



HOUSE BILL No. 4816

May 11, 1995, Introduced by Reps. Bush, Perricone, McNutt, McBryde, Law, Hill, Byl, Hammerstrom, Jellema, Pitoniak, Dobb, Gernaat, Jersevic, Kukuk, Bullard, Goschka, Llewellyn and Ryan and referred to the Committee on Tax Policy.

A bill to amend section 261 of Act No. 281 of the Public Acts of 1967, entitled "Income tax act of 1967," as amended by Act No. 256 of the Public Acts of 1994, being section 206.261 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 261 of Act No. 281 of the Public Acts of
2 1967, as amended by Act No. 256 of the Public Acts of 1994, being
3 section 206.261 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 261. (1) For the 1989 through 1997 tax years and
6 subject to the limitations in subsections (2) to (6), a taxpayer
7 may credit against the tax imposed by this act 50% of the amount
8 the taxpayer contributes during the taxable year to an endowment
9 fund of a community foundation or for the 1992 through ~~1997~~

1 1998 tax years and subject to the limitations in subsections (2),
2 (3), and (5), a taxpayer may credit against the tax imposed by
3 this act 50% of the cash amount the taxpayer contributes during
4 the taxable year to a shelter for homeless persons, food kitchen,
5 food bank, or other entity, the primary purpose of which is to
6 provide overnight accommodation, food, or meals to persons who
7 are indigent if a contribution to that entity is tax deductible
8 for the donor under the internal revenue code.

9 (2) For a taxpayer other than a resident estate or trust,
10 the credit allowed by this section for a contribution to a commu-
11 nity foundation shall not exceed \$100.00, or \$200.00 for a hus-
12 band and wife filing a joint return. For the 1992 tax year and
13 each tax year after 1992, a taxpayer may claim an additional
14 credit under this section not to exceed \$100.00, or \$200.00 for a
15 husband and wife filing a joint return, for total cash contribu-
16 tions made in the tax year to shelters for homeless persons, food
17 kitchens, food banks, and, except for community foundations,
18 other entities allowed under subsection (1). For a resident
19 estate or trust, the credit allowed by this section for a contri-
20 bution to a community foundation shall not exceed 10% of the
21 taxpayer's tax liability for the tax year before claiming any
22 credits allowed by this act or \$5,000.00, whichever is less. For
23 the 1992 tax year and each tax year after 1992, a resident estate
24 or trust may claim an additional credit under this section not to
25 exceed 10% of the taxpayer's tax liability for the tax year
26 before claiming any credits allowed by this act or \$5,000.00,
27 whichever is less, for total cash contributions made in the tax

1 year to shelters for homeless persons, food kitchens, food banks,
2 and, except for community foundations, other entities allowed
3 under subsection (1).

4 (3) The credits allowed by this section are nonrefundable so
5 that a taxpayer shall not claim under this section a total credit
6 amount that reduces the taxpayer's tax liability to less than
7 zero.

8 (4) As used in this section, "community foundation" means an
9 organization that applies for certification on or before April 1
10 of the tax year for which the taxpayer is claiming the credit and
11 that the department certifies for that tax year as meeting all of
12 the following requirements:

13 (a) Qualifies for exemption from federal income taxation
14 under section 501(c)(3) of the internal revenue code.

15 (b) Supports a broad range of charitable activities within
16 the specific geographic area of this state that it serves, such
17 as a municipality or county.

18 (c) Maintains an ongoing program to attract new endowment
19 funds by seeking gifts and bequests from a wide range of poten-
20 tial donors in the community or area served.

21 (d) Is publicly supported as defined by the regulations of
22 the United States department of treasury, 26
23 C.F.R. 1.170A-9(e)(10).

24 (e) Is not a supporting organization as defined under sec-
25 tion 509(a)(3) of the internal revenue code and the regulations
26 of the United States department of treasury, 26 C.F.R. 1.509(a)-4
27 and 1.509(a)-5.

1 (f) Meets the requirements for treatment as a single entity
2 contained in the regulations of the United States department of
3 treasury, 26 C.F.R. 1.170A-9(e)(11).

4 (g) Is incorporated or established as a trust before
5 September 1 of the year immediately preceding the tax year for
6 which the credit is claimed.

7 (5) An entity other than a community foundation may request
8 that the department determine if a contribution to that entity
9 qualifies for the credit under this section. The department
10 shall make a determination and respond to a request no later than
11 30 days after the department receives the request.

12 (6) On or before July 1 of each year, the department shall
13 report to the house committee on taxation and the senate commit-
14 tee on finance the total amount of tax credits claimed under this
15 section and under section 38c of the single business tax act, Act
16 No. 228 of the Public Acts of 1975, for the immediately preceding
17 tax year.