b>(Colbeck)</b> | Individual income tax; other; Michigan education savings program act; designate as part 1.  |
| <b>SB 548</b>  | <b>(Colbeck)</b> | Education; other; requirement for school districts, intermediate school districts, and public school academies to provide a list of services in order to determine services eligible for payment from education savings accounts; provide for.  |
| <b>SCR 25</b>  | <b>(Colbeck)</b> | A concurrent resolution to memorialize the Congress of the United States to expand federal tax exemptions and contribution limits for state-sponsored education savings accounts and to allow federal education funding to be deposited into student-specific education savings accounts. |
| <b>HB 5428</b> | <b>(Kelly)</b>   | Individual income tax; deductions; contributions made to enhanced Michigan education savings accounts; provide for.   |

Kathleen Merry, Executive Director, Legislative Affairs for Wayne RESA, submitted a testimony card in opposition to Senate Bills 544 through 548 and House Bill 5428, but did not wish to speak.

David Worthams, Policy Director for the Michigan Bankers Association, submitted a testimony card in support of the Senate Bills 544 through 548, but did not wish to speak.

**Representative Lilly moved to report Senate Bill 544 without amendment and with the recommendation that the bill pass.**

**The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:**

**Yeas: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, and Reilly, (10/15)**

**Nays: Representatives Zemke, Brinks, Chang, Camilleri and Sowerby. (5/15)**

The bill was referred to the order of Second Reading of Bills.

**Representative Lilly moved to report Senate Bill 545 without amendment and with the recommendation that the bill pass.**

**The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:**

**Yeas: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, and Reilly, (10/15)**

**Nays: Representatives Zemke, Brinks, Chang, Camilleri and Sowerby. (5/15)**

The bill was referred to the order of Second Reading of Bills.

The Chair offered the substitute (H-1) for Senate Bill 546.

**Representative Lilly moved to adopt the substitute (H-1) for Senate Bill 546.**

**The motion did prevail by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:**

**Yeas: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, Reilly, Zemke, Brinks, Chang, Camilleri, and Sowerby, (15/15)**

**Nays: None. (0/15)**

The substitute was adopted.

**Representative Lilly moved to report Senate Bill 546 with the recommendation that the substitute (H-1) be adopted and that the bill then pass.**

**The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:**

**Yeas: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, and Reilly, (10/15)**

**Nays: Representatives Zemke, Brinks, Chang, Camilleri and Sowerby. (5/15)**

The bill and substitute were referred to the order of Second Reading of Bills.

**Representative Lilly moved to report Senate Bill 547 without amendment and with the recommendation that the bill pass.**

**The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:**

**Yeas: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, and Reilly, (10/15)**

**Nays: Representatives Zemke, Brinks, Chang, Camilleri and Sowerby. (5/15)**

The bill was referred to the order of Second Reading of Bills.

On Thursday, January 18, 2018, the committee adopted an (H-1) substitute for Senate Bill 548.

Representative Lilly moved to report Senate Bill 548 with the recommendation that the substitute (H-1) be adopted and that the bill then pass.

The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:

**Yeas: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, and Reilly, (10/15)**

**Nays: Representatives Zemke, Brinks, Chang, Camilleri and Sowerby. (5/15)**

The bill and substitute were referred to the order of Second Reading of Bills.

Representative Sowerby offered and moved to adopt the following amendments to House Bill 5428:

1. Amend page 21, following line 25, by inserting:

**"SEC. 254. (1) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2017, A QUALIFIED VOLUNTEER FIREFIGHTER AND A QUALIFIED VOLUNTEER EMERGENCY MEDICAL SERVICES PERSONNEL MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY THIS PART EQUAL TO \$250.00 FOR HIS OR HER SERVICES AS A VOLUNTEER FIREFIGHTER OR A VOLUNTEER EMERGENCY MEDICAL SERVICES PERSONNEL DURING THE TAX YEAR.**

**(2) A PAID FIREFIGHTER OR EMERGENCY MEDICAL SERVICES PERSONNEL WHO VOLUNTEERS FOR ANOTHER ORGANIZED FIRE DEPARTMENT IS ELIGIBLE FOR THE CREDIT UNDER THIS SECTION. TO BE ELIGIBLE FOR THE CREDIT UNDER THIS SECTION, THE QUALIFIED VOLUNTEER SHALL BE INCLUDED ON THE LIST PROVIDED TO THE DEPARTMENT UNDER SECTION 9 OF THE VOLUNTEER FIREFIGHTER AND EMERGENCY MEDICAL SERVICES PERSONNEL INCENTIVE ACT.**

**(3) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE TAX LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT PORTION OF THE CREDIT THAT EXCEEDS THE TAX LIABILITY SHALL BE REFUNDED.**

**(4) AS USED IN THIS SECTION:**

**(A) "EMERGENCY MEDICAL SERVICES PERSONNEL" MEANS A MEDICAL FIRST RESPONDER, EMERGENCY MEDICAL TECHNICIAN, EMERGENCY MEDICAL TECHNICIAN SPECIALIST, PARAMEDIC, OR EMERGENCY MEDICAL SERVICES INSTRUCTOR-COORDINATOR LICENSED UNDER PART 209 OF THE PUBLIC HEALTH CODE, 1978 PA 368, MCL 333.20901 TO 333.20979.**

**(B) "FIREFIGHTER" MEANS A MEMBER, INCLUDING VOLUNTEER MEMBERS AND MEMBERS PAID ON CALL, OF AN ORGANIZED FIRE DEPARTMENT WHO IS RESPONSIBLE FOR, OR IS IN A CAPACITY THAT INCLUDES RESPONSIBILITY FOR, THE EXTINGUISHMENT OF FIRES, THE DIRECTING OF THE EXTINGUISHMENT OF FIRES, THE PREVENTION AND DETECTION OF FIRES, AND THE ENFORCEMENT OF THE GENERAL FIRE LAWS OF THIS STATE. FIREFIGHTER DOES NOT INCLUDE A PERSON WHOSE JOB DESCRIPTION, DUTIES, OR RESPONSIBILITIES DO NOT INCLUDE DIRECT INVOLVEMENT IN FIRE SUPPRESSION.**

**(C) "ORGANIZED FIRE DEPARTMENT" MEANS THAT TERM AS DEFINED IN SECTION 1 OF THE FIRE PREVENTION CODE, 1941 PA 207, MCL 29.1.**

**(D) "QUALIFIED VOLUNTEER" MEANS THAT TERM AS DEFINED IN SECTION 3 OF THE VOLUNTEER FIREFIGHTER AND EMERGENCY MEDICAL SERVICES PERSONNEL INCENTIVE ACT."**

2. Amend page 21, line 26, by striking out all of enacting section 1 and inserting:

"Enacting section 1. This amendatory act does not take effect unless all of the following bills of the 99th Legislature are enacted into law:

(a) Senate Bill No. 544.

(b) House Bill No. 4367."

The motion did not prevail by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:

**Yeas: Representatives Zemke, Brinks, Chang, Camilleri and Sowerby, (5/15)**

**Nays: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, and Reilly. (10/15)**

The amendments were not adopted.

