

Date: November 5, 1991

Memo to: CMF Board of Trustees

From: Government Relations Committee

Margaret A. Riecker, Chair	James R. Kettler
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Re: Update

STATE LEGISLATION - Related Issues

Community Foundation Tax Credit Renewal

As previously reported S.B. 299 and S.B. 300 passed the Senate 33-0. The bills were considered by the House Taxation Committee on October 9, 1991 and were reported out of committee with a vote of 18-1. An important amendment included a "comprehensive report and recommendations regarding the reform of tax laws that will stimulate charitable giving and be equitable to all community charities."

The House considered the bills on October 30, 1991, along with seven amendments proposed by three legislators. The amendments would open up the tax credit for contributions to most all charities, including organizations supporting the homeless, soup kitchens, humane societies, United Way, arts organizations, etc. The bills, including the amendments, and an additional amendment which would remove the \$6 million cap, were approved by the House.

The bills must now go back to the Senate for concurrence, which is not expected, as the state cannot afford an unlimited credit. A progress report will be given at the Board meeting. Hopefully all the interest created with this legislation will be helpful when the Treasury presents their report on options to stimulate giving.

State of Michigan Study

The Government Relations Committee discussed ways to work with the United Way of Michigan, Michigan Nonprofit Forum and other interested charitable organizations in collecting data and presenting the case for tax incentives for contributions to charitable organizations. Discussions have been held with UWM and MNF leadership, and there is enthusiasm for working together.

One aspect of the study may be the impact of the State of Michigan Inheritance Tax on charitable contributions.

Michigan Inheritance Tax

The Committee has held discussions with the State Chamber of Commerce and Michigan Bar Association on the impact of the Michigan Inheritance Tax, in keeping with the CMF's Board support for Senate Bill One. There may be reason to document the assumed loss of charitable dollars and civic leadership.

The Government Relations Committee expects to have a recommendation for the Board at the February 25, 1992 meeting on how CMF might be supportive of alterations in the Inheritance Tax.

Other Items

1. The next CMF Legislative Seminar, supported by the William W. Allen Fund, will be held in February, 1993, after the publication of the eighth edition of the Michigan Foundation Directory.
2. The Committee is working to involve private foundations and corporations, as well as community foundations.

FEDERAL LEGISLATION and Related Issues

Common Fund

CMF's legislative network continues to gain support for H.R. 1733 and S.B. 588, allowing private and community foundations to form a common fund, a nonprofit, tax exempt membership corporation organized and operated to pool investments to gain a greater return. The Council on Foundations is providing national leadership for this issue, which more than likely will not be considered until 1992, as it does not appear there will be a tax bill until then.

Michigan sponsors include Senators Levin and Riegle and Congressmen Camp, Ford, Williams, Henry, Kildee, Upton and Wolpe. The Committee is working to secure others with the help of the CMF membership.

Other Legislation

CMF is also responding to the following legislation as appropriate:

- Corporate tax deductions for contributions to nonprofits that do work abroad
- Appreciated property
- Repeal the 3% Floor on Itemized Tax Deductions

Related issues the Committee is following including

- Donor directed funds as public charities
- Financial Accounting Standards Board (FASB) proposal