

HOUSE BILL No. 4083

January 28, 1997, Introduced by Rep. McBryde and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 261 (MCL 206.261), as amended by 1994 PA
256.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 261. (1) For the 1989 through 1997 tax years and
2 subject to the limitations in subsections (2) to (6), a taxpayer
3 may credit against the tax imposed by this act 50% of the amount
4 the taxpayer contributes during the taxable year to an endowment
5 fund of a community foundation or for the 1992 through 1997 tax
6 years and subject to the limitations in subsections (2), (3), and
7 (5), a taxpayer may credit against the tax imposed by this act
8 50% of the cash amount the taxpayer contributes during the
9 taxable year to a shelter for homeless persons, food kitchen,
10 food bank, or other entity, the primary purpose of which is to

1 provide overnight accommodation, food, or meals to persons who
2 are indigent if a contribution to that entity is tax deductible
3 for the donor under the internal revenue code.

4 (2) For a taxpayer other than a resident estate or trust,
5 the credit allowed by this section for a contribution to a commu-
6 nity foundation shall not exceed \$100.00, or \$200.00 for a hus-
7 band and wife filing a joint return, FOR TAX YEARS BEFORE THE
8 1997 TAX YEAR, AND \$150.00, OR \$300.00 FOR A HUSBAND AND WIFE
9 FILING A JOINT RETURN, FOR TAX YEARS AFTER THE 1996 TAX YEAR.
10 For the 1992 tax year and each tax year after 1992, a taxpayer
11 may claim an additional credit under this section not to exceed
12 \$100.00, or \$200.00 for a husband and wife filing a joint return,
13 FOR TAX YEARS BEFORE THE 1997 TAX YEAR, AND \$150.00, OR \$300.00
14 FOR A HUSBAND AND WIFE FILING A JOINT RETURN, FOR TAX YEARS AFTER
15 THE 1996 TAX YEAR, for total cash contributions made in the tax
16 year to shelters for homeless persons, food kitchens, food banks,
17 and, except for community foundations, other entities allowed
18 under subsection (1). For a resident estate or trust, the credit
19 allowed by this section for a contribution to a community founda-
20 tion shall not exceed 10% of the taxpayer's tax liability for the
21 tax year before claiming any credits allowed by this act or
22 \$5,000.00, whichever is less. For the 1992 tax year and each tax
23 year after 1992, a resident estate or trust may claim an addi-
24 tional credit under this section not to exceed 10% of the
25 taxpayer's tax liability for the tax year before claiming any
26 credits allowed by this act or \$5,000.00, whichever is less, for
27 total cash contributions made in the tax year to shelters for

1 homeless persons, food kitchens, food banks, and, except for
2 community foundations, other entities allowed under subsection
3 (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,
16 ~~Act No. 228 of the Public Acts of 1975~~ 1975 PA 228,
17 MCL 208.38C, for the immediately preceding tax year.