

Act No. 514  
Public Act of 1988  
Approved by the Governor  
December 29, 1988  
Filed by the Secretary of State  
December 29, 1988

**STATE OF MICHIGAN  
84TH LEGISLATURE  
REGULAR SESSION OF 1988**

Introduced by Senators Dingell, Shinkle, Posthumus, Carl, Miller, DeGrow, Welborn, Schwarz, Arthurhultz, Cherry, J. Hart, Irwin, Geo. Hart, Faust and Holmes.

## **ENROLLED SENATE BILL No. 476**

AN ACT to amend Act No. 228 of the Public Acts of 1975, entitled "An act to provide for the imposition, levy, computation, collection, assessment and enforcement, by lien or otherwise, of taxes on certain commercial, business, and financial activities; to prescribe the manner and times of making certain reports and paying taxes; to prescribe the powers and duties of public officers and state departments; to permit the inspection of records of taxpayers; to provide for interest and penalties on unpaid taxes; to provide exemptions, credits, and refunds; to provide penalties; to provide for the disposition of funds; to provide for the interrelation of this act with other acts; and to provide an appropriation," as amended, being sections 208.1 to 208.145 of the Michigan Compiled Laws, by adding section 38c.

*The People of the State of Michigan enact:*

Section 1. Act No. 228 of the Public Acts of 1975, as amended, being sections 208.1 to 208.145 of the Michigan Compiled Laws, is amended by adding section 38c to read as follows:

Sec. 38c. (1) For the 1989 through 1991 tax years and subject to the limitations in subsection (2), a taxpayer that is not subject to the income tax act of 1967, Act No. 281 of the Public Acts of 1967, being sections 206.1 to 206.532 of the Michigan Compiled Laws, may credit against the tax imposed by this act 50% of the amount the taxpayer contributes during the taxable year to a community foundation.

(2) The credit allowed by this section shall not exceed the lesser of 5% of the taxpayer's tax liability for the tax year before claiming any credits allowed by this act or \$5,000.00. The credit allowed by this section is nonrefundable so that a taxpayer shall not claim under this section a credit amount that reduces the taxpayer's tax liability to less than zero.

(3) As used in this section, "community foundation" means an organization that the department certifies as meeting all of the following requirements:

(a) Qualifies for exemption from federal income taxation under section 501(c)(3) of the internal revenue code.

(b) Is organized and operated to attract contributions primarily of a capital or endowment nature to support a broad range of charitable activities within the specific geographic area of this state that it serves, such as a municipality or county.

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

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

(e) Is incorporated or established as a trust prior to January 1 of the year prior to the tax year for which the credit is claimed.

(4) The credit under this section does not apply in a tax year for which the aggregate amount of the credits claimed by all taxpayers for all prior tax years under this section and section 261 of the income tax act, Act No. 281 of the Public Acts of 1967, being section 206.261 of the Michigan Compiled Laws, exceeds \$3,000,000.00.

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

This act is ordered to take immediate effect.

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Secretary of the Senate.

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Clerk of the House of Representatives.

Approved.....

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Governor.