

SENATE BILL No. 462

September 9, 2015, Introduced by Senators SCHUITMAKER, HANSEN and COLBECK and referred to the Committee on Finance.

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
(MCL 206.1 to 206.713) by adding section 261.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 SEC. 261. (1) FOR TAX YEARS THAT BEGIN AFTER DECEMBER 31, 2015
2 AND SUBJECT TO THE APPLICABLE LIMITATIONS IN THIS SECTION, A
3 TAXPAYER MAY CREDIT AGAINST THE TAX IMPOSED BY THIS ACT 50% OF THE
4 SUM OF THE CASH AMOUNT AND, IF FOOD ITEMS ARE CONTRIBUTED IN
5 CONJUNCTION WITH A PROGRAM IN WHICH A VENDOR MAKES A MATCHING
6 CONTRIBUTION OF SIMILAR ITEMS, THE VALUE OF THOSE FOOD ITEMS THE
7 TAXPAYER CONTRIBUTES DURING THE TAX YEAR TO A SHELTER FOR HOMELESS
8 PERSONS, FOOD KITCHEN, FOOD BANK, OR OTHER ENTITY LOCATED IN THIS
9 STATE, THE PRIMARY PURPOSE OF WHICH IS TO PROVIDE OVERNIGHT
10 ACCOMMODATION, FOOD, OR MEALS TO PERSONS WHO ARE INDIGENT IF A
11 CONTRIBUTION TO THAT ENTITY IS TAX DEDUCTIBLE FOR THE DONOR UNDER

1 THE INTERNAL REVENUE CODE.

2 (2) FOR A TAXPAYER OTHER THAN A RESIDENT ESTATE OR TRUST, THE
3 CREDIT ALLOWED BY THIS SECTION FOR A CONTRIBUTION TO A COMMUNITY
4 FOUNDATION SHALL NOT EXCEED \$100.00, OR \$200.00 FOR A JOINT RETURN.
5 A TAXPAYER MAY CLAIM AN ADDITIONAL CREDIT UNDER THIS SECTION NOT TO
6 EXCEED \$100.00, OR \$200.00 FOR A JOINT RETURN, FOR TOTAL CASH
7 CONTRIBUTIONS MADE, INCLUDING THE VALUE OF FOOD ITEMS CONTRIBUTED
8 AS DESCRIBED IN SUBSECTION (1) IN THE TAX YEAR TO SHELTERS FOR
9 HOMELESS PERSONS, FOOD KITCHENS, FOOD BANKS, AND, EXCEPT FOR
10 COMMUNITY FOUNDATIONS, OTHER ENTITIES ALLOWED UNDER SUBSECTION (1).
11 A RESIDENT ESTATE OR TRUST MAY CLAIM A CREDIT UNDER THIS SECTION
12 NOT TO EXCEED 10% OF THE TAXPAYER'S TAX LIABILITY FOR THE TAX YEAR
13 BEFORE CLAIMING ANY CREDITS ALLOWED BY THIS ACT OR \$5,000.00,
14 WHICHEVER IS LESS, FOR TOTAL CASH CONTRIBUTIONS MADE, INCLUDING THE
15 VALUE OF FOOD ITEMS CONTRIBUTED AS DESCRIBED IN SUBSECTION (1) IN
16 THE TAX YEAR TO SHELTERS FOR HOMELESS PERSONS, FOOD KITCHENS, FOOD
17 BANKS, AND, EXCEPT FOR COMMUNITY FOUNDATIONS, OTHER ENTITIES
18 ALLOWED UNDER SUBSECTION (1). FOR A RESIDENT ESTATE OR TRUST, THE
19 AMOUNT USED TO CALCULATE THE CREDITS UNDER THIS SECTION SHALL NOT
20 HAVE BEEN DEDUCTED IN ARRIVING AT FEDERAL TAXABLE INCOME.

21 (3) SUBJECT TO THE APPLICABLE LIMITATIONS IN THIS SECTION,
22 WHEN CALCULATING THE AMOUNT OF THE CREDIT ALLOWED UNDER THIS
23 SECTION A TAXPAYER MAY INCLUDE AS A CASH CONTRIBUTION AN AMOUNT
24 EQUAL TO THE VALUE OF FOOD ITEMS CONTRIBUTED AS DESCRIBED IN
25 SUBSECTION (1) IN THE TAX YEAR TO A SHELTER FOR HOMELESS PERSONS,
26 FOOD KITCHEN, FOOD BANK, OR OTHER ENTITY LOCATED IN THIS STATE AS
27 DESCRIBED IN SUBSECTION (1).

