



Senate Fiscal Agency  
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## BILL ANALYSIS



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House Bills 4817 and 4818 (as passed by the House)  
Sponsor: Representative Brandt Iden  
House Committee: Tax Policy  
Senate Committee: Finance

Date Completed: 2-10-16

**CONTENT**

**House Bill 4817 would enact the "Michigan Junior Achievement Fund Act" to create the "Michigan Junior Achievement Fund" in the Department of Treasury to provide funds for donation to any Junior Achievement organization in the State; and require money from a proposed tax check-off to be credited to the Fund.**

**House Bill 4818 would amend the Income Tax Act to include the Michigan Junior Achievement Fund among the funds eligible for voluntary contributions on the State income tax return, starting in the 2016 tax year.**

The bills are tie-barred.

**House Bill 4817**

The Michigan Junior Achievement Fund would be created in the Department of Treasury to provide funds for donation to any Junior Achievement organization located in Michigan to "inspire and prepare young people to succeed in a global economy by showing them how to generate wealth and effectively manage it, how to create jobs which make their communities more robust, and how to apply entrepreneurial thinking to the workplace". 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 House Bill 4818 would amend).

The Fund would consist of the money credited to it pursuant to Section 435, any interest and earnings accrued from the saving and investment of that money, and other appropriations, money, or other things of value received by the Fund. The State Treasurer would have to direct the investment of the Fund.

The money, interest, and earnings of the Fund would have to be spent solely for the purposes described in the bill. Money granted or received as a gift or donation to the Fund would be available for distribution upon appropriation to each county from which a contribution, gift, or donation was received.

Money from the Fund could be used as matching funds for a Federal grant if those funds were used for financial literacy, entrepreneurship, and workforce readiness with Junior Achievement organizations in Michigan, and for the purposes described above.

The money in the Fund that was available for distribution would have to be appropriated each year. Money in the Fund at the close of the year would remain in the Fund and could not lapse to the General Fund.

## **House Bill 4818**

Section 435 of the Income Tax Act allows an individual to designate on his or her annual State income tax return that contributions of \$5, \$10, or more of his or her refund be credited to any of the funds listed in that section (check-offs). If an individual's refund is not sufficient to make a contribution, the person may designate a contribution amount to be added to his or her tax liability for the tax year.

The Department of Treasury is required to prepare a contributions schedule that includes the authorized funds. The schedule may not include more than 10 separate check-offs in a single year, and the Department must discontinue a check-off that fails to raise \$50,000 in a tax year for two consecutive years.

Check-offs for the following are currently authorized: the ALS of Michigan ("Lou Gehrig's Disease") Fund; Alzheimer's Association of Michigan; Children of Veterans Tuition Grant Program; the Children's Trust Fund; the Military Family Relief Fund; the Animal Welfare Fund; the United Way Fund; and Special Olympics Michigan.

The bill would add the Michigan Junior Achievement Fund, beginning in the 2016 tax year.

MCL 206.435 (H.B. 4818)

Legislative Analyst: Drew Krogulecki

### **FISCAL IMPACT**

The bills would have no impact on State revenue and would result in minor administrative expenses. The money raised by the check-off boxes on the income tax form does not go toward general State revenue and instead is deposited into the various designated funds before being credited to the intended organizations. Each of these check-off boxes generally raises less than \$100,000 in any given year.

The administrative expenses under the bills would include managing the proposed Michigan Junior Achievement Fund and making changes to the tax form. The Fund management expenses would be minimal and covered by current appropriations. Changes to the income tax form occur every year and including the proposed check-off box would not result in additional costs outside of the current procedure for creating tax forms for any given year.

Fiscal Analyst: Cory Savino

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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.