Michigan House Bill 5280 (2025)

HB 5280 would amend 1967 PA 28, Income Tax Act of 1967, to:

- Exempt active duty and retirement pay for commissioned officers in the U.S. Public Health Service (USPHS) Officer Corps and National Oceanic and Atmospheric Administration Commissioned (NOAA) Officer Corps from Michigan state income tax—bringing them into parity with other uniformed services.
- Clarify eligibility for a limited tax exemption for those determined by the U.S. Department of Veterans Affairs to be permanently and totally (100%) disabled due to service in any uniformed service. This applies to income attributable to cancellation or discharge of student loans by the U.S. Department of Education.

The Issue: 1967 PA 28 currently exempts active duty and retirement pay received for services in the Armed Forces and provides enhanced tax relief for 100% disabled veterans. However, USPHS and NOAA officers not explicitly included in statute, which creates inconsistent treatment**,** especially for those with VA-rated 100% service-connected disabilities.

Why It Matters:

- USPHS and NOAA officers are part of the federally recognized uniformed services
- They serve under federal authority in:
    - Public health crises, disaster response (USPHS)
    - Environmental, scientific, and maritime missions (NOAA)
- They receive military-equivalent pay and benefits systems

Michigan Impact (Estimated)

- 350–600 Michigan residents affected
- **Minimal fiscal impact** (likely <$1M annually, and decreasing under 2026 tax reforms)
- Very small population relative to Michigan's overall retiree base

Key Takeaways

- **Parity fix** — aligns treatment across all uniformed services
- **Low cost** — minimal impact on state revenue
- T**argeted** — affects a small, clearly defined group
- **Non-controversial** — no known organized opposition

Request: We respectfully ask you to Support HB 5280 and encourage a committee hearing in the Michigan House Committee on Government Operations

Bottom Line: HB 5280 is a simple, fair, and low-cost fix that ensures all who serve in the nation's uniformed services are treated equally under Michigan tax law.

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