



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 740 (Substitute S-1 as passed by the Senate)
Senate Bill 741 (Substitute S-3 as passed by the Senate)
Senate Bill 1181 (Substitute S-1 as passed by the Senate)
Senate Bill 1182 (as passed by the Senate)

Sponsor: Senator Gary Peters (S.B. 740 & 741)
Senator Joanne G. Emmons (S.B. 1181)
Senator Alma Wheeler Smith (S.B. 1182)

Committee: Finance

Date Completed: 1-29-97

RATIONALE

Breast cancer and prostate cancer have been and remain persistent health problems in Michigan. According to the Department of Community Health, breast cancer claimed 1,597 lives in 1992, 1,540 in 1993, and 1,684 in 1994; deaths attributed to prostate cancer numbered 1,299 in 1992, 1,340 in 1993, and 1,201 in 1994. These figures, however, reflect only a percentage of the persons during that time, and since, who have been diagnosed with either form of cancer. (For instance, in 1994, there were 6,930 new cases of prostate cancer and 6,044 new cases of breast cancer.) Some people feel that the creation of a permanent breast cancer and prostate cancer fund, to be used for early diagnosis, screening, and research, would help the State to combat these diseases. Currently, taxpayers may use income tax check-offs to designate \$2 or more of their income tax refunds to the Children's Trust Fund (which is used to help prevent child abuse and neglect) and the Nongame Fish and Wildlife Fund (which provides funding for nongame and endangered animals and plants and their habitats). It has been suggested that another check-off be created to allow persons to designate a portion of their income tax refunds to a proposed breast cancer and prostate cancer fund.

CONTENT

Senate Bill 740 (S-1) would add a new section to the Income Tax Act to allow taxpayers to designate that \$2 or more of their income tax refund be credited to the Breast Cancer and Prostate Cancer Fund; Senate Bill 741 (S-3) would create the "Breast Cancer Research Fund Act" to establish the Breast Cancer

Research Fund; Senate Bill 1181 (S-1) would create the "Prostate Cancer Screening Fund Act" to establish the Prostate Cancer Screening Fund; and Senate Bill 1182 would create the "Breast Cancer and Prostate Cancer Fund Act" to establish the Breast Cancer and Prostate Cancer Fund. All the bills are tie-barred to each other. Following is a detailed description of each bill.

Senate Bill 740 (S-1)

The bill provides that for the 1996 tax year and thereafter, a taxpayer entitled to an income tax refund sufficient to make a designation could designate that \$2 or more of his or her refund be credited (donated) to the Breast Cancer and Prostate Cancer Fund (proposed in Senate Bill 1182). The tax designation would have to be clearly and unambiguously printed on the first page of the State individual income tax form. The designation would remain in effect until the tax year immediately following the tax year in which the State Treasurer certified that the assets in the Breast Cancer and Prostate Cancer Fund exceeded \$20 million. (Money granted or received as gifts or donations to the Fund would not be considered assets.)

Notwithstanding any other allocations or disbursements required under the Income Tax Act, an amount equal to the cumulative designation, less the amount appropriated to the Department of Treasury to implement the bill, would have to be appropriated from the General Fund and deposited in the Breast Cancer and Prostate Cancer Fund and be appropriated solely for the purposes of the Fund.

Senate Bill 741 (S-3)

The bill would establish the Breast Cancer Research Fund in the Department of Community Health (DCH), to provide funds to promote research, early detection programs, and community education relating to breast cancer; and to provide for the distribution of money from the Fund. Fifty percent of the money available for distribution each year would have to be granted to fund proposals for applied breast cancer research; and 50% for early detection and community education programs.

The Fund would consist of the money credited to it pursuant to the proposed Breast Cancer and Prostate Cancer Fund Act, and any interest and earnings accruing from the saving and investment of that money. The Fund could receive appropriations, money, or other things of value. Money appropriated from the Fund would have to be in addition to any allocations made pursuant to existing law, and would be "intended to enhance appropriations from the general fund...and not to replace or supplant those appropriations". The 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.

The DCH would have to do all of the following with the money from the Fund: support the development of the Department's statewide breast cancer control plan; provide information to the public about the value of breast cancer screening and early detection; develop and publicize criteria for proposals to be funded under the bill; and review and approve proposals.

