



# HOUSE BILL No. 4232

January 30, 1995, Introduced by Reps. Hill, Profit, Kukuk, Perricone, Bush, Whyman, Goschka, Munsell, Bullard, Cropsey, Kaza, Geiger, Voorhees, Horton, Ryan, Gernaat, Jaye, Crissman, Hammerstrom, Brackenridge, Johnson, Rocca, Brewer, Gnodtke, McBryde, Middaugh, Gustafson, Dalman, Law, McManus, Dolan, Wetters, Anthony, Pitoniak, London, Middleton, Galloway, Baird, Brater, Martinez, Hanley, LaForge, Dobb, Bodem, Llewellyn, DeHart, Tesanovich, Bobier, Oxender, Fitzgerald, Jellema, Sikkema, Rhead and Randall and referred to the Committee on Tax Policy.

A bill to amend Act No. 281 of the Public Acts of 1967, entitled "Income tax act of 1967," as amended, being sections 206.1 to 206.532 of the Michigan Compiled Laws, by adding section 30b.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1 Section 1. Act No. 281 of the Public Acts of 1967, as  
2 amended, being sections 206.1 to 206.532 of the Michigan Compiled  
3 Laws, is amended by adding section 30b to read as follows:

4 SEC. 30B. FOR EACH TAX YEAR AFTER THE 1997 TAX YEAR, THE  
5 PERSONAL EXEMPTION ALLOWED UNDER SECTION 30(2) SHALL BE ADJUSTED  
6 BY MULTIPLYING THE EXEMPTION FOR THE TAX YEAR BEGINNING IN 1997  
7 BY A FRACTION, THE NUMERATOR OF WHICH IS THE UNITED STATES  
8 CONSUMER PRICE INDEX FOR THE STATE FISCAL YEAR ENDING IN THE TAX

1 YEAR FOR WHICH THE ADJUSTMENT IS BEING MADE AND THE DENOMINATOR  
 2 OF WHICH IS THE UNITED STATES CONSUMER PRICE INDEX FOR THE  
 3 1996-97 STATE FISCAL YEAR. THE RESULTANT PRODUCT SHALL BE  
 4 ROUNDED TO THE NEAREST \$100.00 INCREMENT WHICH SHALL BE THE PER-  
 5 SONAL EXEMPTION FOR THE TAX YEAR. AS USED IN THIS SECTION,  
 6 "UNITED STATES CONSUMER PRICE INDEX" MEANS THE UNITED STATES CON-  
 7 SUMER PRICE INDEX FOR ALL URBAN CONSUMERS AS DEFINED AND REPORTED  
 8 BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR  
 9 STATISTICS.

10 Section 2. This amendatory act shall not take effect unless  
 11 all of the following bills of the 88th Legislature are enacted  
 12 into law:

13 (a) Senate Bill No. \_\_\_\_\_ or House Bill No. 4233  
 14 (request no. 02873'95 \*).

15 (b) Senate Bill No. \_\_\_\_\_ or House Bill No. 4234  
 16 (request no. 01548'95 \*).

17 (c) Senate Bill No. \_\_\_\_\_ or House Bill No. 4231  
 18 (request no. 01558'95 \*).

19 (d) Senate Bill No. \_\_\_\_\_ or House Bill No. 4228  
 20 (request no. 01556'95).

21 (e) Senate Bill No. \_\_\_\_\_ or House Bill No. 4230  
 22 (request no. 01478'95 \*).

23 (f) Senate Bill No. \_\_\_\_\_ or House Bill No. 4229  
 24 (request no. 01758'95).

1 (h) The Michigan colleges foundation.

2 (i) The state museum.

3 (j) The department of state for the purpose of preservation  
4 of the state archives.

5 (k) A nonprofit corporation, fund, foundation, trust, or  
6 association organized and operated exclusively for the benefit of  
7 institutions of higher learning located within this state. A tax  
8 credit for a contribution described in this subdivision is per-  
9 mitted only if the donee corporation, fund, foundation, trust, or  
10 association is controlled or approved and reviewed by the govern-  
11 ing board of the institution benefiting from the charitable  
12 contribution. The nonprofit corporation, fund, foundation,  
13 trust, or association shall provide copies of its annual indepen-  
14 dently audited financial statements to the auditor general of  
15 this state and chairpersons of the senate and house appropria-  
16 tions committees.

