

Legislative Analysis



PUBLIC CONTRIBUTION CREDIT: ADD HISTORICAL MUSEUMS AND ARTIFACTS

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5669

Sponsor: Rep. Edward Gaffney

Committee: Tax Policy

Complete to 4-27-04

A SUMMARY OF HOUSE BILL 5669 AS INTRODUCED 3-18-04

Section 260 of the Income Tax Act (MCL 206.260) permits a taxpayer to claim a “public contribution” credit for up to 50 percent (with a maximum of \$100 for a single return and \$200 for a joint return) of the donations of money or artwork made to a municipality or a nonprofit corporation affiliated with both a municipality and an art institute if the donation is to benefit an art institute located in that municipality. The bill would expand the public contribution credit to include donations, including historical artifacts, for the benefit of a historical museum that is both affiliated with a municipality and located within that municipality.

[Under Section 260 of the Income Tax Act, a taxpayer can claim a “public contribution” credit for up to 50 percent of the donations made to certain specified kinds of institutions and local governments. These include Michigan public broadcasting stations, Michigan colleges and universities, public libraries, the state archives, the state history museum, certain art institutes, and the State Art in Public Places Fund. The maximum credit that can be taken under Section 260 for all such contributions is \$100 for a single return and \$200 for a joint return. For a resident estate or trust, the maximum is ten percent of tax liability or \$5,000, whichever is less. The credit is non-refundable; that is, it cannot exceed a taxpayer’s tax liability.]

FISCAL IMPACT:

House Bill 5669 can be expected to reduce income tax revenues by an indeterminate amount. Because the amount that will be donated to historical museums is not known, it is not possible to determine the exact fiscal impact. The sum of all public contributions tax credits for CY2002 was approximately \$24.6 million, of which the vast majority was directed to Michigan colleges and public broadcasting stations. Therefore, while HB5669 would lower income tax revenues, the fiscal impact should probably be less than \$2.5 million.

Legislative Analyst: Mark Wolf
Fiscal Analyst: Jim Stansell

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