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BILL ANALYSIS

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Senate Bill 1482 (as introduced 9-10-08)
Sponsor: Senator Nancy Cassis
Committee: Finance

Date Completed: 9-10-08

CONTENT

The bill would amend the Income Tax Act to add the State General Fund to the funds listed on the schedule of contribution designations (check-offs) included with a taxpayer's income tax return.

Under the 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.

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 add a check-off for the State General Fund.

(The State General Fund is the State's operating fund. It accounts for the financial resources and transactions not accounted for in other funds.)

MCL 206.435

Legislative Analyst: Craig Laurie

FISCAL IMPACT

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 of Treasury 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.

Fiscal Analyst: Joe Carrasco

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