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TAX CREDIT FOR CONTRIBUTIONS TO SCHOOLS & ED. FOUNDATIONS

House Bill 4264
Sponsor: Rep. Laura Baird
Committee: Tax Policy

Complete to 3-18-99

A SUMMARY OF HOUSE BILL 4264 AS INTRODUCED 2-11-99

The bill would amend the Income Tax Act to provide a credit equal to 50 percent of the amount a taxpayer contributes during the tax year to an educational facility or organization, not to exceed \$100 or, for a husband and wife filing jointly, \$200.

A resident estate or trust's credit could not exceed 10 percent of the year's tax liability or \$5,000, whichever was less, and the contribution could not have been deducted in arriving at federal taxable income.

The term "education facility or organization" would include 1) a school district; 2) a community education, adult education, or continuing education program operated by a school district; and 3) an educational foundation.

The bill would amend Section 260 of the act, which currently provides a similar credit for art-in-public places contributions and contributions to a nonprofit corporation affiliated with both a municipality and an art institute, as well as contributions to a public library, public broadcast station, institution of higher learning, the Michigan Colleges Foundation, the state museum, the state archives, and an entity organized exclusively for the benefit of an institution of higher learning in the state. The act says that the amount of credits permitted in Section 260 and by Section 257 (the credit for income taxes paid to cities) could not exceed the tax liability of the taxpayer.

The bill specifies that a contribution to an entity listed under Section 261 of the act could not be used to calculate a credit under this bill. That section contains existing credits for contributions to community foundations and to shelters for homeless persons, food kitchens, food banks, and other entities in the state whose purpose is to provide overnight accommodation, food, or meals to the indigent.

MCL 206.260

Analyst: C. Couch

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