

HB 4287 -- Redline

Introduced to As Passed by the House -- Individual income tax: deductions; certain broadband expansion grants; deduct from taxable income. Amends secs. 30, 623 & 815 of 1967 PA 281 (MCL 206.30 et seq.).

Deletions ~~struck~~ · Insertions underlined

HB-4287, As Passed House, May 21, 2025 HOUSE BILL NO.

(1) "Taxable income" means, for a person other than a corporation, estate, or trust, adjusted gross income as defined in KAS ~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 the internal revenue code subject to the following adjustments under this section:

KAS ~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 (iii) Beginning January 1, 2012, retirement Retirement or pension benefits received for services in the Michigan National Guard.

For the 2008 tax year and each tax year after 2008, the maximum amounts allowed under this KAS ~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 subparagraph shall be adjusted by the percentage increase in the United States Consumer Price Index for the immediately preceding calendar year.

(B) The contract applies only for a state institution of higher education as defined in the Michigan education trust act, 1986 PA 316, MCL 390.1421 to 390.1442, or a community or junior KAS ~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 college in Michigan.

(l) Deduct from the taxable income of a purchaser the amount included as income to the purchaser under the internal revenue code after the advance tuition payment contract entered into under the Michigan education trust act, 1986 PA 316, MCL 390.1421 to 390.1442, is terminated because the qualified beneficiary attends an institution of postsecondary education other than either a state KAS ~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 institution of higher education or an institution of postsecondary education located outside this state with which a state institution of higher education has reciprocity.

Beginning January 1, 2012, the KAS ~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 The deduction under this subdivision is not available to a senior citizen born after 1945.

Holocaust victim assets litigation, CV-96-4849, CV- KAS ~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 96-5161, and CV-97-0461 (E.D.

(iii) To the extent included in adjusted gross income, distributions that are qualified withdrawals from an education KAS ~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 savings account to the designated beneficiary of that education savings account.

(C) All rents and royalties derived from real property located KAS ~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 within the agreement area.

(i) Income from producing oil and gas to the extent included in KAS ~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 adjusted gross income.

This subdivision does not apply to withdrawals that are less than the sum of all contributions made to an ABLE savings account in all previous tax KAS ~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 years for which no deduction was claimed under subdivision (x), less any contributions for which no deduction was claimed under subdivision (x) that were withdrawn in all previous tax years.

(bb) For tax years that begin on and after January 1, 2021, and subject to the limitation under this subdivision, deduct, to the extent not deducted in determining adjusted gross income, wagering losses deducted under section 165(d) of the internal revenue code on the taxpayer's federal income tax return for the KAS ~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 same tax year.

(dd) For tax years that begin on and after January 1, 2022, add, to the extent not included in adjusted gross income, the KAS ~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 amount of money withdrawn by the taxpayer in the tax year from a first-time home buyer savings account, not to exceed the total amount deducted under subdivision (cc) in the tax year and all previous tax years, if the withdrawal was not a qualified withdrawal as provided in the Michigan first-time home buyer savings program act, 2022 PA 6, MCL 565.1001 to 565.1013.

(iv) The connect America fund, alternative connect America cost model, and enhanced alternative connect America cost model programs administered by the Federal Communications Commission under the KAS ~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 Federal Communications Commission connect America fund order 14- 190, 80 FR 4445, including various phases and revisions.

(2) Except as otherwise provided in subsection (7), and section 30a, a personal exemption of \$3,700.00 multiplied by the KAS ~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 number of personal and dependency exemptions shall be subtracted in the calculation that determines taxable income.

When a dependent of a taxpayer files an annual return under this part, the taxpayer or dependent of the taxpayer, but not both, may claim the additional exemption allowed KAS

~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 under this subdivision.

(6) In calculating taxable income, a taxpayer shall not subtract from adjusted gross income the amount of prizes won by the taxpayer under the McCauley-Traxler-Law-Bowman-McNeely lottery act, KAS ~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 1972 PA 239, MCL 432.1 to 432.47.

