



#### MEMBER FOOD BANKS:

Food Gatherers  
Food Bank  
Ann Arbor

Food Bank of  
South Central Michigan  
Battle Creek

Gleaners Community  
Food Bank of  
Southeastern Michigan  
Detroit

Food Bank of  
Eastern Michigan  
Flint

Feeding America  
West Michigan  
Food Bank  
Comstock Park

Western UP Food Bank  
Houghton

Kalamazoo Loaves &  
Fishes  
Kalamazoo

American Red Cross  
Mid-Michigan  
Food Bank  
Lansing

Manna Project  
Petoskey

Forgotten Harvest  
Oak Park

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## Preserving State Tax Incentives to Strengthen the Provision of Critically-Needed Emergency Services in Michigan March 2011

The ability of private donors to deduct contributions to a charity from their taxes is a cornerstone of the success of America's and Michigan's charitable traditions<sup>1</sup>. Yet the deep and persistent recession and slow economic recovery pose challenges for households considering charitable donations to nonprofits. At the same time, more people than ever are turning to nonprofit organizations for help meeting basic human needs. In 2010, Michigan emergency food providers reported increases of up to 100% in demand for emergency food, a trend expected to continue in the foreseeable future.

The Michigan Nonprofit Association estimates that eliminating the tax credit for charitable donations could jeopardize more than \$54 million in donations to nonprofit organizations. Of particular concern is the proposed elimination of Michigan's Food Bank/Homeless shelter tax credit. The Michigan Department of Treasury reports that \$21 million in tax credits were given to individual and small business tax filers in 2009. Since only 50% of contributions are credited, this tax credit incentivized at least \$42 million in charitable giving – the equivalent of 420 million emergency meals<sup>2</sup>.

Removing charitable tax incentives would further reduce existing charitable contributions and disincentivize new donations to non-profit emergency relief. This action, combined with the elimination of the \$353.8 million Michigan EITC<sup>3</sup>, represents a crippling blow to both the working families we serve *and* our ability to serve them.

As demands on our local, largely volunteer-operated emergency food providers continue to increase, we must retain donor incentives which enable charities to meet demand for critical community-based services. The emergency food network is the last line of resort for hungry families, and remains committed to meeting this basic human need. Food and shelter are essential to anyone seeking an education, a job or a healthy life.

### Position Statement

The Food Bank Council of Michigan is a partner with the public and private sectors in providing food to people facing hunger. The Council believes the capacity of local emergency food providers is greatly enhanced by the Food Bank / Homeless Shelter tax credit, which has been in place for almost 20 years. Food Bank Council of Michigan cannot support measures which discourage charitable giving and hinder service delivery to vulnerable people. We strongly oppose the elimination of the tax credit for food banks and homeless shelters.

<sup>1</sup> *Nonprofit Finances, Demand for Services, and Volunteer Engagement*. Michigan Nonprofit Association.

<http://www.mnaonline.org/research.aspx>

<sup>2</sup> Food Bank Council of Michigan multiplier, based on network efficiencies data.

<sup>3</sup> *Income Taxes Changes: By the Numbers*, Gongwer February 18, 2011.