

HOUSE BILL NO. 6021

October 15, 2024, Introduced by Reps. Grant, Hoskins, Byrnes, Paiz, Brenda Carter, Edwards, O'Neal, Neeley, McFall, McKinney, Rheingans, Martus and Coffia and referred to the Committee on Tax Policy.

A bill to amend 1984 PA 270, entitled
"Michigan strategic fund act,"
(MCL 125.2001 to 125.2094) by adding section 88u.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 88u. (1) The fund, in cooperation with the department of
2 treasury, shall develop a Michigan community investment tax credit
3 program to promote community participation and collaborations among
4 nonprofit organizations, businesses, and individual residents while
5 producing outcomes that assist a distressed area and the low-income

1 population in a neighborhood, community, or commercial corridor.
2 The authorized employees, officers, and agents of the fund, which
3 may include employees of the Michigan economic development
4 corporation, shall operate and implement this program.

5 (2) The fund shall develop and use a detailed application,
6 approval, and compliance process for the board to approve a
7 community investment plan submitted by place-based nonprofit
8 community organization and, in cooperation with the department of
9 treasury, allocate community investment tax credits to that
10 qualified organization for certification to any person that makes a
11 qualified donation to that qualified organization and seeks to
12 claim a credit as provided under section 279 or 679 of the income
13 tax act of 1967, 1967 PA 281, MCL 206.279 and 206.679. The fund
14 shall post the application, approval, and compliance process on the
15 fund's website. The fund shall also include a list of place-based
16 nonprofit community organizations that have an approved community
17 investment plan and have been allocated community investment tax
18 credits under this program for certification to any person that
19 makes a qualified donation to that qualified organization.

20 (3) A place-based nonprofit community organization must apply
21 to the board for approval of its community investment plan and for
22 an allocation of community investment tax credits for qualified
23 donations received for the implementation and support of that
24 qualified organization's community investment plan. The board shall
25 approve or deny an application not more than 90 days after receipt
26 of the application that is considered administratively complete by
27 the board or its designee. If an application is approved, subject
28 to the limitations under this section, the board shall issue an
29 approval letter to that organization and determine the amount of

community investment tax credits to be allocated to that qualified organization each tax year for not more than 3 consecutive tax years. The board shall not allocate a total of more than \$25,000,000.00 in community investment tax credits for a single tax year. The board shall not issue an approval letter allocating a community investment tax credit of less than \$50,000.00 or more than \$150,000.00 to a single qualified organization for a single tax year and shall not make a subsequent allocation to that same qualified organization unless the board determines that the qualified organization has made satisfactory progress in utilizing any prior allocation. The board shall provide the department of treasury with a copy of each approval letter issued under this subsection.

(4) After receiving the approval letter for the community investment plan and an allocation of community investment tax credits under subsection (3), a qualified organization shall notify each person that makes a qualified donation of at least \$500.00 and seeks to claim a community investment tax credit that a donation made under this program is nonrefundable and issue a certificate to that person that includes all of the following:

(a) The date on which the person made the qualified donation.

(b) The name of the qualified organization in which the qualified donation was made.

(c) The amount of the qualified donation in the qualified organization.

(d) The amount of the community investment tax credit to which the person is entitled to claim.

(5) The qualified organization shall send a copy of each community investment tax credit certificate issued under subsection

1 (4) to the fund and the department of treasury.

2 (6) As used in this section:

3 (a) "Community development programs, projects, and activities"
4 means strategies to encourage small business development, provide
5 affordable housing, promote financial empowerment, stimulate
6 workforce attraction and retention, and any other strategies that
7 assist a distressed area within a neighborhood, community, or
8 commercial corridor and the low-income population who reside within
9 a neighborhood or community.

10 (b) "Community investment plan" means a business plan or
11 neighborhood priorities investment strategy developed by a place-
12 based nonprofit community organization that details its community
13 development programs, projects, and activities to assist a
14 distressed area within a neighborhood, community, or commercial
15 corridor and the low-income population who reside within a
16 neighborhood or community through qualified donations.

17 (c) "Community investment tax credit" means the tax credit
18 allowed under section 279 or 679 of the income tax act of 1967,
19 1967 PA 281, MCL 206.279 and 206.679.

20 (d) "Financial institution" means a bank holding company, a
21 national bank, a state chartered bank, a state chartered savings
22 bank, a federally chartered savings association, or a federally
23 chartered farm credit system institution.

24 (e) "Place-based nonprofit community organization" means a
25 nonprofit organization that is organized under the nonprofit
26 corporation act, 1982 PA 162, MCL 450.2101 to 450.3192, exempt
27 under section 501(c)(3) of the internal revenue code of 1986, 26
28 USC 501, and meets all of the following:

29 (i) A majority of the organization's efforts are focused on

1 serving 1 or more specific neighborhoods or communities and a
2 constituency that is economically disadvantaged.

3 (ii) The purpose of the organization is to engage local
4 residents and businesses to work together to undertake community
5 development programs, projects, and activities.

6 (iii) The organization's constituency, including economically
7 disadvantaged people, has a meaningful role in governance and
8 direction of the organization, which may include committees,
9 membership meetings, and representation on the board of directors.

10 (iv) Is not a financial institution.

11 (f) "Qualified donation" means a cash or cash equivalent
12 donation that is contributed by a person to a qualified
13 organization to promote and support implementation of the qualified
14 organization's community investment plan.

15 (g) "Qualified organization" means a place-based nonprofit
16 community organization that applies for approval of its community
17 investment plan under subsection (3) and that the board issued an
18 approval letter and allocated community investment tax credits to
19 that organization.

20 Enacting section 1. This amendatory act does not take effect
21 unless Senate Bill No.____ or House Bill No. 6020 (request no.
22 03234'23 *) of the 102nd Legislature is enacted into law.