

Act No. 258  
Public Acts of 1994  
Approved by the Governor  
July 3, 1994  
Filed with the Secretary of State  
July 5, 1994

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

Introduced by Senators Emmons Kelly, McManus Wartner Stabenow Koivisto Carl Schwarz and Cisky

**ENROLLED SENATE BILL No. 1113**

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 amended by Act No 315 of the Public Acts of 1993 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 amended by Act No 315 of the Public Acts of 1993 being section 206 261 of the Michigan Compiled Laws is amended to read as follows

Sec 261 (1) For the 1989 through 1997 tax years and subject to the limitations in subsections (2) to (6) a taxpayer 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) (3) and (5) 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) For a taxpayer other than a resident estate or trust the credit allowed by this section for a contribution to a community foundation shall not exceed \$100 00 or \$200 00 for a husband and wife filing a joint return For the 1992 tax year and each tax year after 1992 a taxpayer may claim an additional credit under this section not to exceed \$100 00 or \$200 00 for a husband and wife filing a joint return 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) For a resident estate or trust the credit allowed by this section for a contribution to a community foundation shall not exceed 10% 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 the 1992 tax year and each tax year after 1992 a resident estate or trust may claim an additional credit under this section not to exceed 10% 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)

(3) 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

(4) 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

(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

(5) 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

(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 immediately preceding tax year

Section 2 This amendatory act shall not take effect unless House Bill No 5566 of the 87th Legislature is enacted into law

This act is ordered to take immediate effect

Secretary of the Senate

Co Clerk of the House of Representatives

Approved

Governor