17 (2) For a taxpayer other than a resident estate or trust,  
18 the amount allowable as a credit under this section for a taxable  
19 year shall not exceed THE FOLLOWING AMOUNTS FOR THE FOLLOWING  
20 YEARS:

21 (A) FOR TAX YEARS BEFORE THE 1995 TAX YEAR, \$100.00, or for  
22 a husband and wife filing a joint return as provided in  
23 section 311, \$200.00.

24 (B) FOR TAX YEARS AFTER THE 1994 TAX YEAR, \$150.00, OR FOR A  
25 HUSBAND AND WIFE FILING A JOINT RETURN AS PROVIDED IN SECTION  
26 311, \$300.00.

1 (3) For a resident estate or trust, the amount allowable as  
2 a credit under this section for a taxable year shall not exceed  
3 10% of the tax liability for the year as determined without  
4 regard to this section or \$5,000.00, whichever is less.

5 (4) For the purpose of this section, "institution of higher  
6 learning" means only an educational institution located within  
7 this state meeting all of the following requirements:

8 (a) It maintains a regular faculty and curriculum and has a  
9 regularly enrolled body of students in attendance at the place  
10 where its educational activities are carried on.

11 (b) It regularly offers education above the twelfth grade.

12 (c) It awards associate, bachelors, masters, or doctoral  
13 degrees or a combination of those degrees or higher education  
14 credits acceptable for those degrees granted by other institu-  
15 tions of higher learning.

16 (d) It is recognized by the state board of education as an  
17 institution of higher learning and appears as such in the annual  
18 publication of the department of education entitled "The  
19 Directory of Institutions of Higher Education".

20 (5) "Public library" means that term as defined in section 2  
21 of the state aid to public libraries act, Act No. 89 of the  
22 Public Acts of 1977, being section 397.552 of the Michigan  
23 Compiled Laws.

24 (6) As used in subsection (1), "contributions made by the  
25 taxpayer" includes, but is not limited to, the fair market value  
26 of artwork created by the personal effort of the taxpayer that is  
27 donated to and accepted as a donation by a qualified

1 organization. The fair market value of a piece of artwork shall  
2 be determined at the time of the donation by independent  
3 appraisal. For purposes of this subsection and subsection (1),  
4 "artwork" means an original, visual creation of quality executed  
5 in any size or shape, in any media, using any kind or type of  
6 materials.

7 (7) The sum of the credits allowed by section 257 and this  
8 section shall not be in excess of the tax liability of the  
9 taxpayer.

10 Sec. 261. (1) For the 1989 through 1997 tax years and  
11 subject to the limitations in subsections (2), ~~to (6)~~ (4), (5),  
12 (6), AND (8), a taxpayer may credit against the tax imposed by  
13 this act 50% of the amount the taxpayer contributes during the  
14 taxable year to an endowment fund of a community foundation or  
15 for the 1992 through 1997 tax years and subject to the limita-  
16 tions in subsections ~~(2),~~ (3), ~~and~~ (4), (5), (7), AND (8), a  
17 taxpayer may credit against the tax imposed by this act 50% of  
18 the cash amount the taxpayer contributes during the taxable year  
19 to a shelter for homeless persons, food kitchen, food bank, or  
20 other entity, the primary purpose of which is to provide over-  
21 night accommodation, food, or meals to persons who are indigent  
22 if a contribution to that entity is tax deductible for the donor  
23 under the internal revenue code.

24 (2) For a taxpayer other than a resident estate or trust,  
25 the credit allowed by this section for a contribution to a commu-  
26 nity foundation shall not exceed THE FOLLOWING AMOUNTS FOR THE  
27 FOLLOWING PERIODS:

1 (A) FOR EACH TAX YEAR BEFORE THE 1995 TAX YEAR, \$100.00, or  
2 \$200.00 for a husband and wife filing a joint return.