1 (4) IF THE AMOUNT OF THE CREDITS ALLOWED UNDER THIS SECTION
2 EXCEEDS THE TAX LIABILITY OF THE TAXPAYER FOR THE TAX YEAR, THE
3 PORTION THAT EXCEEDS THE TAX LIABILITY SHALL NOT BE REFUNDED.

4 (5) AN ENTITY OTHER THAN A COMMUNITY FOUNDATION MAY REQUEST
5 THAT THE DEPARTMENT DETERMINE IF A CONTRIBUTION TO THAT ENTITY
6 QUALIFIES FOR THE CREDIT UNDER THIS SECTION. THE DEPARTMENT SHALL
7 MAKE A DETERMINATION AND RESPOND TO A REQUEST NO LATER THAN 30 DAYS
8 AFTER THE DEPARTMENT RECEIVES THE REQUEST.

9 (6) A TAXPAYER MAY CLAIM A CREDIT UNDER THIS SECTION FOR
10 CONTRIBUTIONS TO A COMMUNITY FOUNDATION MADE BEFORE THE EXPIRATION
11 OF THE 18-MONTH PERIOD AFTER A COMMUNITY FOUNDATION WAS
12 INCORPORATED OR ESTABLISHED DURING WHICH THE COMMUNITY FOUNDATION
13 MUST BUILD AN ENDOWMENT VALUE OF \$100,000.00 AS PROVIDED IN
14 SUBSECTION (8) (G). IF THE COMMUNITY FOUNDATION DOES NOT REACH THE
15 REQUIRED \$100,000.00 ENDOWMENT VALUE DURING THAT 18-MONTH PERIOD,
16 CONTRIBUTIONS TO THE COMMUNITY FOUNDATION MADE AFTER THE DATE ON
17 WHICH THE 18-MONTH PERIOD EXPIRES SHALL NOT BE USED TO CALCULATE A
18 CREDIT UNDER THIS SECTION. AT ANY TIME AFTER THE EXPIRATION OF THE
19 18-MONTH PERIOD UNDER SUBSECTION (8) (G) THAT THE COMMUNITY
20 FOUNDATION HAS AN ENDOWMENT VALUE OF \$100,000.00, THE COMMUNITY
21 FOUNDATION MAY APPLY TO THE DEPARTMENT FOR CERTIFICATION UNDER THIS
22 SECTION.

23 (7) ON OR BEFORE JULY 1 OF EACH YEAR, THE DEPARTMENT SHALL
24 REPORT TO THE HOUSE COMMITTEE ON TAX POLICY AND THE SENATE FINANCE
25 COMMITTEE THE TOTAL AMOUNT OF TAX CREDITS CLAIMED UNDER THIS
26 SECTION FOR THE IMMEDIATELY PRECEDING TAX YEAR.

27 (8) AS USED IN THIS SECTION, "COMMUNITY FOUNDATION" MEANS AN

1 ORGANIZATION THAT APPLIES FOR CERTIFICATION ON OR BEFORE MAY 15 OF
2 THE TAX YEAR FOR WHICH THE TAXPAYER IS CLAIMING THE CREDIT AND THAT
3 THE DEPARTMENT CERTIFIES FOR THAT TAX YEAR AS MEETING ALL OF THE
4 FOLLOWING REQUIREMENTS:

5 (A) QUALIFIES FOR EXEMPTION FROM FEDERAL INCOME TAXATION UNDER
6 SECTION 501(C) (3) OF THE INTERNAL REVENUE CODE.

7 (B) SUPPORTS A BROAD RANGE OF CHARITABLE ACTIVITIES WITHIN THE
8 SPECIFIC GEOGRAPHIC AREA OF THIS STATE THAT IT SERVES, SUCH AS A
9 MUNICIPALITY OR COUNTY.

10 (C) MAINTAINS AN ONGOING PROGRAM TO ATTRACT NEW ENDOWMENT
11 FUNDS BY SEEKING GIFTS AND BEQUESTS FROM A WIDE RANGE OF POTENTIAL
12 DONORS IN THE COMMUNITY OR AREA SERVED.

