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## SBT CREDIT: VIETNAM MEMORIAL

### House Bill 4041 (Substitute H-3) First Analysis (2-20-97)

**Sponsor: Rep. Kirk A. Profit**  
**Committee: Tax Policy**

#### **THE APPARENT PROBLEM:**

Public Act 234 of 1988 established the Michigan Vietnam Veterans Memorial Monument Commission to administer a newly created fund that would be used to construct a monument memorializing the 2,649 Michigan citizens who died or are listed as missing in action because of the war. A site for the monument was designated by Public Act 122 of 1992. According to a commission spokesperson, the organization has over the past few years conducted a national design competition and developed a statewide network of volunteers to raise money for the monument. The act creating the commission authorized the organization to accept donations. On Veterans Day 1996, the commission began its Penny A Life campaign, which is said to have produced so far 2,500 donations of \$26.49. In total, some \$200,000 has been raised and \$1 million in in-kind services has been donated. The overall estimated cost for the project is \$2.5 million, and construction costs are estimated at \$1.3 million. Construction is scheduled to begin on Memorial Day in 1997 if sufficient funds are raised. A major obstacle to fundraising, according to a commission spokesperson, is that donations to the monument project receive no special state tax treatment. Legislation has been introduced to provide a credit for businesses that make contributions to the memorial monument fund.

#### **THE CONTENT OF THE BILL:**

The bill would amend the Single Business Tax Act to provide a credit against the tax equal to 50 percent of a contribution to the Vietnam Veterans Memorial Monument Fund. The credit would be permitted for tax years beginning after December 31, 1996 and before January 1, 1999, and could not exceed ten percent of the taxpayer's tax liability for the tax year (before claiming any credits) or \$5,000, whichever was less.

The credit would not be allowed for contributions made more than 60 days after the Department of Treasury determined that the total cumulative credits equaled \$1 million and that determination had been published and distributed by the department in a bulletin. The bulletin

would have to be published and distributed not more than 60 days after the department had made the determination.

MCL 208.39c

#### **BACKGROUND INFORMATION:**

The site designated for the Vietnam Monument (by Public Act 122 of 1992) is directly west of the peak of the Capitol dome midway between Allegan and Ottawa streets, near Martin Luther King Boulevard. Promotional material describes the site as "a one-acre parcel of state land in the middle of the Michigan Veterans Memorial Park," and describes the monument as "integrating a 100-foot-long, ten-foot high arc of steel raised three feet above the ground and supported at its ends by concrete piers." The names of 2,649 dead and missing will be inscribed on panels fastened to the arc.

#### **FISCAL IMPLICATIONS:**

The bill contains a cap on the new credit of \$1 million.

#### **ARGUMENTS:**

##### **For:**

The bill would provide a much-needed boost to the fundraising efforts of the commission charged with constructing a memorial monument to Michigan veterans who died or are listed as missing in action as a result of the Vietnam War. It would help to overcome the perception that there is a lack of support of the project by the state's leadership. The state initiated the commission, authorized the fundraising, and designated a site, and yet there is no special tax treatment under state statutes for individual or business donations to the project. This bill would provide a credit against the single business tax for 50 percent of amounts donated by businesses, up to \$5,000. (This is similar to the structure of other SBT credits, such as those for community foundations and food banks and homeless shelters.) As reported from committee, the total amount of credits is capped at \$1 million (which would represent \$2 million or more in donations.)

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***Against:***

There are a great many worthy causes deserving of financial support by individuals and businesses. Why should this special tax treatment be applied only to the building of this memorial monument? If this project is given this special treatment, how will the legislature respond to requests for similar treatment from supporters of other projects, programs, and services? Where, then, would the dispensing of tax credits stop?

***POSITIONS:***

A representative of the Michigan Vietnam Monument Commission of Michigan testified in support of the bill. (2-19-97)

A representative from the Grand River Valley Chapter of the Naval Enlisted Reserve Association testified in support of the bill. (2-19-97)

The Department of Treasury is opposed to the bill. (2-19-97)

Analyst: C. Couch

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.