

Act No. 231  
Public Acts of 1994  
Approved by the Governor  
June 30, 1994  
Filed with the Secretary of State  
June 30, 1994

**STATE OF MICHIGAN  
87TH LEGISLATURE  
REGULAR SESSION OF 1994**

Introduced by Reps Brackenridge Gnodtke McBryde Hammerstrom Bullard Sikkema and Bobier  
Reps Alley Anthony Baade Bandstra Barns Bender Berman Bodem Byrum Cropsey Curtis  
Dalman DeMars Dobb Dobronski Dolan Emerson Fitzgerald Freeman Gernaat Gire Goschka  
Griffin Gubow Harder Hill Horton Jaye Jersevic Kaza Keith Kukuk LeTarte Llewellyn,  
London Lowe Martin Martinez Mathieu McManus McNutt Middaugh Middleton Olshove Owen  
Oxender Palamara Pitomak Porreca Profit Randall Rhead Rivers Rocca Schroer Scott Shugars  
Stille Varga Voorhees Vorva Weeks Wetters and Yokich named co sponsors

## **ENROLLED HOUSE BILL No. 5566**

AN ACT to amend section 38c of Act No 228 of the Public Acts of 1975 entitled An act to provide for the imposition levy computation collection assessment and enforcement by hen or otherwise of taxes on certain commercial business and financial activities to prescribe the manner and times of making certain reports and paying taxes to prescribe the powers and duties of public officers and state departments to permit the inspection of records of taxpayers to provide for interest and penalties on unpaid taxes to provide exemptions credits and refunds to provide penalties to provide for the disposition of funds to provide for the interrelation of this act with other acts and to provide an appropriation as amended by Act No 267 of the Public Acts of 1993 being section 208 38c of the Michigan Compiled Laws

*The People of the State of Michigan enact*

Section 1 Section 38c of Act No 228 of the Public Acts of 1975 as amended by Act No 267 of the Public Acts of 1993 being section 208 38c of the Michigan Compiled Laws is amended to read as follows

Sec 38c (1) For the 1989 through 1997 tax years and subject to the limitations in subsections (2) (3) and (5) a taxpayer who does not claim a credit under section 261 of the income tax act of 1967 Act No 281 of the Public Acts of 1967 being section 206 261 of the Michigan Compiled Laws may credit against the tax imposed by this act 50% of the amount the taxpayer contributes during the taxable year to an endowment fund of a community foundation or for the 1992 through 1997 tax years and subject to the limitations in subsections (2) and (4) a taxpayer may credit against the tax imposed by this act 50% of the cash amount the taxpayer contributes during the taxable year to a shelter for homeless persons food kitchen food bank or other entity the primary purpose of which is to provide overnight accommodation food or meals to persons who are indigent if a contribution to that entity is tax deductible for the donor under the internal revenue code

(2) The credit allowed by this section for a contribution to a community foundation shall not exceed 5% of the taxpayer's tax liability for the tax year before claiming any credits allowed by this act or \$5 000 00 whichever is less For tax years beginning after December 31 1991 a taxpayer may claim an additional credit under this section not to exceed 5% of the taxpayer's tax liability for the tax year before claiming any credits allowed by this act or \$5 000 00 whichever is less for total cash contributions made in the tax year to shelters for homeless persons food kitchens food banks and except for community foundations other entities allowed under subsection (1) The credits allowed by this section are nonrefundable so that a taxpayer shall not claim under this section a total credit amount that reduces the taxpayer's tax liability to less than zero

(3) As used in this section community foundation means an organization that applies for certification on or before April 1 of the tax year for which the taxpayer is claiming the credit and that the department certifies for that tax year 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 26 U S C 501

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

(c) Maintains an ongoing program to attract new endowment funds by seeking gifts and bequests from a wide range of potential donors in the community or area served

(d) Is publicly supported as defined by the regulations of the United States department of treasury 26 C F R 1 170A 9(e)(10)

(e) Is not a supporting organization as defined under section 509(a)(3) of the internal revenue code and the regulations of the United States department of treasury 26 C F R 1 509(a) 4 and 1 509(a) 5

(f) 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)

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

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

(5) On or before July 1 of each year the department shall report to the house of representatives committee on taxation and the senate committee on finance the total amount of tax credits claimed under this section and under section 261 of the income tax act of 1967 Act No 281 of the Public Acts of 1967 for the immediately preceding tax year

This act is ordered to take immediate effect

Co Clerk of the House of Representatives

Secretary of the Senate

Approved

Governor