

# HOUSE BILL No. 4091

January 28, 1997, Introduced by Rep. Curtis and referred to the Committee on Tax Policy.

A bill to amend 1975 PA 228, entitled  
"Single business tax act,"  
by amending section 38c (MCL 208.38c), as amended by 1994 PA  
231.

## THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1       Sec. 38c. (1) For the 1989 ~~through 1997 tax years~~ TAX  
2 YEAR AND EACH TAX YEAR AFTER 1989 and subject to the limitations  
3 in subsections (2), (3), and (5), a taxpayer who does not claim a  
4 credit under section 261 of the income tax act of 1967, ~~Act~~  
5 ~~No. 281 of the Public Acts of 1967, being section 206.261 of the~~  
6 ~~Michigan Compiled Laws~~ 1967 PA 281, MCL 206.261, may credit  
7 against the tax imposed by this act 50% of the amount the tax-  
8 payer contributes during the taxable year to an endowment fund of  
9 a community foundation or, for the 1992 ~~through 1997 tax years~~  
10 TAX YEAR AND EACH TAX YEAR AFTER 1992 and subject to the

01127'97

RJA

1 limitations in subsections (2) and (4), a taxpayer may credit  
2 against the tax imposed by this act 50% of the cash amount the  
3 taxpayer contributes during the taxable year to a shelter for  
4 homeless persons, food kitchen, food bank, or other entity, the  
5 primary purpose of which is to provide overnight accommodation,  
6 food, or meals to persons who are indigent if a contribution to  
7 that entity is tax deductible for the donor under the internal  
8 revenue code.

9       (2) The credit allowed by this section for a contribution to  
10 a community foundation shall not exceed 5% of the taxpayer's tax  
11 liability for the tax year before claiming any credits allowed by  
12 this act or \$5,000.00, whichever is less. For tax years begin-  
13 ning after December 31, 1991, a taxpayer may claim an additional  
14 credit under this section not to exceed 5% of the taxpayer's tax  
15 liability for the tax year before claiming any credits allowed by  
16 this act or \$5,000.00, whichever is less, for total cash contri-  
17 butions made in the tax year to shelters for homeless persons,  
18 food kitchens, food banks, and, except for community foundations,  
19 other entities allowed under subsection (1). The credits allowed  
20 by this section are nonrefundable so that a taxpayer shall not  
21 claim under this section a total credit amount that reduces the  
22 taxpayer's tax liability to less than zero.

23       (3) As used in this section, "community foundation" means an  
24 organization that applies for certification on or before April 1  
25 of the tax year for which the taxpayer is claiming the credit and  
26 that the department certifies for that tax year as meeting all of  
27 the following requirements:

01127'97

1 (a) Qualifies for exemption from federal income taxation  
2 under section 501(c)(3) of the internal revenue code, 26  
3 U.S.C. 501.

4 (b) Supports a broad range of charitable activities within  
5 the specific geographic area of this state that it serves, such  
6 as a municipality or county.

7 (c) Maintains an ongoing program to attract new endowment  
8 funds by seeking gifts and bequests from a wide range of poten-  
9 tial donors in the community or area served.

10 (d) Is publicly supported as defined by the regulations of  
11 the United States department of treasury, 26  
12 C.F.R. 1.170A-9(e)(10).

13 (e) Is not a supporting organization as defined under sec-  
14 tion 509(a)(3) of the internal revenue code and the regulations  
15 of the United States department of treasury, 26 C.F.R. 1.509(a)-4  
16 and 1.509(a)-5.

17 (f) Meets the requirements for treatment as a single entity  
18 contained in the regulations of the United States department of  
19 treasury, 26 C.F.R. 1.170A-9(e)(11).

20 (g) Is incorporated or established as a trust before  
21 September 1 of the year immediately preceding the tax year for  
22 which the credit is claimed.

23 (4) An entity other than a community foundation may request  
24 that the department determine if a contribution to that entity  
25 qualifies for the credit under this section. The department  
26 shall make a determination and respond to a request no later than  
27 30 days after the department receives the request.

1 (5) On or before July 1 of each year, the department shall  
2 report to the house of representatives committee on taxation and  
3 the senate committee on finance the total amount of tax credits  
4 claimed under this section and under section 261 of the income  
5 tax act of 1967, ~~Act No. 281 of the Public Acts of 1967~~ 1967 PA  
6 281, MCL 206.261, for the immediately preceding tax year.