

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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

Date Completed: 11-28-00

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; and to include a historical artifact among the contributions for which a credit may be claimed.

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.

The contributions eligible for the credit include a donation of money or artwork to a municipality or a nonprofit corporation affiliated with both a municipality and an art institute located in the municipality, if made for the purpose of benefiting an art institute located in that municipality. The bill would allow a credit for a contribution to a municipality or a nonprofit corporation affiliated with both a municipality and an art institute or historical museum located in the municipality. The contribution could be money, artwork, or a historical artifact.

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.

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.

Fiscal Analyst: J. Wortley

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.