



# HOUSE BILL No. 5566

May 18 1994 Introduced by Reps Brackenridge Gnodtke McBryde Hammerstrom  
Bullard Sikkema and Bobier 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 amended by Act No 267 of the Public Acts of 1993, being sec-  
tion 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 amended by Act No 267 of the Public Acts of 1993, 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 ~~1994~~ 1997 tax years  
6 and subject to the limitations in subsections (2), ~~to~~ (3), AND  
7 (5), a taxpayer who does not claim a credit under section 261 of  
8 the income tax act of 1967, Act No 281 of the Public Acts of  
9 1967, being section 206 261 of the Michigan Compiled Laws, may

1 credit against the tax imposed by this act 50% of the amount the  
2 taxpayer contributes during the taxable year to an endowment fund  
3 of a community foundation or for the 1992 through ~~1994~~ 1997  
4 tax years and subject to the limitations in subsections (2) and  
5 (4), a taxpayer may credit against the tax imposed by this act  
6 50% of the cash amount the taxpayer contributes during the tax-  
7 able year to a shelter for homeless persons, food kitchen food  
8 bank, or other entity the primary purpose of which is to provide  
9 overnight accommodation food or meals to persons who are indi-  
10 gent if a contribution to that entity is tax deductible for the  
11 donor under the internal revenue code

12 (2) The credit allowed by this section for a contribution to  
13 a community foundation shall not exceed 5% of the taxpayer s tax  
14 liability for the tax year before claiming any credits allowed by  
15 this act or \$5,000 00, whichever is less For tax years begin-  
16 ning after December 31 1991 a taxpayer may claim an additional  
17 credit under this section not to exceed 5% of the taxpayer s tax  
18 liability for the tax year before claiming any credits allowed by  
19 this act or \$5 000 00 whichever is less for total cash contri-  
20 butions made in the tax year to shelters for homeless persons,  
21 food kitchens, food banks and, except for community foundations  
22 other entities allowed under subsection (1) The credits allowed  
23 by this section are nonrefundable so that a taxpayer shall not  
24 claim under this section a total credit amount that reduces the  
25 taxpayer s tax liability to less than zero

26 (3) As used in this section community foundation' means an  
27 organization that applies for certification on or before April 1

1 of the tax year for which the taxpayer is claiming the credit and  
2 that the department certifies for that tax year as meeting all of  
3 the following requirements

4 (a) Qualifies for exemption from federal income taxation  
5 under section 501(c)(3) of the internal revenue code, 26  
6 U S C 501

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

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

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

16 (e) Is not a supporting organization as defined under sec-  
17 tion 509(a)(3) of the internal revenue code and the regulations  
18 of the United States department of treasury 26 C F R 1 509(a)-4  
19 and 1 509(a)-5

20 (f) Meets the requirements for treatment as a single entity  
21 contained in the regulations of the United States department of  
22 treasury, 26 C F R 1 170A-9(e)(11)

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

26 (4) An entity other than a community foundation may request  
27 that the department determine if a contribution to that entity

1 qualifies for the credit under this section The department  
2 shall make a determination and respond to a request no later than  
3 30 days after the department receives the request

4 (5) The credit for a contribution to a community foundation  
5 under this section does not apply in a tax year for which the  
6 aggregate amount of the credits claimed by all taxpayers for all  
7 prior tax years for contributions to community foundations under  
8 this section and section 261 of the income tax act of 1967, Act  
9 No 281 of the Public Acts of 1967, exceeds \$6,000,000 00

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