**Representative Sowerby offered and moved to adopt the following amendment to House Bill 5428:**

1. Amend page 21, following line 25, by inserting:

**"SEC. 275. (1) BEGINNING ON AND AFTER JANUARY 1, 2018, A QUALIFIED TAXPAYER MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY THIS PART EQUAL TO 50% OF THE AMOUNT PAID ON A QUALIFIED STUDENT LOAN BY THE QUALIFIED TAXPAYER DURING THE TAX YEAR. A QUALIFIED TAXPAYER SHALL NOT CLAIM A CREDIT OF MORE THAN 20% OF THE AVERAGE YEARLY TUITION FOR MICHIGAN'S PUBLIC UNIVERSITIES UNDER THIS SECTION FOR ANY SINGLE TAX YEAR.**

**(2) TO BE ELIGIBLE FOR THE CREDIT UNDER THIS SECTION, THE QUALIFIED TAXPAYER SHALL PROVIDE THE DEPARTMENT WITH PROOF OF RESIDENCY AND PROOF OF EMPLOYMENT IN THIS STATE. THE DEPARTMENT MAY ALSO REQUIRE REASONABLE PROOF FROM THE QUALIFIED TAXPAYER IN SUPPORT OF PAYMENTS CLAIMED TO BE PAID FOR A QUALIFIED STUDENT LOAN UNDER THIS SECTION.**

**(3) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE QUALIFIED TAXPAYER'S TAX LIABILITY FOR THE TAX YEAR, THAT PORTION THAT EXCEEDS THE TAX LIABILITY FOR THE TAX YEAR SHALL NOT BE REFUNDED.**

**(4) AS USED IN THIS SECTION:**

**(A) "APPROVED POSTSECONDARY EDUCATIONAL INSTITUTION" MEANS ANY OF THE FOLLOWING:**

**(i) 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.**

**(ii) AN INDEPENDENT NONPROFIT COLLEGE OR UNIVERSITY LOCATED IN THIS STATE.**

**(B) "PROOF OF RESIDENCY" MEANS A FILED MICHIGAN INDIVIDUAL INCOME TAX RETURN THAT INCLUDES THE TAXPAYER'S CERTIFICATION THAT HE OR SHE IS A RESIDENT, A SIGNED AFFIDAVIT OF MICHIGAN RESIDENCY, OR OTHER PROOF OF RESIDENCY ACCEPTABLE TO THE DEPARTMENT.**

**(C) "QUALIFIED STUDENT LOAN" MEANS ANY STATE OR FEDERAL LOANS INCURRED TO ATTEND AND RECEIVE A DEGREE FROM AN APPROVED POSTSECONDARY EDUCATIONAL INSTITUTION, INCLUDING, BUT NOT LIMITED TO, STATE LOANS AUTHORIZED UNDER THE HIGHER EDUCATION LOAN AUTHORITY ACT, 1975 PA 222, MCL 390.1151 TO 390.1165, AND FEDERAL LOANS AUTHORIZED UNDER THE HIGHER EDUCATION ACT OF 1965, PUBLIC LAW 89-329, 20 USC 1001 TO 1161AA-1.**

**(D) "QUALIFIED TAXPAYER" MEANS A TAXPAYER WHO RECEIVED A DEGREE FROM AN APPROVED POSTSECONDARY EDUCATIONAL INSTITUTION AFTER MAY 1, 2017, WHO IS A RESIDENT OF THIS STATE, AND WHO IS EMPLOYED IN THIS STATE.**

**SEC. 675. (1) BEGINNING ON AND AFTER JANUARY 1, 2018, A TAXPAYER MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY THIS PART EQUAL TO 50% OF THE AMOUNT OF QUALIFIED STUDENT LOAN PAYMENTS MADE BY THE TAXPAYER ON BEHALF OF A QUALIFIED EMPLOYEE DURING THE TAX YEAR FOR WHICH THE CREDIT IS CLAIMED OR 20% OF THE AVERAGE YEARLY TUITION FOR MICHIGAN'S PUBLIC UNIVERSITIES PER EMPLOYEE, WHICHEVER IS LESS.**

**(2) TO BE ELIGIBLE FOR THE CREDIT UNDER THIS SECTION, THE TAXPAYER IN A FORM AS PRESCRIBED BY THE DEPARTMENT SHALL PROVIDE REASONABLE PROOF IN SUPPORT OF PAYMENTS CLAIMED TO BE PAID ON BEHALF OF A QUALIFIED EMPLOYEE FOR HIS OR HER QUALIFIED STUDENT LOAN UNDER THIS SECTION. THE FORM SHALL INCLUDE, AT A MINIMUM, ALL OF THE FOLLOWING:**

**(A) THE TAXPAYER'S FEDERAL EMPLOYER IDENTIFICATION NUMBER OR THE MICHIGAN TREASURY NUMBER ASSIGNED.**

**(B) THE NAME AND ADDRESS OF THE QUALIFIED EMPLOYEE.**

**(C) THE DATE AND AMOUNT OF EACH PAYMENT MADE TOWARD A QUALIFIED STUDENT LOAN.**

**(D) ANY OTHER CRITERIA THAT THE DEPARTMENT CONSIDERS APPROPRIATE FOR THE DETERMINATION OF ELIGIBILITY FOR THE CREDIT UNDER THIS SECTION.**

**(3) IF THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE TAX LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT PORTION OF THE CREDIT THAT EXCEEDS THE TAX LIABILITY OF THE TAXPAYER FOR THE TAX YEAR SHALL NOT BE REFUNDED.**

**(4) AS USED IN THIS SECTION:**

**(A) "APPROVED POSTSECONDARY EDUCATIONAL INSTITUTION" MEANS ANY OF THE FOLLOWING:**

**(i) 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.**

**(ii) AN INDEPENDENT NONPROFIT COLLEGE OR UNIVERSITY LOCATED IN THIS STATE.**

**(B) "QUALIFIED EMPLOYEE" MEANS AN EMPLOYEE WHO RECEIVED A DEGREE FROM AN APPROVED POSTSECONDARY EDUCATIONAL INSTITUTION AFTER MAY 1, 2017 AND WHO IS A RESIDENT OF THIS STATE.**

**(C) "QUALIFIED STUDENT LOAN" MEANS ANY STATE OR FEDERAL LOANS INCURRED TO ATTEND AND RECEIVE A DEGREE FROM AN APPROVED POSTSECONDARY EDUCATIONAL INSTITUTION, INCLUDING, BUT NOT LIMITED TO, STATE LOANS AUTHORIZED UNDER THE HIGHER EDUCATION LOAN AUTHORITY ACT, 1975 PA 222, MCL 390.1151 TO 390.1165, AND FEDERAL LOANS AUTHORIZED UNDER THE HIGHER EDUCATION ACT OF 1965, PUBLIC LAW 89-329, 20 USC 1001 TO 1161AA-1."**

**The motion did not prevail by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:**

**Yeas: Representatives Zemke, Brinks, Chang, Camilleri and Sowerby, (5/15)**

**Nays: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, and Reilly. (10/15)**

The amendment was not adopted.