The DCH would have to determine which proposals to fund with money from the Fund. The Department would have to solicit proposals and approve proposals for funding. Proposals could be submitted only by individuals, groups, and institutions with an interest in breast cancer research and breast cancer reduction activities. The DCH would have to review and approve proposals submitted for funding in consultation with the Michigan Cancer Consortium. The Department would have to give preference to proposals that addressed specific geographic areas or population groups that had a rate of breast cancer that was higher than the Michigan average rate of breast cancer. The DCH could fund only proposals submitted by applicants that were located in Michigan and that conducted research or other activity that was the basis for the proposal.

Fifty percent of the money in the Fund available for distribution each year would have to be granted to fund proposals for applied breast cancer research, submitted by applicants for one or more of the following purposes:

- For use as matching funds for a Federal grant for breast cancer research. If money from the Fund were to be used as matching funds for a Federal grant that was not approved for funding, the applicant could not receive the money that was to be used to match that grant.
- To an applicant that was affiliated with one or more of the State's public universities.
- To fund a proposal to be implemented in conjunction with a hospital located in the State.
- To an applicant that had received funding from the National Cancer Institute for breast cancer research for use in the same tax year that the money distributed under the bill was to be used. If money from the Fund were to be used as matching funds for a National Cancer Institute grant that was not approved for funding, the applicant could not receive the money that was to be used to match the grant.

Further, 50% of the available money in the Fund would have to be granted to applicants for early detection and community education programs that could include, but would not be limited to, the following:

- Mobile mammography programs, including maintenance of machines, supplemental expenses incurred to support mammography operators, and other expenses directly related to the testing of patients by mobile programs.
- Community education programs to raise awareness through county, city, or township programs, printing and distribution of materials regarding the risk of breast cancer, and outreach programs to increase participation in early detection programs.

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 not lapse to the General Fund. The State Treasurer would have to direct the investment of the Fund.

Senate Bill 1181 (S-1)

The bill would establish the Prostate Cancer Screening Fund in the Department of Community

Health to provide funds for screening, early detection programs, and community education relating to prostate cancer; and to provide for the distribution of money from the Fund.

The Fund would consist of the money credited to it pursuant to the proposed Breast Cancer and Prostate Cancer Fund Act, and any interest and earnings accruing from the saving and investment of that money. The Fund could receive appropriations, money, or other things of value. Interest earned and earnings accrued from the saving and investment of money in 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. The DCH would have to do all of the following with the money from the Fund: support the development of the Department's statewide prostate cancer control plan; provide information to the public about the value of prostate cancer screening and early detection; develop and publicize criteria for proposals to be funded under the bill; and review and approve proposals to be funded under the bill.

Proposals could be submitted only by individuals, groups, and institutions with an interest in prostate cancer screening and early detection. The DCH would have to solicit proposals for funding; and would have to review and approve proposals submitted for funding in consultation with the Michigan Cancer Consortium. The Department would have to give preference to proposals that addressed specific geographic areas or population groups that had a rate of prostate cancer that was higher than the Michigan average rate of prostate cancer. The DCH could fund only proposals submitted by applicants that were located in Michigan and that conducted research or other activity that was the basis for the proposal. The money in the Fund would have to be distributed to applicants for screening, early detection, and community education programs to raise awareness through county, city, or township programs, printing and distribution of materials regarding the risk of prostate cancer, and outreach programs to increase participation in early detection programs.

The bill provides that if money from the Fund were to be used as matching funds for a Federal grant or a grant from the National Cancer Institute that was not approved for funding, the applicant could not receive money that was to be used to match that grant.

Money in the Fund that was available for distribution would have to be appropriated each

year. Money in the Fund at the close of a year would remain in the Fund and not lapse to the General Fund. The State Treasurer would have to direct the investment of the Fund.

Senate Bill 1182

The bill would establish the Breast Cancer and Prostate Cancer Fund in the Department of Community Health; and provide that each year 50% of the money in the Fund available for distribution would have to be distributed to the Breast Cancer Research Fund (proposed by Senate Bill 741), and 50% distributed to the Prostate Cancer Screening Fund (proposed by Senate Bill 1181).

The bill would require the State Treasurer to credit to the Breast Cancer and Prostate Cancer Fund all amounts appropriated to it pursuant to designations made by taxpayers (as proposed in Senate Bill 740). The Fund could receive appropriations, money, or other things of value; and any interest and earnings accrued from the saving and investing of money in the Fund also would have to be credited to it. The interest and earnings of the Fund would have to be spent and distributed solely as provided in the bill. The money in the Fund available for distribution would have to be appropriated each year.

