
Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 5821 (Substitute H-1 as reported by the Committee of the Whole)
Sponsor: Representative Nancy Cassis
House Committee: Tax Policy
Senate Committee: Finance

CONTENT

The bill would amend the Income Tax Act to allow a taxpayer to claim a credit for a charitable contribution made for the benefit of a "historical museum", or a historical society that accepted charitable contributions of money or a historical artifact. The bill would apply to tax years that began after December 31, 2000.

Under the Act, a taxpayer may claim a credit equal to 50% of the aggregate amount of charitable contributions to certain entities. The credit is limited to \$100 for a single return and \$200 for a joint return. For a resident estate or trust, the credit may not exceed the lesser of 10% of tax liability or \$5,000.

Currently, for purposes of calculating the credit, the fair market value of a piece of artwork must be determined at the time of the donation by independent appraisal. The bill provides that the fair market value of a piece of artwork or historical artifact would have to be determined at the time of the donation by independent appraisal or by the recipient.

Under the bill, a "historical museum" would be a permanent nonprofit institution exempt from Federal taxation as a 501(c)(3) organization, that was open to the public and administered in the public interest, and that collected, conserved, preserved, researched, and interpreted for purposes of study, education, and enjoyment material evidence of history.

MCL 206.260

Legislative Analyst: G. Towne

FISCAL IMPACT

It is estimated that this bill would reduce income tax revenue by less than \$500,000 beginning in FY 2000-01. The vast majority of this loss in revenue would affect General Fund/General Purpose revenue.

Date Completed: 11-30-00

Fiscal Analyst: J. Wortley