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

SFA**BILL ANALYSIS**

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 4091 (Substitute S-2 as reported by the Committee of the Whole)

Sponsor: Representative Candace Curtis

House Committee: Tax Policy

Senate Committee: Finance

CONTENT

The bill would amend the Single Business Tax (SBT) Act to extend indefinitely the homeless shelter/food bank credit (which allows a partial credit for a donation to a shelter for the homeless, a food bank, a food kitchen, or other entity whose primary purpose is to provide overnight accommodations or food to indigent persons). Under the Act, the credit is to expire after the 1997 tax year.

The SBT Act allows a taxpayer to claim 50% of the amount the taxpayer contributes during a tax year, up to the lesser of \$5,000 or an amount that does not exceed 5% of the taxpayer's tax liability, for the homeless shelter/food bank credit. A taxpayer may not claim the credit if the taxpayer claims a homeless shelter/food bank credit under the Income Tax Act.

The bill is tie-barred to Senate Bill 705, which would extend indefinitely the community foundation credit, which allows a taxpayer to claim a partial credit for donations to a community foundation.

Proposed MCL 208.38f

Legislative Analyst: G. Towne

FISCAL IMPACT

House Bill 4091 (S-1) and Senate Bill 705 (S-1), which are tie-barred, would extend indefinitely the SBT credits for contributions to community foundations and contributions to homeless shelters and food banks. Under current law, these credits are due to expire after the 1997 tax year. Under these bills, the SBT revenue currently being foregone due to these credits would continue to be foregone beyond the 1997 tax year. Currently, the credit for contributions to homeless shelters and food banks is reducing SBT revenue by about \$300,000 a year, and the credit for contributions to community foundations is reducing SBT revenue by \$500,000 a year.

Date Completed: 10-7-97

Fiscal Analyst: J. Wortley

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