



**House
Legislative
Analysis
Section**

Manufacturer's Bank Building, 12th Floor
Lansing, Michigan 48909
Phone: 517/373-6466

COMMUNITY FOUNDATION ELIGIBILITY

RECEIVED

APR 18 1990

House Bills 5526-5527

Sponsor: Rep. Donald Van Singel

Committee: Taxation

Mich. State Law Library

Complete to 3-20-90

A SUMMARY OF HOUSE BILLS 5526 AND 5527 AS INTRODUCED 2-21-90

Public Acts 514 and 515 of 1988 allowed taxpayers for the 1989 through 1991 tax years to claim credits against the income tax and the single business tax for contributions to community foundations in the same way credits can be claimed for contributions to Michigan colleges and universities, public libraries, and public broadcasting. Up to certain limits, a taxpayer can claim a credit equal to 50 percent of contributions made. (A credit could not be claimed for a contribution to a community foundation, however, in a tax year if at the end of the previous tax year the total of all such credits for all tax years exceeded \$3 million.) The acts allow a credit only for a contribution to a foundation certified by the Department of Treasury as meeting certain requirements and require a qualifying community foundation to have been incorporated or established before January 1 of the year prior to the tax year for which a credit is claimed. The bills would instead require a community foundation to have been incorporated or established before June 1 of the year prior to the tax year for which a credit is claimed. House Bill 5526 would amend the Single Business Tax Act (MCL 208.38c). House Bill 5527 would amend the Income Tax Act (MCL 206.261).

(A community foundation has been described as a special kind of umbrella charitable organization that raises capital in order to make contributions to other charitable organizations in a particular geographic area. It is said to differ from the typical charity in that it does not have a single focus and to differ from other umbrella organizations in that its funds go not to operating budgets but to specific projects.)

House Bills 5526-5527 (3-20-90)