(ii) Individual retirement accounts that qualify under section KAS

~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 408 of the internal revenue code if the distributions are not made until the participant has reached 59-1/2 years of age, except in the case of death, disability, or distributions described by section 72(t)(2)(A)(iv) of the internal revenue code. These plans include, KAS ~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 but are not limited to, all of the following:

A person who takes the deduction under subsection (1)(e) KAS

~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 is not eligible for the unrestricted deduction of \$20,000.00 for a single return and \$40,000.00 for a joint return under this subdivision.

(d) Except as otherwise provided under subdivision (c) for a KAS

~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 person who was retired as of January 1, 2013, for a person born after 1952 who has reached the age of 62 through 66 years of age and who receives retirement or pension benefits from employment with a governmental agency that was not covered by the federal social security act, chapter 531, 49 Stat 620, 42 USC 301 to 1397mm, the sum of the deductions under subsection (1)(f)(i), (ii), and (iv) is limited to \$15,000.00 for a single return and, except as otherwise provided under this subdivision, \$15,000.00 for a joint return.

A KAS ~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 person who takes the deduction under subsection (1)(e) is not eligible for the unrestricted deduction of \$20,000.00 for a single return and \$40,000.00 for a joint return under this subdivision.

(a) For the 2023 tax year, a taxpayer who was born after 1945 and before 1959 may deduct an amount of retirement or pension benefits not to exceed 25% of the maximum amount of retirement or KAS

~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 pension benefits that the taxpayer would be allowed to deduct for the tax year under subsection (1)(f)(iv) if the taxpayer's retirement or pension benefits were subject to the limitations of that subsection only.

If a deduction under subsection (1)(f) was claimed on a joint return for a tax year in which a spouse died and the surviving spouse has not remarried KAS ~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 since the death of that spouse, the surviving spouse is entitled to claim the deduction under subsection (1)(f) in subsequent tax years subject to the same restrictions and limitations under this subsection, for a single return, that would have applied based on the date of birth of the older of the 2 spouses.

(1) Except as otherwise provided in this part, there is levied and imposed a corporate income tax on every taxpayer with business activity within this state or ownership interest or KAS

~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 beneficial interest in a flow-through entity that has business activity in this state unless prohibited by 15 USC 381 to 384.

(e) Except as otherwise provided under this subdivision, to the extent deducted in arriving at federal taxable income, add any KAS ~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 royalty, interest, or other expense paid to a person related to the taxpayer by ownership or control for the use of an intangible asset if the person is not included in the taxpayer's unitary business group.

(i) Income derived from a mineral to the extent included in KAS

~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 federal taxable income.

(vii) The tribal broadband connectivity program administered by KAS

~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 the National Telecommunications and Information Administration.

For purposes of this subsection, a taxpayer that acquires the assets of another corporation in a transaction KAS ~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 described under section 381(a)(1) or (2) of the internal revenue code may deduct any business loss attributable to that distributor or transferor corporation.

(a) Add interest income and dividends derived from obligations KAS

~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 or securities of states other than this state, in the same amount that was excluded from federal taxable income, less the related portion of expenses not deducted in computing federal taxable income because of sections 265 and 291 of the internal revenue code.

KAS ~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 (ii) The amount of a refund received in the tax year based on taxes paid under the city income tax act, 1964 PA 284, MCL 141.501 to 141.787.

(iii) The middle mile grant program established under 47 USC KAS

~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 1741.

(k) For tax years beginning on and after January 1, 2023, add, to the extent deducted in arriving at federal taxable income, KAS ~~H01579'25 HB4287 INTR 1~~H01579'25 HB4287 APH 1 4q7sb3ud0wxs 1 expenses, including depreciation, attributable to an eligible grant as defined under subdivision (j).

KAS ~~H01579'25_HB4287_INTR_1~~H01579'25_HB4287_APH_1 ~~4q7sb3~~ud0wxs (b) "Oil and gas" means oil and gas that is subject to severance tax under 1929 PA 48, MCL 205.301 to 205.317.

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