



**House  
Legislative  
Analysis  
Section**

Washington Square Building, Suite 1025  
Lansing, Michigan 48909  
Phone: 517/373-6466

**HISTORIC PRESERVATION TAX CHECKOFF  
RECEIVED**

Senate Bill 16 (Substitute H-2)  
First Analysis (9-28-87)

OCT 15 1987

Mich. State Law Library

Sponsor: Sen. Richard D. Fessler  
Senate Committee: State Affairs, Tourism, and  
Transportation

House Committee: Taxation

**APPARENT PROBLEM:**

In Michigan, there are 41 historic district commissions and 22 historic district study commissions whose responsibility it is "to safeguard the heritage . . . (including) the cultural, social, economic, political or architectural history" of their communities. (Quoted from Public Act 169 of 1970) Members from these local groups form the Michigan Historic District Network, which is advocating that a voluntary checkoff be placed on the state income tax form to raise funds for the acquisition, preservation, and development of historic sites. Michigan's income tax form currently contains two checkoffs that allow taxpayers to donate some or all of their refunds to special causes, the Children's Trust Fund (for child abuse prevention) and the Nongame Wildlife Trust Fund (for research and management of wildlife not hunted for sport, fur, or food). In each case, the legislature obviously believed that there were exceptional reasons for using instruments of state government to support programs that had been unable to garner necessary financial support through the normal appropriations process. Preservationists say that a historic grants program, once administered by the Department of State, was discontinued in 1980 and projects now seek funding on a case-by-case basis. State appropriations for historic preservation appear unlikely, they say, and a tax checkoff would be an appropriate way to safeguard systematically Michigan's history.

**THE CONTENT OF THE BILL:**

The bill would allow taxpayers to donate \$2 or more of their state income tax refunds to the Historic Preservation and Development Fund. They would be able to do so for the tax years 1987 through 1991 or until the fund's assets exceeded \$6 million, whichever occurred first. Administrative costs would be paid by the fund. Senate Bill 16 is tie-barred to Senate Bill 17, which would create the fund. (The fund would be administered by the Department of State.)

MCL 206.438 et al.

**HOUSE COMMITTEE ACTION:**

The House Taxation Committee adopted a substitute for Senate Bill 16 that limits the checkoff to the tax years 1987 through 1991 or until the fund has assets of \$6 million. The Senate-passed version was open-ended. Senate Bill 17, the companion bill, will require a complementary amendment.

**BACKGROUND:**

From a survey by the National Council of State Governments, it appears 37 states have a total of 74 tax form checkoffs (not counting campaign funding checkoffs, which 17 states, including Michigan, have). Of these, 36 are for wildlife and conservation, 14 for children's trusts, five for the U.S. Olympic Committee, four for arts programs, three for senior citizens, and two each for organ transplant funds and agriculture in the classroom

programs. There are others for Alzheimer's disease, indigent care, emergency housing, adult literacy, and domestic abuse.

**FISCAL IMPLICATIONS:**

Generally, the state costs associated with tax checkoffs are paid for out of the donations collected.

**ARGUMENTS:**

**For:**

The bill would allow Michigan taxpayers to contribute toward the preservation of the state's rich heritage, which has received so much attention in this sesquicentennial year. Historic preservation serves not only to safeguard the state's historic fabric but also promotes tourism, provides jobs, redevelops cities, and instills community pride. Appropriations for historic preservation projects are scarce and the tax checkoff is an ideal vehicle for improving the quality of life for Michigan residents and educating the state's youth through historic preservation. This proposal fits nicely with current checkoffs: one for human life, one for wildlife, and now one for our habitat.

**Against:**

Putting more checkoffs on the tax form will take dollars away from the causes that already have checkoffs. Experience suggests that there are a finite number of "givers" who will respond to requests for donations when doing their taxes. Children's Trust Fund donations suffered, for example, when the Wildlife Fund appeared on the tax forms despite what appears to be very different constituencies. Recent consciousness-raising campaigns succeeded in dramatically increasing the public's awareness of the children's trust fund but did not significantly increase contributions. The first checkoff (not counting the public funding of campaign option) for child abuse prevention was defended on the grounds that it was a special case: a "common denominator" problem that underlay many other serious social problems and yet that could not compete in the budget with the need to deal immediately with those resulting social problems. The need to reduce the number of neglected and abused children and to strengthen family structure is basic. Historic preservation on the other hand, while a worthy cause, is no more deserving than many others. Furthermore, a subcommittee of the House Taxation Committee last session developed a set of criteria for tax form checkoffs and recommended there be only two on the form at any one time.

**Response:** Some taxpayers who have not contributed before will doubtless support historic preservation efforts and some will contribute without abandoning the other checkoffs. An aggressive marketing campaign could increase support for all the causes on the tax form, especially if it is targeted at tax preparers, including accountants and lawyers, who reportedly ignore tax checkoffs in doing tax preparations for clients.

S.B. 16 (9-28-87)

***Against:***

This bill illustrates what a slippery slope the legislature is on: Who can deny the worthiness of historic preservation efforts? Another proposal would add a checkoff for combatting Alzheimer's disease, a serious human concern. But where does this stop? When and how does the legislature say no to more checkoffs? In other states, there are checkoffs to raise funds for organ transplants, indigent care, emergency housing, adult literacy, and domestic abuse. All involve pressing social problems and human needs. Perhaps the best course is for government to fund those programs it considers most deserving and for the private sector to contribute to charities it prefers but not mix the two. Otherwise, as one wag has warned, the legislature faces the prospect of being turned into a United Way board.

***POSITIONS:***

The Michigan Historic District Network supports the bill.  
(9-22-87)

The following indicated their opposition to the bill before the House Taxation Committee on 9-23-87:

The Children's Trust Fund

The Nongame Wildlife Fund

The Kent County Council for Prevention of Child Abuse

The Oakland County Council for Children At Risk

The Department of State supports the purpose of the bill even though it would prefer an annual appropriation to the historic Preservation Fund. (9-28-87)