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## INCOME TAX CREDIT FOR CONTRIBUTIONS TO POVERTY- ALLEVIATING CHARITIES

House Bill 4586  
Sponsor: Rep. Paul DeWeese  
Committee: Tax Policy

Complete to 8-22-01

### A SUMMARY OF HOUSE BILL 4586 AS INTRODUCED 4-17-01

The bill would amend the Income Tax Act to allow a taxpayer to claim a credit for contributions made to certain qualified charities that provide services designed to prevent or alleviate poverty for families that are materially needy and at 200 percent or less of federal poverty standards, have family members with a developmental disability, or have a family member who is an at-risk youth. The maximum credit would be \$100 for a single return and \$200 for a joint return. The credit could be claimed for contributions of cash, the fair market value of tangible personal property, or the economic value of personal services. The credit would not be refundable; that is, it could not be greater than a taxpayer's tax liability. The credit would apply for tax years beginning after December 31, 2001.

Under the bill, a qualified charity would be an organization that is exempt from federal taxation under section 501(c)(3) of the Internal Revenue Code and that distributes at least 85 percent of the funds collected to provide services to families. An organization could ask the Department of Treasury to determine if a contribution qualified for the credit, and the department would have to respond within 30 days. The department would also be required to conduct a study to determine whether the qualified charities receiving contributions for which a credit was claimed met the goals of preventing and alleviating poverty for families, and deliver a report on the results of that study no later than July 1, 2002.

To claim the credit, a taxpayer would attach to the state income tax return a list of each of the qualified charities to which contributions had been made and the amount of the contribution. In calculating the credit, a taxpayer could not include contributions use in calculating any other credit or deduction under the Income Tax Act or Single Business Tax Act.

MCL 206.269

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