

SENATE BILL No. 300

May 7, 1991, Introduced by Senators V. SMITH, DINGELL,
N. SMITH, WELBORN, STABENOW, DILLINGHAM, POSTHUMUS
and CONROY and referred to the Committee on Finance.

A bill to amend section 261 of Act No. 281 of the Public
Acts of 1967, entitled
"Income tax act of 1967,"
as amended by Act No. 136 of the Public Acts of 1990, being sec-
tion 206.261 of the Michigan Compiled Laws.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Section 1. Section 261 of Act No. 281 of the Public Acts of
2 1967, as amended by Act No. 136 of the Public Acts of 1990, being
3 section 206.261 of the Michigan Compiled Laws, is amended to read
4 as follows:

5 Sec. 261. (1) For the 1989 through ~~1991~~ 1994 tax years
6 and subject to the limitations in subsections (2) to (5), a tax-
7 payer may credit against the tax imposed by this act 50% of the
8 amount the taxpayer contributes during the taxable year to a
9 community foundation.

1 (2) For a taxpayer other than a resident estate or trust,
2 the credit allowed by this section shall not exceed \$100.00, or
3 \$200.00 for a husband and wife filing a joint return. For a res-
4 ident estate or trust, the credit allowed by this section shall
5 not exceed ~~the lesser of~~ 10% of the taxpayer's tax liability
6 for the tax year before claiming any credits allowed by this act
7 or \$5,000.00, WHICHEVER IS LESS.

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

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

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

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

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

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

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

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

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