



# HOUSE BILL No. 4836

September 21, 1999, Introduced by Rep. Dennis 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 1996 PA 484.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

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

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

5 (2) For a taxpayer other than a resident estate or trust,  
6 the credit allowed by this section for a contribution to a commu-  
7 nity foundation shall not exceed \$100.00, or \$200.00 for a hus-  
8 band and wife filing a joint return, FOR TAX YEARS BEFORE THE  
9 1999 TAX YEAR AND \$150.00, OR \$300.00 FOR A HUSBAND AND WIFE  
10 FILING A JOINT RETURN, FOR THE 1999 TAX YEAR AND EACH TAX YEAR  
11 AFTER THE 1999 TAX YEAR. For the 1992 tax year and each tax year  
12 after 1992, a taxpayer may claim an additional credit under this  
13 section not to exceed \$100.00, or \$200.00 for a husband and wife  
14 filing a joint return, for total cash contributions made in the  
15 tax year to shelters for homeless persons, food kitchens, food  
16 banks, and, except for community foundations, other entities  
17 allowed under subsection (1). For a resident estate or trust,  
18 the credit allowed by this section for a contribution to a commu-  
19 nity foundation shall not exceed 10% of the taxpayer's tax  
20 liability for the tax year before claiming any credits allowed by  
21 this act or \$5,000.00, whichever is less. For the 1992 tax year  
22 and each tax year after 1992, a resident estate or trust may  
23 claim an additional credit under this section not to exceed 10%  
24 of the taxpayer's tax liability for the tax year before claiming  
25 any credits allowed by this act or \$5,000.00, whichever is less,  
26 for total cash contributions made in the tax year to shelters for  
27 homeless persons, food kitchens, food banks, and, except for

1 community foundations, other entities allowed under subsection  
2 (1). For a resident estate or trust, the amount used to calcu-  
3 late the credits under this section shall not have been deducted  
4 in arriving at federal taxable income.

5 (3) The credits allowed under this section are nonrefundable  
6 so that a taxpayer shall not claim under this section a total  
7 credit amount that reduces the taxpayer's tax liability to less  
8 than zero.

9 (4) As used in this section, "community foundation" means an  
10 organization that applies for certification on or before April 1  
11 of the tax year for which the taxpayer is claiming the credit and  
12 that the department certifies for that tax year as meeting all of  
13 the following requirements:

14 (a) Qualifies for exemption from federal income taxation  
15 under section 501(c)(3) of the internal revenue code.

16 (b) Supports a broad range of charitable activities within  
17 the specific geographic area of this state that it serves, such  
18 as a municipality or county.

19 (c) Maintains an ongoing program to attract new endowment  
20 funds by seeking gifts and bequests from a wide range of poten-  
21 tial donors in the community or area served.

22 (d) Is publicly supported as defined by the regulations of  
23 the United States department of treasury, 26  
24 C.F.R. 1.170A-9(e)(10).

25 (e) Is not a supporting organization as defined under sec-  
26 tion 509(a)(3) of the internal revenue code and the regulations

1 of the United States department of treasury, 26 C.F.R. 1.509(a)-4  
2 and 1.509(a)-5.

3 (f) Meets the requirements for treatment as a single entity  
4 contained in the regulations of the United States department of  
5 treasury, 26 C.F.R. 1.170A-9(e)(11).

6 (g) Is incorporated or established as a trust before  
7 September 1 of the year immediately preceding the tax year for  
8 which the credit is claimed.

9 (5) An entity other than a community foundation may request  
10 that the department determine if a contribution to that entity  
11 qualifies for the credit under this section. The department  
12 shall make a determination and respond to a request no later than  
13 30 days after the department receives the request.

14 (6) On or before July 1 of each year, the department shall  
15 report to the house committee on tax policy and the senate  
16 finance committee the total amount of tax credits claimed under  
17 this section and under section 38c of the single business tax  
18 act, ~~Act No. 228 of the Public Acts of 1975, being~~  
19 ~~section 208.38c of the Michigan Compiled Laws~~ 1975 PA 228, MCL  
20 208.38C, for the immediately preceding tax year.