Until the assets in the Fund exceeded \$20 million, not more than 50% of the money contributed to the Fund each year, plus the earnings credited to it during the immediately preceding fiscal year, would be available for distribution. For each tax year after the tax year in which the State Treasurer certified that the assets in the Fund exceeded \$20 million, only the earnings credited to the Fund would be available for distribution. Money granted or funds received as a gift or donation to the Fund would be available for distribution upon appropriation. Money authorized for expenditure would not be considered an asset of the Fund.

The State Treasurer would have to direct the investment of the Fund. Money in the Fund at the close of a year would not lapse to the General Fund.

Proposed MCL 206.438 (S.B. 740)

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 bills would provide a permanent source of funding that would be used specifically to address two forms of cancer--breast cancer and prostate cancer--that claim the lives of many Michigan residents, and affect the lives of many more, each year. These are two of the most frequently diagnosed types of cancer in men and women, and once they have spread from their original sites they almost always result in the death of the victim. Placing a breast and prostate cancer check-off on the income tax return to allow taxpayers to designate part of their tax refunds to the Breast Cancer and Prostate Cancer Fund would remind taxpayers each year of the seriousness of these forms of cancer and the need to dedicate funds to combat them. Many people in medicine feel that the best tool to fight these types of cancer is early detection. The bills would dedicate money to promote screening, early detection, and community education relating to both breast and prostate cancer.

Opposing Argument

While fighting cancer is a worthy cause, an income tax check-off should not be used to raise revenue for programs related to breast and prostate cancer. The income tax form already contains two check-off opportunities, for child abuse prevention and for nongame wildlife, and the creation of yet another could affect the present check-offs adversely by placing three programs in competition with one another for finite taxpayer generosity. There are any number of important, worthy programs and causes that could use extra funding, and there have been many suggestions through the years to use a check-off for those purposes. It is not clear why breast and prostate cancer should be singled out for special consideration. Further, the income tax form is not necessarily the proper place to request charitable donations.

Response: Part of the Legislature's job is to decide priorities, and these bills would assign priority to reducing the incidence of two devastating types of cancer. Use of the income tax form to give taxpayers an opportunity to make charitable donations has a long history both here and in other states.

Opposing Argument

While the bills are an excellent idea because they would generate money for breast and prostate cancer prevention and research, they should not be limited to those types of cancer alone. There are many different kinds of cancer that affect thousands of people and devastate families. The bills should dedicate money to cancer prevention and research in general, and then let medical professionals decide to direct the money so that it

would be used most effectively year in and year out. Perhaps money generated by the income tax check-off could be directed to various research areas that appear to be close to finding cures for certain forms of cancer.

Response: On the contrary, dedicating the money to a general cancer-related fund would reduce the effectiveness of the limited dollars. The money generated needs to be directed to specific areas in order to be effective. The dire nature of breast and prostate cancer has been demonstrated, and the bills correctly direct the money that would be generated by the check-off to those areas.

Legislative Analyst: G. Towne

FISCAL IMPACT

The bills would have an indeterminate impact on State revenues. If one assumes, however, that the experience of the proposed Breast Cancer and Prostate Cancer Fund would be similar to that of the Children's Trust Fund and the Nongame Fish and Wildlife Fund, then, initially, revenue to the Breast Cancer and Prostate Cancer Fund would be nearly \$1 million annually. If the experience of the Fund remained consistent with the other two funds, and the experience of other states, then, over time, annual revenue would fall by nearly 50% to average approximately \$500,000. (Please note that unpublished analyses of the experience of other states by the Federation of Tax Administrators suggest that adding a new income tax check-off program could result in a loss of revenue to the existing check-off programs of up to 20%, or approximately \$20,000 from each.)

Under the provisions of the bills, between \$125,000 and \$250,000 annually would be deposited each to the Breast Cancer Research Fund and the Prostate Cancer Screening Fund. The amounts in these funds would be available annually for appropriation and expenditure on the projects outlined in the bills. From the amounts available in the two funds, between \$50,000 and \$100,000 would be necessary each year to administer the programs required by the bills.

Fiscal Analyst: P. Graham

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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.