



**House
Legislative
Analysis
Section**

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ALZHEIMER'S TAX CHECKOFF

House Bill 4565 as introduced
First Analysis (9-28-87)

RECEIVED

OCT 15 1987

Sponsor: Rep. Jim Connors
Committee: Taxation

Mich. State Law Library

THE APPARENT PROBLEM:

Michigan's income tax form 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. People involved in combatting Alzheimer's Disease and related disorders claim that their efforts also deserve support through a tax checkoff. Alzheimer's is described as a progressive, irreversible neurologic disorder that produces in its victims confusion, personality change, impaired judgment, and an inability to complete thoughts, find words, and follow directions. A 58-member task force recently estimated that by 1990 about 118,000 older Michigan residents will be diagnosed as having Alzheimer's, and nearly 100,000 more as having related "dementing" disorders. Since there is no cure for Alzheimer's at present, its victims must simply be cared for, no easy task since reportedly patients require little sleep, sometimes wander away, and can become combative and incontinent. Help is desperately needed not only for people suffering from Alzheimer's but also for families caring for them. A grant program has been designed aimed at funding three-year pilot programs to develop adult day care, crisis intervention, respite, home companion, and home nursing services. The pilot programs would both meet immediate needs and provide for the future through the training of professional and volunteer caregivers who can later train others. Appropriations that would have funded some Alzheimer's projects have been vetoed, and the solicitation of donations by means of a checkoff on the tax form would help a great deal.

THE CONTENT OF THE BILL:

The bill would allow people to designate \$2 or more of their state income tax refunds to the Alzheimer Disease Community Grant Fund until the assets of the fund exceeded \$20 million. The bill is tie-barred to House Bill 4564, which would create the fund.

MCL 206.438

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:

There is no information at present. It should be noted, however, that the administrative costs associated with checkoffs are usually paid out of the donations collected.

ARGUMENTS:

For:

Pilot projects aimed at addressing the needs of people suffering from Alzheimer's disease and related disorders are deserving of a tax checkoff on the state income tax forms. A great many Michigan residents are affected by the affliction, both victims and family members (and problems will multiply as the "baby boom" generation ages), yet needed state funding is not available. Providing taxpayers an opportunity to contribute to this worthy cause will generate much-needed funding that may not be available through any other means.

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. Alzheimer's, while a serious health problem, is one disease among many and as such has no greater claim to a tax checkoff than other diseases. As it now stands, the tax form contains an opportunity for taxpayers to donate to one "social" or human problem and one "environmental" problem. 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: It is likely that Alzheimer's Disease has a sufficiently different constituency from child abuse and wildlife to extract taxpayer contributions without affecting the others, particularly if there is an aggressive marketing campaign. (For example, senior citizens might contribute in large numbers.) Maybe an awareness campaign should target accountants, lawyers, and other tax preparers who reportedly often fail to inform clients of the checkoffs. All of the checkoffs could benefit from this and grow together. There is no obvious reason why an Alzheimer's checkoff cannot co-exist successfully with the others.

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Against:

This bill illustrates what a slippery slope the legislature is on. Who can deny the worthiness of the campaign against Alzheimer's? Another proposal would add a checkoff for historic preservation projects, a noble cause itself. 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 serious 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 Alzheimer's Disease and Related Disorders Association (ADRDA), Michigan Chapter, supports the bill. (9-23-87)

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