13 (D) IS PUBLICLY SUPPORTED AS DEFINED BY THE REGULATIONS OF THE
14 UNITED STATES DEPARTMENT OF TREASURY, 26 CFR 1.170A-9(F) (10). TO
15 MAINTAIN CERTIFICATION, THE COMMUNITY FOUNDATION SHALL SUBMIT
16 DOCUMENTATION TO THE DEPARTMENT ANNUALLY THAT DEMONSTRATES
17 COMPLIANCE WITH THIS SUBDIVISION.

18 (E) IS NOT A SUPPORTING ORGANIZATION AS AN ORGANIZATION IS
19 DESCRIBED IN SECTION 509(A) (3) OF THE INTERNAL REVENUE CODE AND THE
20 REGULATIONS OF THE UNITED STATES DEPARTMENT OF TREASURY, 26 CFR
21 1.509(A) -4 AND 1.509(A) -5.

22 (F) MEETS THE REQUIREMENTS FOR TREATMENT AS A SINGLE ENTITY
23 CONTAINED IN THE REGULATIONS OF THE UNITED STATES DEPARTMENT OF
24 TREASURY, 26 CFR 1.170A-9(F) (11).

25 (G) EXCEPT AS PROVIDED IN SUBSECTION (6), IS INCORPORATED OR
26 ESTABLISHED AS A TRUST AT LEAST 6 MONTHS BEFORE THE BEGINNING OF
27 THE TAX YEAR FOR WHICH THE CREDIT UNDER THIS SECTION IS CLAIMED AND

1 HAS AN ENDOWMENT VALUE OF AT LEAST \$100,000.00 BEFORE THE
2 EXPIRATION OF 18 MONTHS AFTER THE COMMUNITY FOUNDATION IS
3 INCORPORATED OR ESTABLISHED.

4 (H) HAS AN INDEPENDENT GOVERNING BODY REPRESENTING THE GENERAL
5 PUBLIC'S INTEREST AND THAT IS NOT APPOINTED BY A SINGLE OUTSIDE
6 ENTITY.

7 (I) PROVIDES EVIDENCE TO THE DEPARTMENT THAT THE COMMUNITY
8 FOUNDATION HAS, BEFORE THE EXPIRATION OF 6 MONTHS AFTER THE
9 COMMUNITY FOUNDATION IS INCORPORATED OR ESTABLISHED, AND MAINTAINS
10 CONTINUALLY DURING THE TAX YEAR FOR WHICH THE CREDIT UNDER THIS
11 SECTION IS CLAIMED, AT LEAST 1 PART-TIME OR FULL-TIME EMPLOYEE.

12 (J) FOR COMMUNITY FOUNDATIONS THAT HAVE AN ENDOWMENT VALUE OF
13 \$1,000,000.00 OR MORE ONLY, THE COMMUNITY FOUNDATION IS SUBJECT TO
14 AN ANNUAL INDEPENDENT FINANCIAL AUDIT AND PROVIDES COPIES OF THAT
15 AUDIT TO THE DEPARTMENT NOT MORE THAN 3 MONTHS AFTER THE COMPLETION
16 OF THE AUDIT. FOR COMMUNITY FOUNDATIONS THAT HAVE AN ENDOWMENT
17 VALUE OF LESS THAN \$1,000,000.00, THE COMMUNITY FOUNDATION IS
18 SUBJECT TO AN ANNUAL REVIEW AND AN AUDIT EVERY THIRD YEAR.

19 (K) IN ADDITION TO ALL OTHER CRITERIA LISTED IN THIS
20 SUBSECTION FOR A COMMUNITY FOUNDATION THAT IS INCORPORATED OR
21 ESTABLISHED AFTER JUNE 22, 2000, OPERATES IN A COUNTY OF THIS STATE
22 THAT WAS NOT SERVED BY A COMMUNITY FOUNDATION WHEN THE COMMUNITY
23 FOUNDATION WAS INCORPORATED OR ESTABLISHED OR OPERATES AS A
24 GEOGRAPHIC COMPONENT OF AN EXISTING CERTIFIED COMMUNITY FOUNDATION.