



Senate Fiscal Agency  
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BILL ANALYSIS



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Senate Bill 957 (as reported without amendment)  
Senate Bill 958 (Substitute S-1 as reported)  
Sponsor: Senator Tupac A Hunter (S.B. 957)  
Senator Buzz Thomas (S.B. 958)  
Committee: Finance

Date Completed: 7-16-08

### **RATIONALE**

Autism is a complex neurobiological disorder that, according to the Centers for Disease Control and Prevention (CDC), affects approximately one in 150 Americans, making it more common than pediatric cancer, diabetes, and AIDS combined. Autism occurs in all racial, ethnic, and social groups. While autism is an increasingly common disorder in the United States, private funding for autism research reportedly is only about \$15.0 million a year, less than the research funding for some rarer childhood disorders. Some people believe that, in order to increase private funding for research on the causes and treatments of autism, the State should create a fund dedicated to that purpose and add a check-off to the income tax form allowing individuals to donate money to the fund.

### **CONTENT**

**Senate Bill 957 would create the "Autism Research Fund Act" and Senate Bill 958 (S-1) would amend the Income Tax Act to establish the "Autism Research Fund" and add it to the funds listed on the schedule of contribution designations (check-offs) included with a taxpayer's income tax return.**

The bills are tie-barred to each other and described in detail below.

#### **Senate Bill 957**

The bill would create the Autism Research Fund in the Department of Community Health to provide funds to promote research

in this State relating to autism. The money, interest, and earnings of the Fund would have to be spent solely for the following purposes:

- To promote research relating to autism and to disseminate the results of the research on the triggers of autism and on methods of diagnosing and treating autism.
- Grants to a hospital located in this State that specializes in the research, diagnosis, and treatment of autism or to an institution of higher education devoted to conducting research relating to autism.
- Grants to any other organization approved by the Department for research relating to autism.

Money from the Fund could be used as matching funds for a Federal grant if those funds were to be used for the purposes described above.

The State Treasurer would have to credit to the Fund all amounts appropriated for this purpose under Section 435 of the Income Tax Act (the section that Senate Bill 958 (S-1) would amend), and money from any other source for deposit into the Fund. The Treasurer would have to direct the investment of the Fund. The Fund would consist of the money credited to it under Section 435 of the Income Tax Act, any interest and earnings accruing from the saving and investment of that money, and money from any other source. Money in the Fund at the close of the year would have to

remain in the Fund and could not lapse to the General Fund.

The money in the Autism Research Fund that was available for distribution would have to be appropriated each year. Money granted or received as a gift or donation to the Fund would be available for distribution upon appropriation.

### **Senate Bill 958 (S-1)**

Under the Income Tax Act, an individual may designate on his or her annual tax return that contributions of \$5, \$10, or more of his or her State income tax refund (or additional tax liability) be credited to any of the funds specified in the Act. The Department of Treasury must create a schedule of the specified check-offs to be included with an annual income tax return. New check-offs added to the Act must be incorporated as soon as practical on the schedule, and the Department may discontinue a check-off that fails to raise \$100,000 in a tax year for two consecutive years.

Currently, check-offs on the schedule include the Children of Veterans Tuition Grant Program, the Children's Trust Fund, the Prostate Cancer Research Fund, Amanda's Fund For Breast Cancer Prevention and Treatment, the Animal Welfare Fund, and the Michigan Housing and Community Development Fund. The bill would create a new check-off for the proposed Autism Research Fund.

MCL 206.435 (S.B. 958)

### **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

#### **Supporting Argument**

The Autism Research Fund would promote research relating to autism and would encourage sharing of the results of the research on the triggers of autism and on methods of diagnosing and treating the disorder. By increasing the funding of autism research and therefore the likelihood of diagnosis and intervention, contributions to the Fund through the income tax check-off would help to decrease the amount spent on related health care and other costs.

According to the Autism Society of Michigan, "Autism is a complex developmental disability that typically appears during the first three years of life and is the result of a neurological disorder that affects the normal functioning of the brain, impacting development in the areas of social interaction and communication skills. Both children and adults with autism typically show difficulties in verbal and non-verbal communication, social interactions, and leisure or play activities." It is more prevalent than Down syndrome, juvenile diabetes, and childhood cancer, and has been increasing in recent years.

Currently, the exact number of people who have autism is unknown. Children and adults with the disorder may experience a range of symptoms, including some that are serious and pervasive. There is no known single cause, no "cure", and no fully effective treatment. Early intervention, however, can help children overcome severe symptoms. Additional research on the subject could lead to advances in treatment and help autistic children to reach their full potential.

Legislative Analyst: Craig Laurie

### **FISCAL IMPACT**

#### **Senate Bill 957**

The bill would likely result in a mild increase in administrative costs for the Department of Community Health, which would be charged with the creation of the proposed Autism Research Fund. Activities associated with the planning and implementation of autism research projects would result in at least some cost to the State.

Simultaneously, the bill would allow the State to distribute available funds to hospitals that specialize in autism research and/or treatment or institutions of higher education devoted to autism research; these entities could benefit from additional funding if the Autism Research Fund were established.

The bill would have no fiscal impact on the Department of Treasury.

#### **Senate Bill 958 (S-1)**

The bill would have an indeterminate fiscal impact on State government. Each time a check-off is added, the Department of

Treasury incurs administrative costs for implementing the necessary changes to the forms, and for processing the various contributions. In 2005, the Department received \$2.2 million in total contributions to the three check-offs then available. On average, the total amount of contributions in a given tax year has ranged from \$1.5 million to \$3.5 million, and the amount per check-off has varied from \$300,000 to \$2.1 million. It is difficult to predict the popularity of a new check-off and whether the addition of choices for check-off contributions would increase the total amount of contributions, or reduce the distribution to any given fund.

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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.