



Senate Fiscal Agency
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BILL



ANALYSIS

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Senate Bill 464 (as reported without amendment)
Sponsor: Senator Goeff Hansen
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 credit against the income tax for tax years beginning after December 31, 2015, in an amount equal to 50% of the fair market value of an automobile donated by the taxpayer to a qualified organization that intended to provide the automobile to a qualified recipient.

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 \$50, or for a joint return, \$100. If the credit exceeded the tax liability of the taxpayer for the tax year, the excess amount would not be refunded.

"Qualified organization" would mean that term as defined in the Use Tax Act. (That definition requires the organization to be certified by the Department of Treasury as meeting various requirements, including being exempt from Federal taxation under Section 501(c)(3) of the Internal Revenue Code.) "Qualified recipient" also would mean that term as defined in the Use Tax Act. (The definition refers to a person certified by a qualified organization as meeting specified requirements, including all of the following:

- The qualified recipient receives or, if he or she applied, would be eligible to receive public assistance through a program created and administered under the Social Welfare Act.
- The qualified recipient is financially capable of meeting any loan payment, insurance payment, or other expenditure associated with the eligible vehicle.
- Public transportation is not reasonably available to the qualified recipient, the recipient has no other reliable means by which to commute to his or her place of employment, and the recipient will use the eligible vehicle as his or her primary means of transportation to commute to and from his or her place of employment.)

Proposed MCL 206.269

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bill would reduce General Fund revenue by approximately \$100,000 per year. Between tax years 2007 and 2011, the number of individuals claiming a previous credit for donating an automobile declined each year from approximately 3,000 to 1,000 and the total amount claimed each year declined from \$150,000 to \$70,000. Although the School Aid Fund receives revenue from the income tax under Part 1 of the Income Tax 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