

HOUSE BILL No. 4092

January 28, 1997, Introduced by Rep. Curtis and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 261 (MCL 206.261), as amended by 1994 PA
256.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 261. (1) For the 1989 ~~through 1997 tax years~~ TAX
2 YEAR AND EACH TAX YEAR AFTER 1989 and subject to the limitations
3 in subsections (2) to (6), a taxpayer may credit against the tax
4 imposed by this act 50% of the amount the taxpayer contributes
5 during the ~~taxable~~ TAX year to an endowment fund of a community
6 foundation or for the 1992 ~~through 1997 tax years~~ TAX YEAR AND
7 EACH TAX YEAR AFTER 1992 and subject to the limitations in sub-
8 sections (2), (3), and (5), a taxpayer may credit against the tax
9 imposed by this act 50% of the cash amount the taxpayer
10 contributes during the ~~taxable~~ TAX year to a shelter for

1 homeless persons, food kitchen, food bank, or other entity, the
2 primary purpose of which is to provide overnight accommodation,
3 food, or meals to persons who are indigent if a contribution to
4 that entity is tax deductible for the donor under the internal
5 revenue code.

6 (2) For a taxpayer other than a resident estate or trust,
7 the credit allowed by this section for a contribution to a commu-
8 nity foundation shall not exceed \$100.00, or \$200.00 for a hus-
9 band and wife filing a joint return. For the 1992 tax year and
10 each tax year after 1992, a taxpayer may claim an additional
11 credit under this section not to exceed \$100.00, or \$200.00 for a
12 husband and wife filing a joint return, for total cash contribu-
13 tions made in the tax year to shelters for homeless persons, food
14 kitchens, food banks, and, except for community foundations,
15 other entities allowed under subsection (1). For a resident
16 estate or trust, the credit allowed by this section for a contri-
17 bution to a community foundation shall not exceed 10% of the
18 taxpayer's tax liability for the tax year before claiming any
19 credits allowed by this act or \$5,000.00, whichever is less. For
20 the 1992 tax year and each tax year after 1992, a resident estate
21 or trust may claim an additional credit under this section not to
22 exceed 10% of the taxpayer's tax liability for the tax year
23 before claiming any credits allowed by this act or \$5,000.00,
24 whichever is less, for total cash contributions made in the tax
25 year to shelters for homeless persons, food kitchens, food banks,
26 and, except for community foundations, other entities allowed
27 under subsection (1).

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

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

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

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

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

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

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

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

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

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

9 (6) On or before July 1 of each year, the department shall
10 report to the house committee on taxation and the senate commit-
11 tee on finance the total amount of tax credits claimed under this
12 section and under section 38c of the single business tax act,
13 ~~Act No. 228 of the Public Acts of 1975~~ 1975 PA 228, MCL
14 208.38C, for the immediately preceding tax year.