

Act No. 136
Public Acts of 1990
Approved by the Governor
June 25, 1990
Filed with the Secretary of State
June 26, 1990

**STATE OF MICHIGAN
85TH LEGISLATURE
REGULAR SESSION OF 1990**

Introduced by Rep. Van Singel

ENROLLED HOUSE BILL No. 5527

AN ACT to amend section 261 of Act No. 281 of the Public Acts of 1967, entitled "An act to meet deficiencies in state funds by providing for the imposition, levy, computation, collection, assessment, and enforcement by lien and otherwise of taxes on or measured by net income; to prescribe the manner and time of making reports and paying the taxes, and the functions of public officers and others as to the taxes; to permit the inspection of the records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits and refunds of the taxes; to prescribe penalties for the violation of this act; to provide an appropriation; and to repeal certain acts and parts of acts," as added by Act No. 515 of the Public Acts of 1988, being section 206.261 of the Michigan Compiled Laws.

The People of the State of Michigan enact:

Section 1. Section 261 of Act No. 281 of the Public Acts of 1967, as added by Act No. 515 of the Public Acts of 1988, being section 206.261 of the Michigan Compiled Laws, is amended to read as follows:

Sec. 261. (1) For the 1989 through 1991 tax years and subject to the limitations in subsections (2) to (5), a taxpayer may credit against the tax imposed by this act 50% of the amount the taxpayer contributes during the taxable year to a community foundation.

(2) For a taxpayer other than a resident estate or trust, the credit allowed by this section shall not exceed \$100.00, or \$200.00 for a husband and wife filing a joint return. For a resident estate or trust, the credit allowed by this section shall not exceed the lesser of 10% of the taxpayer's tax liability for the tax year before claiming any credits allowed by this act or \$5,000.00.

(3) The credit allowed by this section is nonrefundable so that a taxpayer shall not claim under this section a credit amount that reduces the taxpayer's tax liability to less than zero.

(4) As used in this section, "community foundation" means an organization that the department certifies as meeting all of the following requirements:

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

(b) Is organized and operated to attract contributions primarily of a capital or endowment nature to support a broad range of charitable activities within the specific geographic area of this state that it serves, such as a municipality or county.

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

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

(e) Is incorporated or established as a trust prior to September 1 of the year prior to the tax year for which the credit is claimed.

(5) The credit under this section does not apply in a tax year for which the aggregate amount of the credits claimed by all taxpayers for all prior tax years under this section and section 38c of the single business tax act, Act No. 228 of the Public Acts of 1975, being section 208.38c of the Michigan Compiled Laws, exceeds \$3,000,000.00.

(6) On or before July 1 of each year, the department shall report to the house committee on taxation and the senate committee on finance the total amount of tax credits claimed under this section and under section 38c of the single business tax act, Act No. 228 of the Public Acts of 1975, for the preceding tax year.

Section 2. This amendatory act shall apply to tax years after 1989.

This act is ordered to take immediate effect.

.....
Clerk of the House of Representatives.

.....
Secretary of the Senate.

Approved

.....
Governor.