



Senate Fiscal Agency  
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## BILL ANALYSIS



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Senate Bill 132 (Substitute S-1 as reported)  
Sponsor: Senator Sam Singh  
Committee: Finance, Insurance, and Consumer Protection

**CONTENT**

The bill would amend the Income Tax Act to allow a taxpayer to claim a non-refundable tax credit equal to 50% of that taxpayer's contributions to an endowment fund of a community foundation. For a taxpayer other than a resident estate or trust, the credit could be up to \$100, or \$200 for a joint return. For a resident estate or trust, the credit could be up to 10% of the taxpayer's tax liability for the tax year before claiming any credits allowed by the Act or \$5,000, whichever was less. To claim the credit, the taxpayer would have to have received a gift acknowledgment from the community foundation indicating that the contribution was made to a foundation's endowment fund.

MCL 206.261

**BRIEF RATIONALE**

Legislation enacted in 2011 deleted a provision of the Act that allowed individuals to receive a 50% tax credit for the sum of their contributions to certain entities. Following this elimination, it has been reported that organizations saw a decrease in contributions, leading some people to believe that the tax credit incentivized individuals to contribute. Accordingly, it has been suggested that these tax credits be reinstated to encourage more philanthropy.

**PREVIOUS LEGISLATION**

*(This section does not provide a comprehensive account of previous legislative efforts on this subject matter.)*

The bill is a reintroduction of Senate Bill 127 from the 2023-2024 Legislative Session. Senate Bill 127 passed the Senate and the House but received no further action.

Legislative Analyst: Nathan Leaman

**FISCAL IMPACT**

The bill would reduce General Fund revenue by approximately \$3.3 million per year. Between tax years 2006 and 2011, Michigan allowed an identical credit and the number of returns claiming the credit remained relatively stable, at approximately 38,900 each year. Similarly, the total amount claimed each year under the credit remained stable, at approximately \$3.3 million per year. Although the School Aid Fund receives revenue from the income tax under Part 1 of the Act, credits are applied against the portion received by the General Fund. As a result, all the reduction in revenue under the bill would lower General Fund revenue.

Date Completed: 6-5-25

Fiscal Analyst: David Zin