**Representative Sowerby offered and moved to adopt the following amendment to House Bill 5428:**

1. Amend page 13, following line 25, by inserting:

**"(BB) BEGINNING ON AND AFTER JANUARY 1, 2018, TO THE EXTENT NOT DEDUCTED IN DETERMINING ADJUSTED GROSS INCOME, DEDUCT THE AMOUNT PAID BY THE TAXPAYER IN THE TAX YEAR ON QUALIFIED EDUCATION LOANS USED TO PAY QUALIFIED HIGHER EDUCATION EXPENSES FOR THE COST OF ATTENDANCE AT AN ELIGIBLE EDUCATIONAL INSTITUTION LOCATED IN THIS STATE NOT TO EXCEED A TOTAL DEDUCTION OF \$5,000.00 FOR A SINGLE RETURN OR \$10,000.00 FOR A JOINT RETURN PER YEAR. AS USED IN THIS SUBDIVISION, "ELIGIBLE EDUCATIONAL INSTITUTION", "QUALIFIED EDUCATION LOAN", AND "QUALIFIED HIGHER EDUCATION EXPENSES" MEAN THOSE TERMS AS DEFINED IN SECTION 221 OF THE INTERNAL REVENUE CODE."**

The motion did not prevail by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:

**Yeas: Representatives Zemke, Brinks, Chang, Camilleri and Sowerby, (5/15)**

**Nays: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, and Reilly. (10/15)**

The amendment was not adopted.

**Representative Camilleri offered and moved to adopt the following amendments to House Bill 5428:**

1. Amend page 7, line 6, after "2012" by inserting "**THROUGH DECEMBER 31, 2017**".
2. Amend page 18, line 15, after "apply" by inserting "**THROUGH DECEMBER 31, 2017**".

The motion did not prevail by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:

**Yeas: Representatives Zemke, Brinks, Chang, Camilleri and Sowerby, (5/15)**

**Nays: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, and Reilly. (10/15)**

The amendments were not adopted.

**Representative Camilleri offered and moved to adopt the following amendment to House Bill 5428:**

1. Amend page 21, following line 25, by inserting:  
"Sec. 272. (1) For the following tax years that begin after December 31, 2007, a taxpayer may credit against the tax imposed by this act an amount equal to the specified percentages of the credit the taxpayer is allowed to claim as a credit under section 32 of the internal revenue code for a tax year on a return filed under this act for the same tax year:
  - (a) For tax years that begin after December 31, 2007 and before January 1, 2009, 10%.
  - (b) For tax years that begin after December 31, 2008 and before January 1, 2012, 20%.
  - (c) For tax years that begin after December 31, 2011 **AND BEFORE JANUARY 1, 2018,**6%.  
**(D) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2017, 30%.**
- (2) If the credit allowed by this section exceeds the tax liability of the taxpayer for the tax



year, the state treasurer shall refund the excess to the taxpayer without interest, except as provided in section 30 of 1941 PA 122, MCL 205.30."

**The motion did not prevail by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:**

**Yeas: Representatives Zemke, Brinks, Chang, Camilleri and Sowerby, (5/15)**

**Nays: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, and Reilly. (10/15)**

The amendment was not adopted.

**Representative Camilleri offered and moved to adopt the following amendment to House Bill 5428:**

1. Amend page 21, following line 25, by inserting:

"Sec. 272. (1) For the following tax years that begin after December 31, 2007, a taxpayer may credit against the tax imposed by this act an amount equal to the specified percentages of the credit the taxpayer is allowed to claim as a credit under section 32 of the internal revenue code for a tax year on a return filed under this act for the same tax year:

(a) For tax years that begin after December 31, 2007 and before January 1, 2009, 10%.

(b) For tax years that begin after December 31, 2008 and before January 1, 2012, 20%.

(c) For tax years that begin after December 31, 2011 **AND BEFORE JANUARY 1, 2018, 6%.**

**(D) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2017, 25%.**

(2) If the credit allowed by this section exceeds the tax liability of the taxpayer for the tax year, the state treasurer shall refund the excess to the taxpayer without interest, except as provided in section 30 of 1941 PA 122, MCL 205.30."

**The motion did not prevail by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:**

**Yeas: Representatives Zemke, Brinks, Chang, Camilleri and Sowerby, (5/15)**

**Nays: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, and Reilly. (10/15)**

The amendment was not adopted.

**Representative Camilleri offered and moved to adopt the following amendment to House Bill 5428:**

1. Amend page 21, following line 25, by inserting:

"Sec. 272. (1) For the following tax years that begin after December 31, 2007, a taxpayer may credit against the tax imposed by this act an amount equal to the specified percentages of the credit the taxpayer is allowed to claim as a credit under section 32 of the internal revenue code for a tax year on a return filed under this act for the same tax year:

(a) For tax years that begin after December 31, 2007 and before January 1, 2009, 10%.

(b) For tax years that begin after December 31, 2008 and before January 1, 2012, 20%.

(c) For tax years that begin after December 31, 2011 **AND BEFORE JANUARY 1, 2018, 6%.**

**(D) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2017, 20%.**

(2) If the credit allowed by this section exceeds the tax liability of the taxpayer for the tax year, the state treasurer shall refund the excess to the taxpayer without interest, except as provided in section 30 of 1941 PA 122, MCL 205.30."

The motion did not prevail by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:

**Yeas: Representatives Zemke, Brinks, Chang, Camilleri and Sowerby, (5/15)**

**Nays: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, and Reilly. (10/15)**

The amendment was not adopted.

**Representative Chang offered and moved to adopt the following amendment to House Bill 5428:**

1. Amend page 21, following line 25, by inserting:

**"SEC. 275. (1) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2017, A TAXPAYER MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY THIS ACT EQUAL TO THE FOLLOWING SPECIFIED PERCENTAGES OF THE CREDIT THE TAXPAYER IS ALLOWED TO CLAIM AS A CREDIT UNDER SECTION 21 OF THE INTERNAL REVENUE CODE FOR A TAX YEAR ON A RETURN FILED UNDER THIS ACT FOR THE SAME TAX YEAR:**

**(A) FOR A TAXPAYER WITH AN ADJUSTED GROSS INCOME AS DEFINED IN THE INTERNAL REVENUE CODE OF LESS THAN \$25,000.00, 110%.**

**(B) FOR A TAXPAYER WITH AN ADJUSTED GROSS INCOME AS DEFINED IN THE INTERNAL REVENUE CODE OF \$25,000.00 OR MORE BUT LESS THAN \$40,000.00, 100%.**

**(C) FOR A TAXPAYER WITH AN ADJUSTED GROSS INCOME AS DEFINED IN THE INTERNAL REVENUE CODE OF \$40,000.00 OR MORE BUT LESS THAN \$65,000.00, 80%.**

**(D) FOR A TAXPAYER WITH AN ADJUSTED GROSS INCOME AS DEFINED IN THE INTERNAL REVENUE CODE OF \$65,000.00 OR MORE BUT LESS THAN \$100,000.00, 20%.**

**(2) IF THE CREDIT ALLOWED BY THIS SECTION EXCEEDS THE TAX LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT PORTION OF THE CREDIT THAT EXCEEDS THE TAX LIABILITY SHALL BE REFUNDED."**

The motion did not prevail by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:

**Yeas: Representatives Zemke, Brinks, Chang, Camilleri and Sowerby, (5/15)**

**Nays: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, and Reilly. (10/15)**

The amendment was not adopted.

