



**Senate Fiscal Agency**  
P. O. Box 30036  
Lansing, Michigan 48909-7536

BILL



ANALYSIS

**Telephone: (517) 373-5383**  
**Fax: (517) 373-1986**

Senate Bill 462 (as reported without amendment)  
Sponsor: Senator Tonya Schuitmaker  
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 to claim a nonrefundable credit against the income tax for tax years beginning after December 31, 2015, for donations of cash and food to a homeless shelter, food bank, or food kitchen, and for contributions to a community foundation meeting certain criteria.

Specifically, the bill would allow a credit for up to 50% of the sum of the cash amount and, if food items were contributed in conjunction with a program in which a vendor makes a matching contribution of similar items, the value of those food items the taxpayer contributed during the tax year to a shelter for homeless individuals, food kitchen, food bank, or other entity located in Michigan whose primary purpose is to provide overnight accommodation, food, or meals to indigent people if a contribution to that entity were tax deductible for the donor under the Internal Revenue Code.

For a taxpayer other than a resident estate or trust, the credit allowed for a contribution to a community foundation could not exceed \$100, or \$200 for a joint return. A taxpayer could claim an additional credit not to exceed \$100, or \$200 for a joint return, for total cash contributions made, including the value of food items contributed in the tax year to shelters for homeless individuals, food kitchens, food banks, and, except for community foundations, other entities described above.

A resident estate or trust could claim a credit not to exceed 10% of the taxpayer's tax liability for the tax year before claiming any credits allowed by the Act or \$5,000, whichever was less, for total cash contributions made, including the value of food items contributed as described above in the tax year to homeless shelters, food kitchens, food banks, and, except for community foundations, other entities described above.

A taxpayer could claim a credit for contributions to a community foundation made within an 18-month period after a community foundation was incorporated or established; during that 18-month period, the community foundation would have to build an endowment value of \$100,000. If the community foundation did not reach the required endowment value during that period, contributions to it made after the date on which the 18-month period expired could not be used to calculate a credit under the bill. If the community foundation had an endowment value of \$100,000 at any time after the 18-month period expired, the foundation could apply to the Department of Treasury for certification.

A community foundation would have to be certified by the Department as meeting specified criteria.

Proposed MCL 206.261

Legislative Analyst: Drew Krogulecki

## **FISCAL IMPACT**

The bill would reduce General Fund revenue by approximately \$22.0 million per year. Between tax years 2006 and 2011, the number of returns claiming the credit for contributions to homeless shelters and food banks remained relative stable, at approximately 234,500 each year, as did the number of returns claiming the community foundation credit, at approximately 38,900. Similarly, the total amount claimed each year under each credit remained stable, at approximately \$18.7 million for the homeless shelter/food bank credit and approximately \$3.3 million for the community foundation credit. 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

Floor\sb462

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.