

# HOUSE BILL No. 5526

February 21, 1990, Introduced by Rep. Van Singel and referred to the Committee on Taxation.

A bill to amend section 38c of Act No. 228 of the Public Acts of 1975, entitled "Single business tax act," as added by Act No. 514 of the Public Acts of 1988, being section 208.38c of the Michigan Compiled Laws.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 38c of Act No. 228 of the Public Acts of  
2 1975, as added by Act No. 514 of the Public Acts of 1988, being  
3 section 208.38c of the Michigan Compiled Laws, is amended to read  
4 as follows:

5 Sec. 38c. (1) For the 1989 through 1991 tax years and  
6 subject to the limitations in ~~subsection (2)~~ SUBSECTIONS (2) TO  
7 (4), a taxpayer that is not subject to the income tax act of  
8 1967, Act No. 281 of the Public Acts of 1967, being sections  
9 206.1 to 206.532 of the Michigan Compiled Laws, may credit

1 against the tax imposed by this act 50% of the amount the  
2 taxpayer contributes during the taxable year to a community  
3 foundation.

4 (2) The credit allowed by this section shall not exceed the  
5 lesser of 5% of the taxpayer's tax liability for the tax year  
6 before claiming any credits allowed by this act or \$5,000.00.  
7 The credit allowed by this section is nonrefundable so that a  
8 taxpayer shall not claim under this section a credit amount that  
9 reduces the taxpayer's tax liability to less than zero.

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

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

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

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

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

25 (e) Is incorporated or established as a trust prior to  
26 ~~January~~ JUNE 1 of the year prior to the tax year for which the  
27 credit is claimed.

1       (4) The credit under this section does not apply in a tax  
2 year for which the aggregate amount of the credits claimed by all  
3 taxpayers for all prior tax years under this section and  
4 section 261 of the income tax act OF 1967, Act No. 281 of the  
5 Public Acts of 1967, being section 206.261 of the Michigan  
6 Compiled Laws, exceeds \$3,000,000.00.

7       (5) On or before July 1 of each year, the department shall  
8 report to the house committee on taxation and the senate commit-  
9 tee on finance the total amount of tax credits claimed under this  
10 section and under section 261 of the income tax act OF 1967, Act  
11 No. 281 of the Public Acts of 1967, for the preceding tax year.