



Senate Fiscal Agency  
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BILL



ANALYSIS

Telephone: (517) 373-5383  
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Senate Bill 381 (as enacted)  
House Bill 4632 (as enacted)  
Sponsor: Senator Rick Jones (S.B. 381)  
Representative Kevin Cotter (H.B. 4632)  
Senate Committee: Finance  
House Committee: Tax Policy

**PUBLIC ACT 155 of 2012**  
**PUBLIC ACT 154 of 2012**

Date Completed: 6-26-12

### **RATIONALE**

Founded in 1968, Special Olympics provides year-round sports training and athletic competition for children and adults with intellectual disabilities. Special Olympics International is an umbrella organization with regional offices around the globe. The North American Region includes Canada, the Caribbean, and the United States, where the individual states have Special Olympics programs. In this State, Special Olympics Michigan (SOMI) offers 23 sports, in which approximately 20,680 athletes participate. The programs are provided at no cost to the athletes or their families, and SOMI's budget is funded almost entirely by corporate donations, individual gifts, and special events, according to the organization's website. In order to generate additional revenue for Special Olympics Michigan, it was suggested that people should have the opportunity to donate through a check-off on the income tax return.

The bills were tie-barred and took effect on June 5, 2012.

### **Senate Bill 381**

The bill created the Special Olympics Michigan Fund in the Department of Treasury to provide funds for donation to Special Olympics Michigan.

The State Treasurer must credit to the Fund all amounts appropriated for this purpose under Section 435 of the Income Tax Act (which provides for tax check-offs), and money from any other source for deposit into the Fund. The Fund must include these amounts and any interest and earnings from the saving and investment of the tax check-off proceeds.

The money, interest, and earnings of the Fund may be spent solely for donation to Special Olympics Michigan.

### **CONTENT**

**Senate Bill 381** enacted the "Special Olympics Michigan Fund Act" to create the Fund, require amounts from an income tax check-off to be credited to it, and provide for distribution of money in the Fund to Special Olympics Michigan. **House Bill 4632** amended the Income Tax Act to create a tax check-off for the Fund, beginning with the 2012 tax year.

The money in the Fund that is available for distribution must be appropriated each year. Money granted or received as a gift to the Fund will be available for distribution upon appropriation. Money in the Fund at the close of the fiscal year will remain in the Fund.

The State Treasurer must direct the investment of the Fund, and the Department will be the administrator of the Fund for auditing purposes.

## **House Bill 4632**

Section 435 of the Income Tax Act allows an individual to 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 check-offs to be included with an annual income tax return. New check-offs must be incorporated as soon as practical on the schedule, which may not include more than 10 separate check-offs in any single tax year. The Department must cease to include a check-off if it fails to raise \$50,000 in any tax year for two consecutive tax years.

Check-offs on the schedule include the Animal Welfare Fund, the Children of Veterans Tuition Grant Program, the Children's Trust Fund, the Girl Scouts of Michigan Fund, the Military Family Relief Fund, and the United Way Fund.

Under the bill, the schedule also must include the Special Olympics Michigan Fund, for the 2012 tax year and each subsequent tax year.

MCL 206.941-206.949 (S.B. 381)  
206.435 (H.B. 4632)

### **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**

Special Olympics is the world's largest movement dedicated to promoting respect, acceptance, inclusion, and dignity for children and adults with intellectual disabilities, through sports, competition, and socialization. Competitions take place at local, regional, state, national, and world levels. In Michigan, the program offers eight State-level competitions, district basketball tournaments, and more than 400 competitions statewide each year. In addition to the nearly 20,700 athletes who participate, thousands of volunteers contribute their time, energy, and expertise by serving as coaches, sports officials, committee members, and on-site volunteers at competitions. The organization not only helps the athletes to develop physical skills,

but also teaches them to lead healthy lifestyles.

Special Olympics Michigan is a 501(c)(3) nonprofit organization supported almost entirely by private donations, without State funding and without charge to the participants. The bills will give Michigan taxpayers an easy and convenient way to contribute to this organization through a check-off on the income tax form.

Legislative Analyst: Suzanne Lowe

### **FISCAL IMPACT**

The revenue from the new income tax check-off for the Special Olympics Michigan Fund will depend on the size and number of taxpayer donations. The income tax check-off revenue history in recent years is summarized in Table 1 below. The bills will increase the costs of the Department of Treasury by a minimal amount to administer and track the revenue from the new check-off.

**Table 1**  
**Estimated Income Tax Check-Off Donations by Fund**

	Tax Year 2009		Tax Year 2010		Tax Year 2011 <sup>a)</sup>	
	Number of Donations	Total Donated	Number of Donations	Total Donated	Number of Donations	Total Donated
Amanda's Fund for Breast Cancer	3,754	\$37,818				
Animal Welfare Fund <sup>1)</sup>	7,854	100,862	10,852	\$148,164	10,800	125,636
Children's Hospital of MI Fund	5,661	61,186	7,418	90,853		
Children's Miracle Network Fund	3,432	35,357	4,707	56,901		
Children's Trust Fund <sup>1)</sup>	17,244	185,407	7,387	92,631	8,499	88,839
Children of Veterans Tuition Grant Program <sup>1)</sup>	15,225	126,531	5,928	76,417	5,878	70,374
Foster Care Trust Fund	2,407	24,123	3,467	40,057		
Girl Scouts of Michigan Fund <sup>1)</sup>					3,500	44,163
Michigan Military Relief Fund <sup>1)</sup>	22,432	273,428	7,443	128,603	9,463	134,757
Michigan Council for the Arts Fund	2,598	27,978	3,356	34,677		
Michigan Housing and Community Development Fund	1,618	17,415				
Michigan Law Enforcement Memorial Fund	2,492	27,457				
Prostate Cancer Research	2,920	29,319				
Renewable Fuels Fund	2,157	18,247	2,589	23,648		
United Way Fund <sup>1)</sup>	5,736	241,797	7,747	389,080	5,574	163,937
<b>Total</b>		<b>\$1,206,925</b>		<b>\$1,081,031</b>		<b>\$627,706</b>

<sup>a)</sup> Collections through April 22, 2012.

<sup>1)</sup> Check-offs on the 2011 contribution schedule.

Source: Department of Treasury

Fiscal Analyst: Elizabeth Pratt

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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.