

**House Bill 5979 as introduced  
First Analysis (12-8-98)**

**Sponsor: Rep. Charles Perricone  
Committee: Tax Policy**

***THE APPARENT PROBLEM:***

Under the state's income tax, people who make contributions to a variety of organizations can claim a tax credit. These organizations include public libraries, public broadcasting stations, institutions of higher learning, the Michigan Colleges Foundation, the state museum, the state archives, community foundations, food banks, and homeless shelters. Legislation has been introduced that would add the Historical Society of Michigan to the list of organizations. According to information from the society, this venerable nonprofit institution was founded in 1828 by Territorial Governor Lewis Cass and Henry Rowe Schoolcraft, the geologist and historian. It has as one of its primary missions the fostering in citizens of a deeper understanding of and appreciation for all Michigan history through programs and publications, and the society's work aims to promote greater activism for history and historic preservation at the grassroots level.

***THE CONTENT OF THE BILL:***

The bill would amend the Income Tax Act to create a tax credit for contributions to a historical society meeting certain specified criteria. (The credit would be similar to that existing now for contributions to a number of organizations, such as public libraries, colleges and universities, and public broadcasting.) The credit would be equal to 50 percent of the contribution, up to \$100 for single filers and \$200 for joint filers. Resident estates and trusts would be limited to 10 percent of tax liability or \$5,000, whichever is less.

The qualifying historical society would be one that was established more than 100 years ago; is tax exempt under Section 501(c)(3) of the federal Internal Revenue Code; provides programs and publications fostering citizen understanding and appreciation of Michigan history; encourages the collection, preservation, interpretation, and promotion of Michigan through conferences, publications, awards, educational programs, and consulting services; sponsors and distributes a semiannual scholarly journal; publishes newsletters and teacher resource

information; and has an elected board of trustees and a membership that is representative of all geographic areas of the state.

MCL 206.260

***BACKGROUND INFORMATION:***

According to information from the Historical Society of Michigan, the society is a member-supported nonprofit organization that receives no government funding and has as its mission to: foster in citizens a deeper understanding of and appreciation for all Michigan history through programs and publications; stimulate and encourage citizens in the collection, preservation, interpretation, and promotion of Michigan history through conferences, publications, awards, educational programs, consulting services and related historical activities; coordinate and further the programs of local historical societies and local historians by functioning as a statewide service organization and communication network; cooperate with appropriate individuals on a local, state, and national level and/or with organizations and institutions in projects and activities that will promote and sustain interest in history; and enhance public support for the preservation and protection of Michigan history. The society's activities also include working with public and private schools in the state and with teachers of history and social studies.

***FISCAL IMPLICATIONS:***

The House Fiscal Agency reports that taxpayers will receive about \$50,000 in tax credits in fiscal year 1998 from this kind of credit, and so estimates that the fiscal impact of extending the credit to historical societies is likely to be less than \$50,000. (HFA fiscal note dated 11-5-98)

**ARGUMENTS:*****For:***

The bill would add the Historical Society of Michigan to the list of organizations whose donors could claim a credit against the state income tax. Similar credits already exist for a number of purposes, including public television, colleges and universities, community foundations, food banks, homeless shelters, the state museum, and the state archives. Such a tax credit would encourage more and larger gifts to the 170-year-old historical society so that it could carry on its valuable work preserving, protecting, promoting, and interpreting Michigan history.

***Against:***

This is undoubtedly a worthy cause. But there are many worthy causes deserving of financial support. Indeed, there have been a number of proposals this legislative session granting a credit for contributions to one kind of organization or another (including child caring institutions and educational foundations). How is the legislature to choose between them? Perhaps a comprehensive approach to this issue would be preferable to a steady parade of special pleading.

***Response:***

As mentioned above, similar credits exist for contributions to many similar organizations. It has become part of the legislature's job to make these choices.

**POSITIONS:**

The Historical Society of Michigan supports the bill.  
(12-2-98)

The Department of Treasury is opposed to the bill.  
(12-2-98)

Analyst: C. Couch

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.