**Representative Chang offered and moved to adopt the following amendment to House Bill 5428:**

1. Amend page 21, following line 25, by inserting:

**"SEC. 277. (1) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2017, A TAXPAYER WHO IS A TEACHER WHO TEACHES AT A PUBLIC SCHOOL MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY THIS ACT EQUAL TO THE COST PAID BY THE TAXPAYER IN THE TAX YEAR NOT TO EXCEED \$1,000.00 FOR**

**A SINGLE RETURN OR \$2,000.00 FOR A JOINT RETURN FOR CLASSROOM SUPPLIES USED BY THE TAXPAYER FOR EDUCATIONAL PURPOSES THAT DIRECTLY RELATE TO THE TAXPAYER'S CLASSROOM COURSE WORK AT THE PUBLIC SCHOOL.**

**(2) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE TAX LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT PORTION THAT EXCEEDS THE TAX LIABILITY SHALL NOT BE REFUNDED.**

**(3) AS USED IN THIS SECTION:**

**(A) "CLASSROOM SUPPLIES" MEANS ANY OF THE FOLLOWING:**

**(i) BOOKS FOR TEACHER OR STUDENT USE, BOOKS ON TAPES, VIDEOTAPES, CDS, OR DVDS.**

**(ii) COMPUTER PROGRAMS OR DOWNLOADS.**

**(iii) EQUIPMENT, INCLUDING, BUT NOT LIMITED TO, TAPE RECORDERS, HEADPHONES, SCIENCE EQUIPMENT, AND LAB EQUIPMENT.**

**(iv) ART SUPPLIES.**

**(v) CLASSROOM DECORATIVE MATERIALS.**

**(vi) FOOD AND OTHER SUPPLIES OR MATERIALS FOR EXPERIMENTS OR PROJECTS CARRIED OUT IN THE CLASSROOM.**

**(vii) PRIZES, AWARDS, OR REWARDS.**

**(viii) OTHER SUPPLIES OR MATERIALS SIMILAR TO THOSE LISTED IN THIS SUBDIVISION.**

**(B) "PUBLIC SCHOOL" MEANS THAT TERM AS DEFINED IN SECTION 5 OF THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.5."**

**The motion did not prevail by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:**

**Yeas: Representatives Zemke, Brinks, Chang, Camilleri and Sowerby, (5/15)**

**Nays: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, and Reilly. (10/15)**

The amendment was not adopted.

**Representative Brinks and moved to adopt the following amendment to House Bill 5428:**

**1. Amend page 13, following line 25, by inserting:**

**"(BB) FOR TAX YEARS BEGINNING AFTER DECEMBER 31, 2017, DEDUCT AN AMOUNT EQUAL TO \$600.00 MULTIPLIED BY THE NUMBER OF EXEMPTIONS CLAIMED BY THE TAXPAYER UNDER SUBSECTION (2) IN THE TAX YEAR FOR DEPENDENTS OF THE TAXPAYER WHO ARE CHILDREN YOUNGER THAN 19 YEARS OF AGE ON THE LAST DAY OF THE TAX YEAR."**

**The motion did not prevail by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:**

**Yeas: Representatives Zemke, Brinks, Chang, Camilleri and Sowerby, (5/15)**

**Nays: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, and Reilly. (10/15)**

The amendment was not adopted.

**Representative Brinks offered and moved to adopt the following amendment to House Bill 5428:**

1. Amend page 21, following line 25, by inserting:

"Sec. 522. (1) The amount of a claim made pursuant to this chapter shall be determined as follows:

(a) A claimant who is not a senior citizen is entitled to a credit against the state income tax liability under this part equal to 60% of the amount by which the property taxes on the homestead, or the credit for rental of the homestead for the tax year, exceeds 3.5% of the claimant's total household resources for tax years before the 2018 tax year or 3.2% of the claimant's total household resources for the 2018 tax year and each tax year after 2018.

(b) A claimant who is a senior citizen is entitled to a credit against the state income tax liability under this part equal to the following:

(i) For a claimant with total household resources of \$21,000.00 or less, an amount as determined in accordance with subdivision (c).

(ii) For a claimant with total household resources of more than \$21,000.00 and less than or equal to \$22,000.00, an amount equal to 96% of the difference between the property taxes on the homestead or the credit for rental of the homestead for the tax year and 3.5% of total household resources for tax years before the 2018 tax year or 3.2% of total household resources for the 2018 tax year and each tax year after 2018.

(iii) For a claimant with total household resources of more than \$22,000.00 and less than or equal to \$23,000.00, an amount equal to 92% of the difference between the property taxes on the homestead or the credit for rental of the homestead for the tax year and 3.5% of total household resources for tax years before the 2018 tax year or 3.2% of total household resources for the 2018 tax year and each tax year after 2018.

(iv) For a claimant with total household resources of more than \$23,000.00 and less than or equal to \$24,000.00, an amount equal to 88% of the difference between the property taxes on the homestead or the credit for rental of the homestead for the tax year and 3.5% of total household resources for tax years before the 2018 tax year or 3.2% of total household resources for the 2018 tax year and each tax year after 2018.

(v) For a claimant with total household resources of more than \$24,000.00 and less than or equal to \$25,000.00, an amount equal to 84% of the difference between the property taxes on the homestead or the credit for rental of the homestead for the tax year and 3.5% of total household resources for tax years before the 2018 tax year or 3.2% of total household resources for the 2018 tax year and each tax year after 2018.

(vi) For a claimant with total household resources of more than \$25,000.00 and less than or equal to \$26,000.00, an amount equal to 80% of the difference between the property taxes on the homestead or the credit for rental of the homestead for the tax year and 3.5% of total household resources for tax years before the 2018 tax year or 3.2% of total household resources for the 2018 tax year and each tax year after 2018.

(vii) For a claimant with total household resources of more than \$26,000.00 and less than or equal to \$27,000.00, an amount equal to 76% of the difference between the property taxes on the homestead or the credit for rental of the homestead for the tax year and 3.5% of total household resources for tax years before the 2018 tax year or 3.2% of total household resources for the 2018 tax year and each tax year after 2018.

(viii) For a claimant with total household resources of more than \$27,000.00 and less than or equal to \$28,000.00, an amount equal to 72% of the difference between the property taxes on the homestead or the credit for rental of the homestead for the tax year and 3.5% of total household resources for tax years before the 2018 tax year or 3.2% of total household resources for the 2018 tax year and each tax year after 2018.

(ix) For a claimant with total household resources of more than \$28,000.00 and less than or equal to \$29,000.00, an amount equal to 68% of the difference between the property taxes on the homestead or the credit for rental of the homestead for the tax year and 3.5% of total household resources for tax years before the 2018 tax year or 3.2% of total household resources for the 2018 tax year and each tax year after 2018.

