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BILL ANALYSIS

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Senate Bill 16 (as passed by the Senate)
 Senate Bill 17 (as passed by the Senate)
 Sponsor: Senator Richard D. Fessler
 Committee: State Affairs, Tourism, and Transportation
 Date Completed: 7-31-87

RATIONALE

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.

CONTENT

Senate Bill 16 would provide for a voluntary check-off on State income tax forms to grant a taxpayer the option of donating a portion of his or her refund to the Historic Preservation and Development Fund, which would be created by Senate Bill 17. The bills are tie-barred.

Senate Bill 16

The bill 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, which would be created by Senate Bill 17. An eligible taxpayer would be one who was entitled to a tax refund under the Act sufficient to make a designation. The proposed tax refund designation would have to be printed clearly and unambiguously on the first page of the State income tax return.

The bill would take effect for tax years beginning after December 31, 1986.

MCL 206.475 et al.

Senate Bill 17

Senate Bill 17 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 1855 (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 7% 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.

Proposed MCL 399.153

FISCAL IMPACT

Senate Bill 16 would result in increased revenues and expenditures for the State. The Department of Treasury estimates that the one-time cost of modifying tax forms would be approximately \$100,000. Annual costs of administering collections are estimated at \$10,000. The bill provides that administration costs incurred by the Department of Treasury would be paid by the Historic Preservation and Development Fund.

Revenues that would be generated from tax check-offs cannot be estimated. The Nongame Wildlife Fund collected \$268,000 from its first year of income tax check-offs.

Senate Bill 17 would result in increased revenue to the State. Actual collections for the Fund through income tax check-offs are not determinable. Any additional costs to the Department of State from administration of the Fund could be paid by the Fund.

ARGUMENTS

Supporting Argument

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.

Supporting Argument

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

S.B. 16 & 17 (7-31-87)

Opposing Argument

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 subjecting the three programs to a competitive situation. 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 bills' 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. Each program allows the taxpayer positively to impact our life cycle — human life, wildlife, and now our heritage. Further, 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.

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.