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BILL ANALYSIS

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Senate Bills 1353 and 1374 (as enacted)
Sponsor: Senator John Pappageorge (S.B. 1353)
Senator Buzz Thomas (S.B. 1374)
Senate Committee: Finance
House Committee: Tax Policy

PUBLIC ACTS 560 & 559 of 2008

Date Completed: 8-6-09

CONTENT

Senate Bill 1353 amended the Income Tax Act to add check-offs for the Michigan Council for the Arts Fund, the Foster Care Trust Fund, the Children's Miracle Network Fund, the Children's Hospital of Michigan Fund, and the United Way Fund.

Senate Bill 1354 amended the History, Arts, and Libraries Act to create the "Michigan Council for the Arts Fund", and allow money in the Fund to be spent only for grants administered by the Michigan Council for Arts and Cultural Affairs.

The bills were tie-barred, and took effect on January 16, 2009.

Senate Bill 1353

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 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.

Check-offs on the schedule include the Prostate Cancer Research Fund, Amanda's

Fund For Breast Cancer Prevention and Treatment, the Animal Welfare Fund, the Michigan Law Enforcement Officers Memorial Monument Fund, and the Michigan Housing and Community Development Fund.

The bill added the following to the check-off schedule:

- The Michigan Council for the Arts Fund.
- The Foster Care Trust Fund.
- The Children's Miracle Network Fund.
- The Children's Hospital of Michigan Fund.
- The United Way Fund.

The check-offs for the Foster Care Trust Fund, the Children's Miracle Network Fund, the Children's Hospital of Michigan Fund, and the United Way Fund are available for the 2009 tax year and each subsequent tax year.

Senate Bill 1374

The bill created the Michigan Council for the Arts Fund in the Department of History, Arts, and Libraries, and allows money in the Fund to be spent only to fund grants administered by the Michigan Council for Arts and Cultural Affairs.

By November 1 of each year, the Department must provide the Senate and House Appropriations Subcommittees on History, Arts, and Libraries with a report of all revenue to and expenditures from the Fund. The report must include an estimated Fund balance for the fiscal year.

The State Treasurer must direct the investment of the Fund. The Department must administer it and credit to the Fund all amounts appropriated to it and any money received as contributions for purposes under the Act, including money credited to the Fund from income tax check-off contributions, any interest and earnings accruing from the saving and investment of that money, and any other appropriations, money, or things of value received by the Fund. Money appropriated or money received as a contribution to the Fund will be available for disbursement upon appropriation. Money in the Fund at the close of the year is to remain in the Fund and not lapse to the General Fund.

for these grants, of which \$7,154,900 is GF/GP funding.

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MCL 206.435 (S.B. 1353)
399.702 & 399.709 (S.B. 1374)

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

Senate Bill 1353

The bill will 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 new check-offs and whether the addition of choices for check-off contributions will increase the total amount of contributions, or reduce the distribution to any given fund.

Senate Bill 1374

The bill created the Michigan Council for the Arts Fund in the Department of History, Arts, and Libraries (HAL) to support the Arts and Cultural Grants program. The Fund may receive revenue from the income tax check-off created in Senate Bill 1353. The FY 2007-08 appropriation for the arts and cultural grants was \$7,754,000, of which \$7,054,000 was GF/GP funding. The FY 2008-09 HAL budget includes \$8,037,900

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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.