(x) For a claimant with total household resources of more than \$29,000.00 and less than or equal to \$30,000.00, an amount equal to 64% of the difference between the property taxes on the

homestead or the credit for rental of the homestead for the tax year and 3.5% of total household resources for tax years before the 2018 tax year or 3.2% of total household resources for the 2018 tax year and each tax year after 2018.

(xi) For a claimant with total household resources of more than \$30,000.00, an amount equal to 60% of the difference between the property taxes on the homestead or the credit for rental of the homestead for the tax year and 3.5% of total household resources for tax years before the 2018 tax year or 3.2% of total household resources for the 2018 tax year and each tax year after 2018.

(c) A claimant who is a senior citizen with total household resources of \$21,000.00 or less or a paraplegic, hemiplegic, or quadriplegic and for tax years that begin after December 31, 1999, a claimant who is totally and permanently disabled, deaf, or, for tax years that begin after December 31, 2012, blind is entitled to a credit against the state income tax liability for the amount by which the property taxes on the homestead, the credit for rental of the homestead, or a service charge in lieu of ad valorem taxes as provided by section 15a of the state housing development authority act of 1966, 1966 PA 346, MCL 125.1415a, for the tax year exceeds the percentage of the claimant's total household resources for that tax year computed as follows:

Total household resources	Percentage
Not over \$3,000.00	.0%
Over \$3,000.00 but not over \$4,000.00	1.0%
Over \$4,000.00 but not over \$5,000.00	2.0%
Over \$5,000.00 but not over \$6,000.00	3.0%
Over \$6,000.00 for tax years before the 2018 tax year	3.5%
Over \$6,000.00 for tax years after the 2017 tax year	3.2%

(d) ~~A~~ **EXCEPT AS OTHERWISE PROVIDED UNDER SUBDIVISION (F),** A claimant who is an eligible serviceperson, eligible veteran, or eligible widow or widower is entitled to a credit against the state income tax liability for a percentage of the property taxes on the homestead for the tax year not in excess of 100% determined as follows:

(i) Divide the taxable value allowance specified in section 506 by the taxable value of the homestead or, if the eligible serviceperson, eligible veteran, or eligible widow or widower leases or rents a homestead, divide 20% of the total annual rent paid for tax years before the 2018 tax year or 23% of the total annual rent paid for tax years after the 2017 tax year on the property by the property tax rate on the property.

(ii) Multiply the property taxes on the homestead by the percentage computed in subparagraph (i).

(e) A claimant who is blind is entitled to a credit against the state income tax liability for a percentage of the property taxes on the homestead for the tax year determined as follows:

(i) If the taxable value of the homestead is \$3,500.00 or less, 100% of the property taxes.

(ii) If the taxable value of the homestead is more than \$3,500.00, the percentage that \$3,500.00 bears to the taxable value of the homestead.

**(F) FOR THE 2018 TAX YEAR AND EACH TAX YEAR THEREAFTER, A CLAIMANT WHO IS AN ELIGIBLE SERVICEPERSON, ELIGIBLE VETERAN, OR ELIGIBLE WIDOW OR WIDOWER WHO LEASES OR RENTS A HOMESTEAD AND WHO RECEIVES COMPENSATION PAID BY THE VETERANS ADMINISTRATION OR THE ARMED FORCES OF THE UNITED STATES AT THE 100% DISABILITY RATE FOR SERVICE-INCURRED DISABILITIES IS ENTITLED TO A CREDIT AGAINST THE STATE INCOME TAX LIABILITY UNDER THIS PART EQUAL TO 20% OF THE TOTAL ANNUAL RENT PAID, NOT TO EXCEED 100% OF THE PROPERTY TAXES ON THAT HOMESTEAD FOR THE TAX YEAR, REGARDLESS OF THE TYPE OF HOMESTEAD THAT IS BEING LEASED OR RENTED.**

(2) A person who is qualified to make a claim under more than 1 classification shall elect the classification under which the claim is made.

(3) Only 1 claimant per household for a tax year is entitled to the credit, unless both the husband and wife filing a joint return are blind, then each shall be considered a claimant.

(4) As used in this section, "totally and permanently disabled" means disability as defined in section 216 of title II of the social security act, 42 USC 416.

(5) A senior citizen who has total household resources for the tax year of \$6,000.00 or less and who for 1973 received a senior citizen homestead exemption under former section 7c of the general property tax act, 1893 PA 206, may compute the credit against the state income tax liability for a percentage of the property taxes on the homestead for the tax year determined as follows:

(a) If the taxable value of the homestead is \$2,500.00 or less, 100% of the property taxes.

(b) If the taxable value of the homestead is more than \$2,500.00, the percentage that \$2,500.00 bears to the taxable value of the homestead.

(6) For a return of less than 12 months, the claim shall be reduced proportionately.

(7) The department may prescribe tables that may be used to determine the amount of the claim.

(8) The total credit allowed in this section for each year shall not exceed the amount determined under section 520.

(9) The total credit allowable under this part and part 361 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.36101 to 324.36117, shall not exceed the total property tax due and payable by the claimant in that year. The amount by which the credit exceeds the property tax due and payable shall be deducted from the credit claimed under part 361 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.36101 to 324.36117."

**The motion did not prevail by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:**

**Yeas: Representatives Zemke, Brinks, Chang, Camilleri and Sowerby, (5/15)**

**Nays: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, and Reilly. (10/15)**

The amendment was not adopted.

**Representative Zemke offered and moved to adopt the following amendment to House Bill 5428:**

1. Amend page 21, following line 25, by inserting:

**"SEC. 280. (1) FOR TAX YEARS THAT BEGIN ON AND AFTER JANUARY 1, 2018, A QUALIFIED TAXPAYER WHO IS EMPLOYED DURING THE TAX YEAR AS A TEACHER, SCHOOL ADMINISTRATOR, OR SCHOOL SUPERINTENDENT AT AN AT-RISK SCHOOL IN THIS STATE MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY THIS PART EQUAL TO 100% OF THE AMOUNT PAID ON A QUALIFIED STUDENT LOAN BY THE QUALIFIED TAXPAYER DURING THE TAX YEAR.**

**(2) TO BE ELIGIBLE FOR THE CREDIT UNDER THIS SECTION, THE QUALIFIED TAXPAYER SHALL PROVIDE THE DEPARTMENT WITH PROOF OF RESIDENCY, PROOF OF EMPLOYMENT WITHIN AN AT-RISK SCHOOL IN THIS STATE, AND PROOF IN SUPPORT OF THE PAYMENTS CLAIMED UNDER THIS SECTION.**

**(3) IF THE CREDIT ALLOWED BY THIS SECTION EXCEEDS THE TAX LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT PORTION OF THE CREDIT THAT EXCEEDS THE TAX LIABILITY SHALL BE REFUNDED.**

**(4) AS USED IN THIS SECTION:**

**(A) "APPROVED POSTSECONDARY EDUCATIONAL INSTITUTION" MEANS ANY OF THE FOLLOWING:**

(i) A PUBLIC OR PRIVATE COLLEGE OR UNIVERSITY, JUNIOR COLLEGE, OR COMMUNITY COLLEGE THAT GRANTS DEGREES OR CERTIFICATES AND IS LOCATED IN THIS STATE.

