

SENATE BILL No. 548

June 26, 2001, Introduced by Senators SHUGARS, DINGELL, STEIL, BULLARD and MC COTTER and referred to the Committee on Finance.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.532) by adding section 270.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 270. (1) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31,
2 2000, A TAXPAYER MAY CLAIM A CREDIT AGAINST THE TAX IMPOSED BY
3 THIS ACT EQUAL TO 50% OF THE TOTAL CONTRIBUTIONS MADE BY THE TAX-
4 PAYER IN THE TAX YEAR TO AN EDUCATIONAL ORGANIZATION NOT TO
5 EXCEED \$100.00, OR \$200.00 FOR A HUSBAND AND WIFE FILING A JOINT
6 RETURN.

7 (2) A CONTRIBUTION MADE BY THE TAXPAYER USED TO CALCULATE A
8 CREDIT UNDER THIS SECTION SHALL NOT BE USED AS A BASIS FOR A
9 CREDIT UNDER SECTION 261.

1 (3) IF THE AMOUNT OF THE CREDIT EXCEEDS THE TAX LIABILITY OF
2 THE TAXPAYER FOR THE TAX YEAR, THAT PORTION OF THE CREDIT THAT
3 EXCEEDS THE TAX LIABILITY SHALL NOT BE REFUNDED.

4 (4) AS USED IN THIS SECTION:

5 (A) "EDUCATION FOUNDATION" MEANS AN ORGANIZATION THAT
6 APPLIES FOR CERTIFICATION ON OR BEFORE APRIL 1 OF THE TAX YEAR
7 FOR WHICH THE TAXPAYER IS CLAIMING THE CREDIT AND THAT THE
8 DEPARTMENT CERTIFIES FOR THAT TAX YEAR AS MEETING ALL OF THE FOL-
9 LOWING REQUIREMENTS:

10 (i) QUALIFIES FOR EXEMPTION FROM FEDERAL INCOME TAXATION
11 UNDER SECTION 501(c)(3) OF THE INTERNAL REVENUE CODE.

12 (ii) MAINTAINS AN ONGOING PROGRAM TO ATTRACT NEW ENDOWMENT
13 FUNDS BY SEEKING GIFTS AND BEQUESTS FROM A WIDE RANGE OF POTEN-
14 TIAL DONORS IN THE COMMUNITY OR AREA SERVED.

15 (iii) ALL FUNDS, GIFTS, AND BEQUESTS ARE EXCLUSIVELY DEDI-
16 CATED TO A SCHOOL DISTRICT OR PUBLIC SCHOOL ACADEMY, OR A FOUNDA-
17 TION DESCRIBED IN SECTION 509(a)(1) OR 509(a)(3) OF THE INTERNAL
18 REVENUE CODE, THAT IS LOCATED IN THE COMMUNITY OR AREA SERVED AND
19 THAT IS LOCATED IN THIS STATE.

20 (iv) IS PUBLICLY SUPPORTED AS DEFINED BY THE REGULATIONS OF
21 THE UNITED STATES DEPARTMENT OF TREASURY,
22 26 C.F.R. 1.170A-9(e)(10). TO MAINTAIN CERTIFICATION, THE EDUCA-
23 TIONAL FOUNDATION SHALL SUBMIT DOCUMENTATION TO THE DEPARTMENT
24 ANNUALLY THAT DEMONSTRATES CONTINUED COMPLIANCE WITH THIS
25 SUBDIVISION.

1 (v) MEETS THE REQUIREMENTS FOR TREATMENT AS A SINGLE ENTITY
2 CONTAINED IN THE REGULATIONS OF THE UNITED STATES DEPARTMENT OF
3 TREASURY, 26 C.F.R. 1.170A-9(e)(11).

4 (vi) IS INCORPORATED OR ESTABLISHED AS A TRUST AT LEAST 6
5 MONTHS BEFORE THE BEGINNING OF THE TAX YEAR FOR WHICH THE CREDIT
6 IS CLAIMED.

7 (vii) HAS AN INDEPENDENT GOVERNING BODY REPRESENTING THE
8 GENERAL PUBLIC'S INTEREST AND THAT IS NOT APPOINTED BY A SINGLE
9 OUTSIDE ENTITY.

10 (viii) IS SUBJECT TO AN ANNUAL INDEPENDENT FINANCIAL AUDIT
11 AND PROVIDES A COPY OF THAT AUDIT TO THE DEPARTMENT NOT MORE THAN
12 3 MONTHS AFTER THE AUDIT IS COMPLETED.

13 (B) "EDUCATIONAL ORGANIZATION" MEANS ANY OF THE FOLLOWING:

14 (i) A SCHOOL DISTRICT.

15 (ii) A PUBLIC SCHOOL ACADEMY OPERATED UNDER THE REVISED
16 SCHOOL CODE, 1976 PA 451, MCL 380.1 TO 380.1852.

17 (iii) AN EDUCATIONAL FOUNDATION.

18 (iv) A CONTINUING EDUCATION, A COMMUNITY EDUCATION, OR AN
19 ADULT EDUCATION PROGRAM OPERATED BY A SCHOOL DISTRICT OR A PUBLIC
20 SCHOOL ACADEMY.

21 (C) "SCHOOL DISTRICT" MEANS A SCHOOL DISTRICT, LOCAL ACT
22 SCHOOL DISTRICT, OR INTERMEDIATE SCHOOL DISTRICT AS THOSE TERMS
23 ARE DEFINED IN THE REVISED SCHOOL CODE, 1976 PA 451, MCL 380.1 TO
24 380.1852.