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BILL ANALYSIS

Senate Fiscal Agency

Lansing, Michigan 48909

(517) 373-5383

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Senate Bill 462 (as reported without amendment)

Sponsor: Senator Gilbert J. DiNello

Committee: Finance

Date Completed: 8-6-90

RATIONALE

In 1968, the Federal Uniform Anatomical Gift Act was passed to allow a person of sound mind and at least 18 years of age to donate organs for transplantation, or in some cases, allow the next of kin to authorize donations. Medical advances since that time have steadily improved the success rate of the transplant of hearts, livers, lungs, pancreas, and other tissues, and thus given hope to an increasing number of people with complicated medical conditions. The success of organ transplant surgery has presented society with many moral, ethical, and economic questions that previously did not exist. Paramount among those questions are: How will a scarce resource, human organs, be allocated when demand consistently exceeds supply? How will organ transplants be paid for when a needy individual who receives an organ cannot afford the surgery? Who will decide who will receive an available organ? How much will society be willing to pay for a transplant if a person needs surgery but is unable to pay for it? If a person needs a transplant that costs hundreds of thousands of dollars of public money, should the operation be performed while other programs must be cut back?

While these are questions that demand close and extensive examination, some people feel there may be a partial solution to some of the problems. Currently, because there is a shortage of kidneys, corneas, livers, hearts, and other organs, thousands of people are on waiting lists for organ transplants that would dramatically improve, and in some cases save their lives. While many people say they would donate their organs when they die, not enough donations are actually made. Compounding the

problems of those who are waiting for organs is the inescapable fact that organ transplant surgery is complicated, technical, and expensive. It has been suggested that in light of the chronic shortage of organs for donation, and shortage of money to pay for surgical transplants, a fund be created with money from an income tax checkoff to be used to finance transplants and the procurement of organs.

CONTENT

The bill would amend the Income Tax Act to provide that, beginning with the 1990 tax year, a taxpayer who was entitled to an income tax refund could designate that \$2 or more of his or her refund be credited to the Michigan Organ Transplant Fund. (The Fund, which would be created in the Department of Treasury by Senate Bill 461, would be administered and used by the Department of Public Health to finance the procurement of organs and organ transplants.) Taxpayers could designate their refunds to the Fund until the State Treasurer certified that assets in the Fund exceeded \$20 million.

The tax designation for the Fund would have to be "clearly and unambiguously printed on the first page of the state individual income tax return". The bill specifies that money designated to the Fund would have to be appropriated solely for the purposes of the Fund.

The bill is tie-barred to Senate Bill 461.

Proposed MCL 206.437

S.B. 462 (8-6-90)

BACKGROUND

Currently, the Michigan Income Tax Return contains two lines on which a taxpayer can designate a part of his or her refund, or make a donation to a fund. The Children's Trust Fund is dedicated to preventing child abuse and neglect, and the Nongame Wildlife Fund helps to pay for programs for Michigan's nonhunted wildlife.

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

ARGUMENTS

Supporting Argument

The bill would establish a reliable and protected source of funds for helping finance transplants. Organ transplant surgery has become a generally successful method of treating chronic or terminal medical problems; it often represents the best, or last, available treatment for debilitating conditions. While the subject of organ transplants offers an array of moral, ethical, and social questions of confounding difficulty, the essential facts remain constant: People can be helped by organ transplants, but there is a shortage of available organs and a shortage of money to pay for them. While not promising to pay for all future transplant needs of the State's citizens, the bill would offer the taxpayers an option to contribute to a fund dedicated to procuring organs and financing transplants. It is clear that the Fund would, eventually, relieve the suffering and/or save the lives of numerous people who might otherwise not receive help.

The bill would place no demands upon taxpayers. The fund would be fueled by private donations, made from refunds due on State income taxes. Taxpayers would be able to choose whether to contribute. Aside from effectively raising funds, the use of the checkoff would help raise public awareness of the need for organ donations.

Opposing Argument

Establishing an income tax refund donation for organ transplants could, in the long run, do more harm than good. It is possible that neither the Department of Public Health or the

Department of Social Services would feel compelled to attempt to obtain General Fund appropriations for organ transplants if a separate fund existed for that purpose. Further, while one must admire those who donate money to worthy causes, the use of State income tax forms to accomplish that purpose presents philosophical and practical problems. Such use of the tax form results in demands from other equally worthy causes for the Legislature to add just one more checkoff for their benefit. Currently, the State has the Children's Trust Fund and the Nongame Wildlife Fund checkoffs. If the organ transplant checkoff were added, what would be next? Further, how much are people willing to check off? Would an additional checkoff reduce the amount that normally went to other funds?

Legislative Analyst: G. Towne

Fiscal Analyst: N. Khouri

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