



HOUSE BILL No. 5485

December 14, 1995, Introduced by Reps. Horton, Byl, Voorhees, Sikkema, DeLange, Dalman, Ryan, Whyman, McManus, Green, Walberg, McBryde, Bodem, Kaza, Goschka, Nye, Lowe, Gernaat, Gustafson, Cropsey and Baade and referred to the Committee on Human Services.

A bill to amend Act No. 281 of the Public Acts of 1967, entitled "Income tax act of 1967," as amended, being sections 206.1 to 206.532 of the Michigan Compiled Laws, by adding section 266.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Act No. 281 of the Public Acts of 1967, as
2 amended, being sections 206.1 to 206.532 of the Michigan Compiled
3 Laws, is amended by adding section 266 to read as follows:

4 SEC. 266. (1) FOR THE 1996 TAX YEAR AND EACH TAX YEAR AFTER
5 1996, A TAXPAYER MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY
6 THIS ACT EQUAL TO THE CASH DONATIONS MADE BY THE TAXPAYER IN THE
7 TAX YEAR TO QUALIFIED CHARITIES, NOT TO EXCEED \$500.00 FOR A
8 SINGLE RETURN OR \$1,000.00 FOR A JOINT RETURN.

1 (2) TO CLAIM A CREDIT UNDER THIS SECTION, A TAXPAYER SHALL
2 LIST EACH OF THE QUALIFIED CHARITIES TO WHICH A CONTRIBUTION IS
3 MADE AND THE AMOUNT OF THE CONTRIBUTION THAT IS USED TO CALCULATE
4 THE CREDIT FOR THE TAX YEAR AND ATTACH THE LIST TO THE TAXPAYER'S
5 TAX RETURN.

6 (3) A TAXPAYER SHALL NOT INCLUDE IN THE CALCULATION OF THE
7 CREDIT UNDER THIS SECTION ANY AMOUNT USED TO CALCULATE ANY OTHER
8 CREDIT OR DEDUCTION UNDER THIS ACT.

9 (4) IF THE CREDIT ALLOWED UNDER THIS SECTION EXCEEDS THE TAX
10 LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THAT PORTION OF THE
11 CREDIT THAT EXCEEDS THE TAX LIABILITY SHALL BE REFUNDED.

12 (5) AN ORGANIZATION MAY REQUEST THAT THE DEPARTMENT DETER-
13 MINE IF A CONTRIBUTION TO THAT ORGANIZATION QUALIFIES FOR THE
14 CREDIT UNDER THIS SECTION. THE DEPARTMENT SHALL MAKE THE DETER-
15 MINATION AND RESPOND TO A REQUEST NOT LATER THAN 30 DAYS AFTER
16 THE DEPARTMENT RECEIVES THE REQUEST.

17 (6) THE DEPARTMENT SHALL CONDUCT A STUDY TO DETERMINE
18 WHETHER THE QUALIFIED CHARITIES TO WHICH CONTRIBUTIONS WERE MADE
19 AND USED TO CALCULATE A CREDIT UNDER THIS SECTION IN THE 1996 TAX
20 YEAR MEET THE GOALS DESCRIBED IN SUBSECTION (7)(B) AND DELIVER A
21 REPORT ON THE RESULTS OF THAT STUDY TO THE LEGISLATURE NOT LATER
22 THAN JULY 1, 1997.

23 (7) AS USED IN THIS SECTION, "QUALIFIED CHARITIES" MEANS
24 ORGANIZATIONS THAT MEET BOTH OF THE FOLLOWING CRITERIA:

25 (A) ARE DESCRIBED IN SECTION 501(c)(3) OF THE INTERNAL REVE-
26 NUE CODE AND ARE EXEMPT FROM TAXATION under section 501(a) OF THE
27 INTERNAL REVENUE CODE.

1 (B) DISTRIBUTE AT LEAST 85% OF THE FUNDS COLLECTED, AS
2 DETERMINED BY THE DEPARTMENT, IN 1 OF THE FOLLOWING WAYS:

3 (i) TO PROVIDE SERVICES TO INDIVIDUALS AND FAMILIES DESIGNED
4 TO MEET THE GOAL OF PREVENTING AND ALLEVIATING POVERTY FOR THOSE
5 INDIVIDUALS AND FAMILIES.

6 (ii) TO OTHER ORGANIZATIONS THE PREDOMINANT ACTIVITY OF
7 WHICH IS TO PROVIDE SERVICES TO INDIVIDUALS AND FAMILIES THAT ARE
8 DESIGNED TO MEET THE GOAL OF PREVENTING OR ALLEVIATING POVERTY
9 FOR THOSE INDIVIDUALS AND FAMILIES.