



SENATE BILL No. 1113

April 26, 1994, Introduced by Senators EMMONS, KELLY
MC MANUS, WARTNER, STABENOW, KOIVISTO, CARL SCHWARZ
and CISKY 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 315 of the Public Acts of 1993 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 315 of the Public Acts of 1993, 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 ~~1994~~ 1997 tax years
6 and subject to the limitations in subsections (2) to (6), 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 an
9 endowment fund of a community foundation or for the 1992 through

1 ~~1994~~ 1997 tax years and subject to the limitations in
2 subsections (2), (3), and (5), a taxpayer may credit against the
3 tax imposed by this act 50% of the cash amount the taxpayer con-
4 tributes during the taxable year to a shelter for homeless per-
5 sons, food kitchen, food bank, or other entity, the primary pur-
6 pose of which is to provide overnight accommodation, food, or
7 meals to persons who are indigent if a contribution to that
8 entity is tax deductible for the donor under the internal revenue
9 code

10 (2) For a taxpayer other than a resident estate or trust,
11 the credit allowed by this section for a contribution to a commu-
12 nity foundation shall not exceed \$100 00, or \$200 00 for a hus-
13 band and wife filing a joint return For the 1992 tax year and
14 each tax year after 1992, a taxpayer may claim an additional
15 credit under this section not to exceed \$100 00, or \$200 00 for a
16 husband and wife filing a joint return, for total cash contribu-
17 tions made in the tax year to shelters for homeless persons, food
18 kitchens, food banks, and, except for community foundations,
19 other entities allowed under subsection (1) For a resident
20 estate or trust, the credit allowed by this section for a contri-
21 bution to a community foundation shall not exceed 10% of the
22 taxpayer's tax liability for the tax year before claiming any
23 credits allowed by this act or \$5,000 00, whichever is less For
24 the 1992 tax year and each tax year after 1992, a resident estate
25 or trust may claim an additional credit under this section not to
26 exceed 10% of the taxpayer's tax liability for the tax year
27 before claiming any credits allowed by this act or \$5,000 00,

1 whichever is less, for total cash contributions made in the tax
2 year to shelters for homeless persons, food kitchens, food banks,
3 and, except for community foundations, other entities allowed
4 under subsection (1)

5 (3) The credits allowed by this section are nonrefundable so
6 that a taxpayer shall not claim under this section a total credit
7 amount that reduces the taxpayer's tax liability to less than
8 zero

9 (4) As used in this section, "community foundation" means an
10 organization that applies for certification on or before April 1
11 of the tax year for which the taxpayer is claiming the credit and
12 that the department certifies for that tax year as meeting all of
13 the following requirements

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

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

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

22 (d) Is publicly supported as defined by the regulations of
23 the United States department of treasury, 26

24 C F R 1 170A-9(e)(10)

25 (e) Is not a supporting organization as defined under sec-
26 tion 509(a)(3) of the internal revenue code and the regulations

1 of the United States department of treasury, 26 C F R 1 509(a)-4
2 and 1 509(a)-5

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

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

9 (5) An entity other than a community foundation may request
10 that the department determine if a contribution to that entity
11 qualifies for the credit under this section The department
12 shall make a determination and respond to a request no later than
13 30 days after the department receives the request

14 (6) The credit for a contribution to a community foundation
15 under this section does not apply in a tax year for which the
16 aggregate amount of the credits claimed by all taxpayers for all
17 prior tax years for contributions to community foundations under
18 this section and section 38c of the single business tax act, Act
19 No 228 of the Public Acts of 1975 being section 208 38c of the
20 Michigan Compiled Laws, exceeds \$6 000,000 00

21 (7) On or before July 1 of each year, the department shall
22 report to the house committee on taxation and the senate commit-
23 tee on finance the total amount of tax credits claimed under this
24 section and under section 38c of the single business tax act, Act
25 No 228 of the Public Acts of 1975, for the IMMEDIATELY preceding
26 tax year