(ii) A POSTSECONDARY EDUCATIONAL INSTITUTION, OTHER THAN AN EDUCATIONAL INSTITUTION DESCRIBED IN SUBPARAGRAPH (i), THAT IS LOCATED IN THIS STATE, GRANTS DEGREES, CERTIFICATES, OR OTHER RECOGNIZED CREDENTIALS, AND IS DESIGNATED BY THE DEPARTMENT AS AN APPROVED POSTSECONDARY EDUCATIONAL INSTITUTION.

(B) "AT-RISK SCHOOL" MEANS A PUBLIC OR NONPUBLIC ELEMENTARY OR SECONDARY SCHOOL WHERE AT LEAST 50% OF STUDENTS AT THE SCHOOL MEET THE INCOME ELIGIBILITY CRITERIA FOR FREE BREAKFAST, LUNCH, OR MILK IN THE IMMEDIATELY PRECEDING STATE FISCAL YEAR, AS DETERMINED UNDER THE NATIONAL SCHOOL LUNCH ACT, 42 USC 1751.

(C) "PROOF OF RESIDENCY" MEANS A FILED MICHIGAN INDIVIDUAL INCOME TAX RETURN THAT INCLUDES THE TAXPAYER'S CERTIFICATION THAT HE OR SHE IS A RESIDENT, A SIGNED AFFIDAVIT OF MICHIGAN RESIDENCY, OR OTHER PROOF OF RESIDENCY ACCEPTABLE TO THE DEPARTMENT.

(D) "QUALIFIED STUDENT LOAN" MEANS ANY STATE OR FEDERAL LOANS INCURRED TO ATTEND AND RECEIVE A DEGREE FROM AN APPROVED POSTSECONDARY EDUCATIONAL INSTITUTION, INCLUDING, BUT NOT LIMITED TO, STATE LOANS AUTHORIZED UNDER THE HIGHER EDUCATION LOAN AUTHORITY ACT, 1975 PA 222, MCL 390.1151 TO 390.1165, AND FEDERAL LOANS AUTHORIZED UNDER THE HIGHER EDUCATION ACT OF 1965, PUBLIC LAW 89-329, 20 USC 1001 TO 1161AA-1.

(E) "QUALIFIED TAXPAYER" MEANS A TAXPAYER WHO RECEIVED A DEGREE FROM AN APPROVED POSTSECONDARY EDUCATIONAL INSTITUTION AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION AND WHO IS A RESIDENT OF THIS STATE."

The motion did not prevail by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:

Yeas: Representatives Zemke, Brinks, Chang, Camilleri and Sowerby, (5/15)

Nays: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, and Reilly. (10/15)

The amendment was not adopted.

**Representative Zemke offered and moved to adopt the following amendment to House Bill 5428:**

1. Amend page 21, following line 10, by inserting:

"Sec. 30a. Notwithstanding any other provision of this part, for the 2012 tax year and each tax year after 2012, taxable income for purposes of this part means taxable income as determined under section 30 with the following adjustment. For the 2012 tax year and each tax year after 2012, to determine taxable income, a taxpayer shall claim a personal exemption deduction equal to the amount calculated pursuant to section 30(2) or equal to the following amounts multiplied by the number of personal or dependency exemptions allowable on the taxpayer's federal income tax return pursuant to the internal revenue code, whichever calculation is greater:

(a) Beginning on and after October 1, 2012 and before January 1, 2014, \$3,950.00. The department shall annualize the personal exemption deduction for the 2012 tax year, rounded to the nearest \$1.00.

(b) Beginning on and after January 1, 2014 and each year after 2014, ~~BEFORE JANUARY 1, 2018~~, \$4,000.00.

(C) BEGINNING ON AND AFTER JANUARY 1, 2018 AND EACH YEAR AFTER 2018, \$6,000.00."

The motion did not prevail by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:

**Yeas: Representatives Zemke, Brinks, Chang, Camilleri and Sowerby, (5/15)**

**Nays: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, and Reilly. (10/15)**

The amendment was not adopted.

**Representative Zemke offered and moved to adopt the following amendments to House Bill 5428:**

1. Amend page 13, line 26, after "subsection (7)" by inserting "**THROUGH DECEMBER 31, 2017**".

2. Amend page 14, line 3, after "income." by inserting "**FOR EACH TAX YEAR BEGINNING ON AND AFTER JANUARY 1, 2018, EXCEPT AS OTHERWISE PROVIDED UNDER SUBSECTION (7), A PERSONAL EXEMPTION OF \$4,000.00 MULTIPLIED BY THE NUMBER OF PERSONAL OR DEPENDENCY EXEMPTIONS ALLOWABLE ON THE TAXPAYER'S FEDERAL INCOME TAX RETURN PURSUANT TO THE INTERNAL REVENUE CODE SHALL BE SUBTRACTED IN THE CALCULATION THAT DETERMINES TAXABLE INCOME.**".

3. Amend page 14, line 8, after "(a)" by inserting "**THROUGH DECEMBER 31, 2017**".

4. Amend page 14, line 13, after "522." by inserting "**BEGINNING JANUARY 1, 2018, \$2,600.00 FOR EACH TAXPAYER AND EVERY DEPENDENT OF THE TAXPAYER WHO, AS DEFINED BY LAW, IS DEAF, BLIND, A PARAPLEGIC, A QUADRIPLEGIC, A HEMIPLEGIC, OR TOTALLY AND PERMANENTLY DISABLED.**".

5. Amend page 14, line 18, after "2007" by inserting "**THROUGH DECEMBER 31, 2017**".

6. Amend page 14, line 20, after "veteran." by inserting "**BEGINNING JANUARY 1, 2018, \$400.00 FOR EACH TAXPAYER AND EVERY DEPENDENT OF THE TAXPAYER WHO IS A QUALIFIED DISABLED VETERAN.**".

7. Amend page 15, line 21, after "2013" by inserting "**THROUGH DECEMBER 31, 2017**".

8. Amend page 16, line 16, after "increment." by inserting "**FOR EACH TAX YEAR BEGINNING ON AND AFTER JANUARY 1, 2019, THE EXEMPTION AMOUNTS ALLOWED UNDER SUBSECTIONS (2) AND (3) SHALL BE ADJUSTED FOR INFLATION BY THE DEPARTMENT OF TREASURY BY MULTIPLYING EACH EXEMPTION BY A FRACTION, THE NUMERATOR OF WHICH IS THE MIDWEST EMPLOYMENT COST INDEX FOR THE EAST NORTH CENTRAL DIVISION FOR THE STATE FISCAL YEAR ENDING IN THE TAX YEAR PRIOR TO THE TAX YEAR FOR WHICH THE ADJUSTMENT IS BEING MADE AND THE DENOMINATOR OF WHICH IS THE MIDWEST EMPLOYMENT COST INDEX FOR THE EAST NORTH CENTRAL DIVISION FOR THE 2016-2017 STATE FISCAL YEAR. THE RESULTANT PRODUCT SHALL BE ROUNDED TO THE NEAREST \$100.00 INCREMENT. FOR EACH TAX YEAR BEGINNING ON AND AFTER JANUARY 1, 2018, FOR A TAXPAYER WHOSE TAXABLE INCOME EXCEEDS \$80,000.00 BUT IS LESS THAN**



