



**House
Legislative
Analysis
Section**

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HISTORIC PRESERVATION FUND

Senate Bill 17 with House committee amendments
First Analysis (10-28-87)

RECEIVED

Sponsor: Sen. Richard D. Fessler

Senate Committee: State Affairs, Tourism
Transportation

House Committee: State Affairs

Nov 17 1987
Mich. State Law Library

THE APPARENT PROBLEM:

Within the state of Michigan there are 41 local historic district commissions and 22 historic district study committees charged by law with safeguarding the heritage of their respective areas. Prior to 1980, the Department of State administered an historic grants program that provided financial support to preserve and develop historic sites. Since the program was discontinued in 1980, appropriations for historic grants have been sought on a case-by-case basis. Some people feel that a fund should be created to provide financial support for the acquisition, preservation, and development of historic sites within Michigan. Further, some contend that the most appropriate method of funding such a program would be to offer a voluntary "check-off" on state income tax forms allowing those taxpayers scheduled to receive a tax refund to donate part of their refund to the fund.

THE CONTENT OF THE BILL:

The bill would amend Public Act 10 of 1955, which provides for the registration of historic sites, to create the Historic Preservation and Development Fund for the acquisition, preservation, and development of sites that have been registered as state historic sites under the act, or that are listed on the National Register of Historic Places. The fund would be created in the state treasury and administered by the Department of State. The state treasurer would credit to the fund money appropriated from the income tax check-off as proposed in Senate Bill 16. Money in the fund would be invested by the state treasurer in the same manner as surplus funds are invested under provisions of Public Act 105 of 1955 (MCL 21.143). Earnings on the investments would be credited to the fund. An amount equal to the Department of State's direct cost in administering the fund could be appropriated annually to the department from the fund. Such an appropriation, however, could not exceed seven percent of the total amount credited to the fund in the preceding fiscal year. The Departments of State and Treasury could accept a gift, grant, or other contribution that was designated for the fund and would deposit the gift, grant, or contribution in the fund. Under the bill, twenty percent of the money annually credited to the fund would remain there on a permanent basis.

The bill is tie-barred to Senate Bill 16, which would amend the Income Tax Act to provide a taxpayer with the option to designate \$2 or more of the taxpayer's refund to the Historic Preservation and Development Fund. For more information, see the House Legislative Analysis Section analysis of Senate Bill 16, dated 9-28-87.

MCL 399.153

HOUSE COMMITTEE ACTION:

The House Committee on State Affairs amended the bill to require that at least 20 percent of the money annually credited to the fund be retained in the fund on a permanent basis.

FISCAL IMPLICATIONS:

According to the Senate Fiscal Agency, the bill would result in increased revenue to the state. Actual collections for the fund through income tax check-offs are not determinable. The Nongame Wildlife Fund collected \$268,000 from its first year of income tax check-offs. Any additional costs to the Department of State from administration of the fund could be paid by the fund. (7-31-87)

ARGUMENTS:

For:

The richness of Michigan's heritage has received much attention during this sesquicentennial year and many historical preservation programs have been implemented. The bills would serve as an appropriate vehicle to sustain and continue to generate programs for Michigan's historic preservation. These types of programs serve not only to meet the expressed desires of those who value the preservation of our heritage, but also to promote Michigan tourism, to provide jobs, and to instill pride in our communities.

For:

The bills would create a new source of revenue for a valuable state program that has been neglected for several years.

Against:

The "check-off" method of raising revenue should not be used for this program. Rather, an annual appropriation should be granted for the acquisition, preservation, and development of historic sites. Michigan tax returns already include check-offs for child abuse prevention and for the Nongame Wildlife Fund. The creation of yet another check-off could affect the present check-offs adversely, by creating competition between the three programs. Further, the year-to-year success of the historic preservation program would depend on the generosity of taxpayers to donate to the fund. Consequently, considerable effort and costs would have to be incurred each year in order to inform taxpayers adequately about the check-off and to encourage participation.

Response: In the proposal, one can see a consistency of goals with the two current check-off programs. While the aims of the existing programs are to prevent child abuse and to prevent the loss of nongame wildlife, the aim of the Historic Preservation and Development Fund would be to prevent the loss of Michigan's historic fabric. Although the two current check-offs must "compete" for refund donations, both have garnered substantial revenues over the years, and the addition of another check-off should not adversely affect the growth of those funds.

S.B. 17 (10-28-87)

POSITIONS:

The Michigan Historic District Network supports the bill.
(10-28-87)

The Historic Designation Advisory Board of Detroit supports
the bill. (10-27-87)

The Children's Trust Fund does not support the bill.
(10-27-87)