

1998 PUBLIC AND LOCAL ACTS

---

[No. 369]

(HB 5386)

AN ACT to amend 1913 PA 380, entitled "An act to regulate gifts of real and personal property to cities, villages, townships, and counties, and the use of the those gifts; and to validate all such gifts made before the enactment of this act," (MCL 123.871 to 123.873) by adding section 4.

*The People of the State of Michigan enact:*

123.874 Transfer of gift to community foundation.

[M.S.A. 5.3421(3)]

Sec. 4. (1) A city, village, township, or county may transfer any gift of intangible personal property received pursuant to section 1 or the proceeds of any gift received pursuant to section 1 to a community foundation. If a gift received by a city, village, township, or county pursuant to section 1 was subject to conditions, limitations, or requirements, the transfer must be to a component fund within the community foundation that incorporates conditions, limitations, or requirements that are substantially similar to those the gift was subject to. If a gift was not subject to conditions, limitations, or requirements, the transfer must be to a component fund within the community foundation that imposes conditions, limitations, or requirements on the use of the gift property for 1 or more purposes provided in section 1.

(2) A transfer of a gift in accordance with this section that occurred before the effective date of the amendatory act that added this section is ratified and confirmed and the transfer is considered valid as if it had been made under this subsection.

(3) A community foundation to which a gift is transferred pursuant to this section shall return the gift to the city, village, township, or county that transferred the gift if 1 or more of the following occur:

(a) The community foundation fails to meet all of the requirements for certification as a community foundation set forth in section 261 of the income tax act of 1967, 1967 PA 281, MCL 206.261.

(b) The community foundation is liquidated.

(c) The community foundation substantially violates any condition, limitation, or requirement imposed on the gift.

(4) Except as otherwise provided in subsection (5), a community foundation shall establish a donor advisory board before a gift is transferred to that community foundation under this section. The donor advisory board shall include not less than 1 representative of the city, village, township, or county transferring the gift. The donor advisory board shall do all of the following:

(a) Determine that any condition, limitation, or requirement on the use of the transferred gift is complied with.

(b) Make recommendations for the use of the transferred gift.

(5) A city, village, or township that transfers a gift to a community foundation under this section may waive the establishment of the donor advisory board under subsection (4).

(6) As used in this section:

(a) "Community foundation" means that term as defined in section 261 of the income tax act of 1967, 1967 PA 281, MCL 206.261.

1998 PUBLIC AND LOCAL ACTS

---

(b) "Component fund" means a component part of a community trust as described in 26 C.F.R. 1.170A-9.

(c) "Gift" does not include a grant from state or federal sources.

This act is ordered to take immediate effect.

Approved October 20, 1998.

Filed with Secretary of State October 20, 1998.

---