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Mr. David Meister
Supervisor
Onekama Township
5435 Main Street
Onekama, MI 49675

Re: Charitable Donations to the Township

Dear Mr. Meister:

In accordance with our recent discussion, this letter will confirm for you that "charitable contributions" under the Internal Revenue Code include, "contributions or gifts to or for the use of states, possessions of the United States, or any political subdivision of any of the foregoing, or the United States or the District of Columbia, but only if the contribution or gift is made for exclusively public purposes." 26 USC 170(c)(1).

To better advise potential donors of gifts to the Township, I would advise that all persons wishing to make a donation to the Township be advised of the following:

1. The Township will accept gifts of money or other property so long as the Township may lawfully own such property. The Township is prohibited, for example, by Article 9, Section 19 of the Michigan Constitution, from owning stock in any company. Thus, if the Township were to receive a gift of stock, it would need to liquidate that stock immediately and could not hold onto it beyond a reasonable period of time necessary to sell it, even if that conflicts with the donor's intent.

2. Donations will only be accepted to the General Fund of the Township or, if the donation is property, in the name of the Township itself and not, for example, in the name of the Planning Commission or some other board or agency of the Township.

3. Lastly, potential donors should be advised that their gift may be tax deductible under Section 170(c)(1), but that the Township does not give tax advice and the deductibility of the donation depends on many factors. Accordingly, potential donors should be referred to their own CPAs or tax attorneys to determine the deductibility of the gift.

A gift may be valid and still be restricted to certain uses. If a potential donor insists on restricting the use of his or her gift to some specific purpose, the Township should determine, in advance, whether it believes that the proposed restriction will still meet the "for exclusively public purpose" standard contained in Section 170(c)(1). Donations to the General Fund are unrestricted and the "for exclusively public purpose" standard can be maintained by the Township Board through its usual budget and appropriations resolutions. Donations which are proposed to be restricted in a fashion that the Township believes is not "for exclusively public purposes" should be rejected.

If you should have any questions, please feel free to contact me.

Very truly yours,

Richard M. Wilson, Jr.

/dsb

Enclosure