OR EQUAL TO \$100,000.00 FOR SINGLE FILERS, OR EXCEEDS \$160,000.00 BUT IS LESS THAN OR EQUAL TO \$200,000.00 FOR JOINT FILERS, THE EXEMPTION ALLOWANCE SHALL BE ADJUSTED BY MULTIPLYING THE EXEMPTION ALLOWANCE FOR A SINGLE RETURN BY A FRACTION, THE NUMERATOR OF WHICH IS \$100,000.00 MINUS THE TAXPAYER'S TAXABLE INCOME, AND THE DENOMINATOR OF WHICH IS \$20,000.00, AND FOR A JOINT RETURN BY A FRACTION, THE NUMERATOR OF WHICH IS \$200,000.00 MINUS THE TAXPAYER'S TAXABLE INCOME, AND THE DENOMINATOR OF WHICH IS \$40,000.00. AN EXEMPTION ALLOWANCE SHALL BE ELIMINATED FOR SINGLE FILERS WHOSE TAXABLE INCOME EXCEEDS \$100,000.00 AND FOR JOINT FILERS WHOSE TAXABLE INCOME EXCEEDS \$200,000.00. FOR EACH TAX YEAR BEGINNING ON AND AFTER JANUARY 1, 2019, THE INCOME THRESHOLDS FOR THE ADJUSTMENT OR ELIMINATION OF EXEMPTION ALLOWANCES UNDER SUBSECTION (7) SHALL BE ADJUSTED FOR INFLATION BY THE DEPARTMENT OF TREASURY BY MULTIPLYING EACH INCOME THRESHOLD BY A FRACTION, THE NUMERATOR OF WHICH IS THE MIDWEST EMPLOYMENT COST INDEX FOR THE EAST NORTH CENTRAL DIVISION FOR THE STATE FISCAL YEAR ENDING IN THE TAX YEAR PRIOR TO THE TAX YEAR FOR WHICH THE ADJUSTMENT IS BEING MADE AND THE DENOMINATOR OF WHICH IS THE MIDWEST EMPLOYMENT COST INDEX FOR THE EAST NORTH CENTRAL DIVISION FOR THE 2016-2017 STATE FISCAL YEAR. THE RESULTANT PRODUCT SHALL BE ROUNDED TO THE NEAREST \$100.00 INCREMENT. AS USED IN THIS SUBSECTION, "MIDWEST EMPLOYMENT COST INDEX FOR THE EAST NORTH CENTRAL DIVISION" MEANS THE MIDWEST EMPLOYMENT COST INDEX FOR THE EAST NORTH CENTRAL DIVISION FOR PRIVATE WORKERS AS DEFINED AND REPORTED BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS."

9. Amend page 21, following line 25, by inserting:

"Sec. 51. (1) For receiving, earning, or otherwise acquiring income from any source whatsoever, there is levied and imposed under this part upon the taxable income of every person other than a corporation a tax at the following rates in the following circumstances:

(a) On and after October 1, 2007 and before October 1, 2012, 4.35%.

(b) ~~Except as otherwise provided under subdivision (c), on~~ ON and after October 1, 2012 THROUGH DECEMBER 31, 2017, 4.25%.

~~(c) For each tax year beginning on and after January 1, 2023, if the percentage increase in the total general fund/general purpose revenue from the immediately preceding fiscal year is greater than the inflation rate for the same period and the inflation rate is positive, then the current rate shall be reduced by an amount determined by multiplying that rate by a fraction, the numerator of which is the difference between the total general fund/general purpose revenue from the immediately preceding state fiscal year and the capped general fund/general purpose revenue and the denominator of which is the total revenue collected from this part in the immediately preceding state fiscal year. For purposes of this subdivision only, the state treasurer, the director of the senate fiscal agency, and the director of the house fiscal agency shall determine whether the total revenue distributed to general fund/general purpose revenue has increased as required under this subdivision based on the comprehensive annual financial report prepared and published by the department of technology, management, and budget in accordance with section 23 of article IX of the state constitution of 1963. The state treasurer, the director of the senate fiscal agency, and the director of the house fiscal agency shall make the determination under this subdivision no later than the date of the January 2023 revenue estimating conference conducted pursuant to sections 367a through 367f of the management and budget act, 1984 PA 431, MCL 18.1367a to 18.1367f, and the date of each January revenue estimating conference conducted each year thereafter. As used in this subdivision:~~

~~—— (i) "Capped general fund/general purpose revenue" means the total general fund/general purpose revenue from the 2020-2021 state fiscal year multiplied by the sum of 1 plus the product of 1.425 times the difference between a fraction, the numerator of which is the consumer price index for the state fiscal year ending in the tax year prior to the tax year for which the adjustment is being made and the denominator of which is the consumer price index for the 2020-2021 state fiscal year, and 1.~~

~~—— (ii) "Total general fund/general purpose revenue" means the total general fund/general purpose revenue and other financing sources as published in the comprehensive annual financial report schedule of revenue and other financing sources — general fund for that fiscal year plus any distribution made pursuant to section 51d.~~

**(C) BEGINNING ON AND AFTER JANUARY 1, 2018, EXCEPT AS OTHERWISE PROVIDED UNDER SUBSECTION (4) AS FOLLOWS:**

**(i) FOR A SINGLE RETURN AS FOLLOWS:**

**(A) ON THE FIRST \$20,000.00, 3.0%.**

**(B) ON ALL OVER \$20,000.00 BUT LESS THAN OR EQUAL TO \$40,000.00, 4.0%.**

**(C) ON ALL OVER \$40,000.00 BUT LESS THAN OR EQUAL TO \$80,000.00, 5.0%.**

**6.0% (D) ON ALL OVER \$80,000.00 BUT LESS THAN OR EQUAL TO \$125,000.00,**

**7.0% (E) ON ALL OVER \$125,000.00 BUT LESS THAN OR EQUAL TO \$200,000.00,**

**8.0% (F) ON ALL OVER \$200,000.00 BUT LESS THAN OR EQUAL TO \$500,000.00,**

**9.0% (G) ON ALL OVER \$500,000.00 BUT LESS THAN OR EQUAL TO \$1,000,000.00,**

**(H) ON ALL OVER \$1,000,000.00, 10.0%.**

**(ii) FOR A JOINT RETURN AS FOLLOWS:**

**(A) ON THE FIRST \$40,000.00, 3.0%.**

**(B) ON ALL OVER \$40,000.00 BUT LESS THAN OR EQUAL TO \$80,000.00, 4.0%.**

**5.0% (C) ON ALL OVER \$80,000.00 BUT LESS THAN OR EQUAL TO \$160,000.00,**

**6.0% (D) ON ALL OVER \$160,000.00 BUT LESS THAN OR EQUAL TO \$200,000.00,**

**7.0% (E) ON ALL OVER \$200,000.00 BUT LESS THAN OR EQUAL TO \$250,000.00,**

**8.0% (F) ON ALL OVER \$250,000.00 BUT LESS THAN OR EQUAL TO \$500,000.00,**

**9.0% (G) ON ALL OVER \$500,000.00 BUT LESS THAN OR EQUAL TO \$1,000,000.00,**

**(H) ON ALL OVER \$1,000,000.00, 10.0%.**

**(2) Beginning January 1, 2000, that percentage of the gross collections before refunds from the tax levied under this section that is equal to 1.012% divided by the income tax rate levied under this section shall be deposited in the state school aid fund created in section 11 of article IX of the state constitution of 1963.**

