



HOUSE BILL No. 4922

September 30, 1999, Introduced by Reps. Switalski, Hansen, Wojno, Spade, Frank, Schauer, Price, Lockwood, Quarles, Van Woerkom, Dennis, Garcia, Garza, Gielegem, Faunce, Clarke, Bovin, Minore and Lemmons 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 1996 PA
484.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

HOUSE BILL No. 4922

1 Sec. 261. (1) For the 1989 tax year and each tax year after
2 1989 and subject to the APPLICABLE limitations in
3 ~~subsections (2) to (6)~~ THIS SECTION, a taxpayer may credit
4 against the tax imposed by this act 50% of the amount the tax-
5 payer contributes during the tax year to an endowment fund of a
6 community foundation or for the 1992 tax year and each tax year
7 after 1992 and subject to the APPLICABLE limitations in
8 ~~subsections (2), (3), and (5)~~ THIS SECTION, a taxpayer may
9 credit against the tax imposed by this act 50% of the cash amount
10 the taxpayer contributes during the tax year to a shelter for

1 homeless persons, food kitchen, food bank, or other entity
2 located in this state, the primary purpose of which is to provide
3 overnight accommodation, food, or meals to persons who are indi-
4 gent if a contribution to that entity is tax deductible for the
5 donor under the internal 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 TAX YEARS BEFORE THE
10 1999 TAX YEAR, AND \$200.00, OR \$400.00 FOR A HUSBAND AND WIFE
11 FILING A JOINT RETURN, FOR THE 1999 TAX YEAR AND TAX YEARS AFTER
12 THE 1999 TAX YEAR. For the 1992 tax year and each tax year after
13 1992, a taxpayer may claim an additional credit under this sec-
14 tion not to exceed \$100.00, or \$200.00 for a husband and wife
15 filing a joint return, FOR TAX YEARS BEFORE THE 1999 TAX YEAR,
16 AND \$200.00, OR \$400.00 FOR A HUSBAND AND WIFE FILING A JOINT
17 RETURN, FOR THE 1999 TAX YEAR AND TAX YEARS AFTER THE 1999 TAX
18 YEAR, for total cash contributions made in the tax year to shel-
19 ters for homeless persons, food kitchens, food banks, and, except
20 for community foundations, other entities allowed under subsec-
21 tion (1). For a resident estate or trust, the credit allowed by
22 this section for a contribution to a community foundation shall
23 not exceed 10% of the taxpayer's tax liability for the tax year
24 before claiming any credits allowed by this act or \$5,000.00,
25 whichever is less. For the 1992 tax year and each tax year after
26 1992, a resident estate or trust may claim an additional credit
27 under this section not to exceed 10% of the taxpayer's tax

1 liability for the tax year before claiming any credits allowed by
2 this act or \$5,000.00, whichever is less, for total cash contri-
3 butions made in the tax year to shelters for homeless persons,
4 food kitchens, food banks, and, except for community foundations,
5 other entities allowed under subsection (1). For a resident
6 estate or trust, the amount used to calculate the credits under
7 this section shall not have been deducted in arriving at federal
8 taxable income.

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

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

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

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

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

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

4 (e) Is not a supporting organization as ~~defined under~~ AN
5 ORGANIZATION IS DESCRIBED IN section 509(a)(3) of the internal
6 revenue code and the regulations of the United States department
7 of treasury, 26 C.F.R. 1.509(a)-4 and 1.509(a)-5.

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

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

14 (5) An entity other than a community foundation may request
15 that the department determine if a contribution to that entity
16 qualifies for the credit under this section. The department
17 shall make a determination and respond to a request no later than
18 30 days after the department receives the request.

19 (6) On or before July 1 of each year, the department shall
20 report to the house committee on tax policy and the senate
21 finance committee the total amount of tax credits claimed under
22 this section and under section 38c of the single business tax
23 act, ~~Act No. 228 of the Public Acts of 1975, being~~
24 ~~section 208.38c of the Michigan Compiled Laws~~ 1975 PA 228, MCL
25 208.38C, for the immediately preceding tax year.