



Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 461 (as reported without amendment)
Sponsor: Senator Patrick J. Colbeck
Committee: Finance

CONTENT

The bill would amend Part 1 of the Income Tax Act (which applies to individuals and noncorporate entities) to allow a taxpayer, for tax years beginning after December 31, 2015, subject to the applicable limitation, to claim a credit against the income tax for up to 50% of the aggregate amount of charitable contributions made by the taxpayer during the tax year for public art or an art institution; a public library; a public broadcast station; a college, university, or institution of higher education located in Michigan; a nonprofit corporation, fund, foundation, trust, or association operated for the benefit of institutions of higher learning located in Michigan; the Michigan Colleges Foundation; the State Museum; or the Department of State for preservation of the State Archives.

For a taxpayer other than a resident estate or trust, the amount allowable as a credit under the bill for a tax year could not exceed \$100, or for a joint return, \$200. For a resident estate or trust, the amount allowable as a credit for a tax year could not exceed 10% of the tax liability for the year as determined without regard to the bill or \$5,000, whichever was less, and could not have been deducted in arriving at Federal taxable income.

Proposed MCL 206.260

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would reduce General Fund revenue by approximately \$24.3 million per year. Between tax year 2006 and 2011, the number of returns claiming the credit each year declined from approximately 290,800 to 257,700 and the total amount claimed each year declined from \$26.0 million to \$23.8 million. Although the School Aid Fund receives revenue from the income tax under Part 1 of the Act, credits are applied against the portion received by the General Fund. As a result, all of the reduction in revenue under the bill would lower General Fund revenue.

Date Completed: 2-8-16

Fiscal Analyst: David Zin