**(3) In addition to the distribution under subsection (2) and section 51d, beginning October 1, 2016, from the revenue collected under this section an amount equal to 3.5% of the average amount of farmland tax credits claimed under section 36109 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.36109, for the immediately preceding 3 state fiscal years shall be deposited into the agricultural preservation fund created in section 36202 of the natural resources and environmental protection act, 1994 PA 451, MCL 324.36202.**

**(4) FOR THE 2019 TAX YEAR AND EACH TAX YEAR AFTER THE 2019 TAX YEAR, THE TAXABLE INCOME AMOUNTS UNDER SUBSECTION (1)(C) SHALL BE ADJUSTED BY THE DEPARTMENT OF TREASURY FOR INFLATION BY MULTIPLYING EACH AMOUNT FOR THE TAX YEAR BEGINNING IN 2018 BY A FRACTION, THE NUMERATOR OF WHICH IS THE MIDWEST EMPLOYMENT COST INDEX FOR THE EAST NORTH CENTRAL DIVISION FOR THE STATE FISCAL YEAR ENDING IN THE TAX YEAR PRIOR TO THE TAX YEAR FOR WHICH THE ADJUSTMENT IS BEING MADE AND THE DENOMINATOR OF WHICH IS THE MIDWEST EMPLOYMENT COST INDEX FOR THE EAST NORTH CENTRAL**

**DIVISION FOR THE 2016-2017 STATE FISCAL YEAR. THE RESULTANT PRODUCT SHALL BE ROUNDED TO THE NEAREST \$100.00 INCREMENT.** The department shall annualize rates provided in subsection (1) as necessary. The applicable annualized rate shall be imposed upon the taxable income of every person other than a corporation for those tax years.

(5) The taxable income of a nonresident shall be computed in the same manner that the taxable income of a resident is computed, subject to the allocation and apportionment provisions of this part.

(6) A resident beneficiary of a trust whose taxable income includes all or part of an accumulation distribution by a trust, as defined in section 665 of the internal revenue code, shall be allowed a credit against the tax otherwise due under this part. The credit shall be all or a proportionate part of any tax paid by the trust under this part for any preceding taxable year that would not have been payable if the trust had in fact made distribution to its beneficiaries at the times and in the amounts specified in section 666 of the internal revenue code. The credit shall not reduce the tax otherwise due from the beneficiary to an amount less than would have been due if the accumulation distribution were excluded from taxable income.

(7) The taxable income of a resident who is required to include income from a trust in his or her federal income tax return under the provisions of 26 USC 671 to 679, shall include items of income and deductions from the trust in taxable income to the extent required by this part with respect to property owned outright.

(8) It is the intention of this section that the income subject to tax of every person other than corporations shall be computed in like manner and be the same as provided in the internal revenue code subject to adjustments specifically provided for in this part.

(9) As used in this section:

~~(a) "Consumer price index" means the United States consumer price index for all urban consumers as defined and reported by the United States Department of Labor, Bureau of Labor Statistics.~~

~~(b) "Inflation rate" means the annual percentage change in the consumer price index, as determined by the department, comparing the 2 most recent completed state fiscal years.~~

**(A) "MIDWEST EMPLOYMENT COST INDEX FOR THE EAST NORTH CENTRAL DIVISION" MEANS THE MIDWEST EMPLOYMENT COST INDEX FOR THE EAST NORTH CENTRAL DIVISION FOR PRIVATE WORKERS AS DEFINED AND REPORTED BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS.**

**(B) ~~(e)~~ "Person other than a corporation" means a resident or nonresident individual or any of the following:**

*(i)* A partner in a partnership as defined in the internal revenue code.

*(ii)* A beneficiary of an estate or a trust as defined in the internal revenue code.

*(iii)* An estate or trust as defined in the internal revenue code.

**(C) ~~(d)~~ "Taxable income" means taxable income as defined in this part subject to the applicable source and attribution rules contained in this part.**

Enacting section 1. Section 30a of the income tax act of 1967, 1967 PA 281, MCL 206.30a, is repealed effective January 1, 2018.

Enacting section 2. This amendatory act does not take effect unless Senate Joint Resolution I or House Joint Resolution K of the 99th Legislature becomes a part of the state constitution of 1963 as provided in section 1 of article XII of the state constitution of 1963." and renumbering the remaining enacting section.

**The motion did not prevail by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:**

**Yeas: Representatives Zemke, Brinks, Chang, Camilleri and Sowerby, (5/15)**

**Nays: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, and Reilly. (10/15)**

The amendments were not adopted.

**Representative Noble moved to report House 5428 without amendment and with the recommendation that the bill pass.**

**The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:**

**Yeas: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, and Reilly, (10/15)**

**Nays: Representatives Zemke, Brinks, Chang, Camilleri and Sowerby. (5/15)**

The bill was referred to the order of Second Reading of Bills.

**Representative Reilly moved to report Senate Current Resolution without amendment and with the recommendation that the resolution be adopted.**

**The motion prevailed by an affirmative vote of a majority of the members appointed to and serving on the committee, voting as follows:**

**Yeas: Representatives Kelly, Hornberger, Crawford, Garcia, Roberts, Alexander, Griffin, Lilly, Noble, and Reilly, (10/15)**

**Nays: Representatives Zemke, Brinks, Chang, Camilleri and Sowerby. (5/15)**

The concurrent resolution was referred to the House floor.

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The Chair laid before the committee House Bill 5526.

**HB 5526 (Kelly)** Education; school districts; letter grade system for ranking public schools; establish.

The Chair, the bill sponsor, explained the bill and introduced Chris Glass, Director of Legislative Affairs for the West Michigan Talent Triangle, and Doug Greer, Director of School Improvement, Ottawa Area Intermediate School District, who did a PowerPoint presentation in support of the bill. Questions followed. A copy of their presentation is attached.

Moneak Parker, representing Detroit Voices for School Choice, testified in support of the bill.

Brian Love testified in support of the bill.

Brian Gutman, Director of External Relations at The Education Trust Midwest, testified in support of the bill. A copy of his written testimony is attached.

Tim Sowton, representing Business Leaders for Michigan, testified in support of the bill. A copy of his written testimony is attached.

Alexa Rae Malesky, Public Policy Coordinator for the Grand Rapids Chamber and Lindsay Case Palsrok, Senior Director of Government Relations for the Detroit Regional Chamber, submitted written testimony in support of the bill. A copy is attached.

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There being no other business before the committee; **Representative Reilly moved to adjourn the meeting.**

The motion prevailed, the time being 10:29 a.m.

The Chair declared the Committee adjourned.

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Tim Kelly, Chair  
House Standing Committee on Education Reform

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Joy Brewer, Committee Clerk

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Date approved by the committee