3 (B) FOR EACH TAX YEAR AFTER THE 1994 TAX YEAR, \$150.00, OR  
4 \$300.00 FOR A HUSBAND AND WIFE FILING A JOINT RETURN.

5 (3) For the 1992 tax year and each tax year after 1992, a  
6 taxpayer may claim an additional credit under this section ~~not~~  
7 ~~to exceed \$100.00, or \$200.00 for a husband and wife filing a~~  
8 ~~joint return,~~ for total cash contributions made in the tax year  
9 to shelters for homeless persons, food kitchens, food banks, and,  
10 except for community foundations, other entities allowed under  
11 subsection (1) — NOT TO EXCEED THE FOLLOWING AMOUNTS FOR THE  
12 FOLLOWING PERIODS:

13 (A) FOR EACH TAX YEAR BEFORE THE 1995 TAX YEAR, \$100.000, OR  
14 \$200.00 FOR A HUSBAND AND WIFE FILING A JOINT RETURN.

15 (B) FOR EACH TAX YEAR AFTER THE 1994 TAX YEAR, \$150.00, OR  
16 \$300.00 FOR A HUSBAND AND WIFE FILING A JOINT RETURN.

17 (4) For a resident estate or trust, the credit allowed by  
18 this section for a contribution to a community foundation shall  
19 not exceed 10% of the taxpayer's tax liability for the tax year  
20 before claiming any credits allowed by this act or \$5,000.00,  
21 whichever is less. For the 1992 tax year and each tax year after  
22 1992, a resident estate or trust may claim an additional credit  
23 under this section not to exceed 10% of the taxpayer's tax  
24 liability for the tax year before claiming any credits allowed by  
25 this act or \$5,000.00, whichever is less, for total cash contri-  
26 butions made in the tax year to shelters for homeless persons,

1 food kitchens, food banks, and, except for community foundations,  
2 other entities allowed under subsection (1).

3 (5) ~~(3)~~ The credits allowed by this section are nonrefund-  
4 able so that a taxpayer shall not claim under this section a  
5 total credit amount that reduces the taxpayer's tax liability to  
6 less than zero.

7 (6) ~~(4)~~ As used in this section, "community foundation"  
8 means an organization that applies for certification on or before  
9 April 1 of the tax year for which the taxpayer is claiming the  
10 credit and that the department certifies for that tax year as  
11 meeting all of the following requirements:

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

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

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

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

23 (e) Is not a supporting organization as defined under sec-  
24 tion 509(a)(3) of the internal revenue code and the regulations  
25 of the United States department of treasury, 26 C.F.R. 1.509(a)-4  
26 and 1.509(a)-5.

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

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

7 (7) ~~(5)~~ An entity other than a community foundation may  
 8 request that the department determine if a contribution to that  
 9 entity qualifies for the credit under this section. The depart-  
 10 ment shall make a determination and respond to a request no later  
 11 than 30 days after the department receives the request.

12 (8) ~~(6)~~ On or before July 1 of each year, the department  
 13 shall report to the house committee on taxation and the senate  
 14 committee on finance the total amount of tax credits claimed  
 15 under this section and under section 38c of the single business  
 16 tax act, Act No. 228 of the Public Acts of 1975, for the immedi-  
 17 ately preceding tax year.

18 Section 2. This amendatory act shall not take effect unless  
 19 all of the following bills of the 88th Legislature are enacted  
 20 into law:

21 (a) Senate Bill No. \_\_\_\_\_ or House Bill No. 4233  
 22 (request no. 02873'95 \*).

23 (b) Senate Bill No. \_\_\_\_\_ or House Bill No. 4232  
 24 (request no. 01554'95 \*).

25 (c) Senate Bill No. \_\_\_\_\_ or House Bill No. 4234  
 26 (request no. 01548'95 \*).

- 1 (d) Senate Bill No. \_\_\_\_\_ or House Bill No. 4228  
2 (request no. 01556'95).
- 3 (e) Senate Bill No. \_\_\_\_\_ or House Bill No: 4230  
4 (request no. 01478'95 \*).
- 5 (f) Senate Bill No. \_\_\_\_\_ or House Bill No. 4229  
6 (request no. 01758'95).