

Legislative Analysis



TAX CREDIT FOR DONATED AUTOMOBILES

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House Bill 5092

Sponsor: Rep. Robert Jones

Committee: Tax Policy

Complete to 10-27-09

A SUMMARY OF HOUSE BILL 5092 AS INTRODUCED 6-16-09

The bill would amend the Income Tax Act to eliminate the sunset on the credit available for donated automobiles. The tax credit otherwise expires after the 2009 tax year.

Public Act 313 of 2004 (Senate Bill 1003) provides for a nonrefundable income tax credit equal to one-half of the fair market value of an automobile donated by a taxpayer to a charitable organization that intends to provide that automobile to a "qualified recipient." The value of the automobile is the lesser of (1) the value as determined by the charitable organization, or (2) the value as determined by an appropriate appraisal guide published by the National Automobile Dealers Association. The credit is capped at \$50 for a single return and \$100 for a joint return, and is available for the 2005-2009 tax years. PA 313 was part of a four-bill package that also dealt with business taxes, and sales and use taxes.

For purposes of the credit, a qualified recipient of the automobile would have to meet the following qualifications: (1) be receiving or be eligible for public assistance; (2) possess a valid Michigan operator's or chauffeur's license; (3) be financially capable of meeting any expenses related to the automobile, such as loan payments and insurance payments; (4) not have reasonable access to public transportation and have no other reliable means to commute to and from work other than the automobile; (5) have a demonstrated ability to maintain employment; and (6) if not currently employed for an average of 20 hours per week, need the automobile to accept a verified offer of employment for at least 20 hours per week, and if currently employed for at least 20 hours per week, need the automobile to accept a superior position.

FISCAL IMPACT:

The income tax credit reduced income tax revenue by under \$200,000 in Fiscal Year 2009.

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