



**House
Legislative
Analysis
Section**

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**INCOME TAX CHECK-OFF: BREAST
CANCER RESEARCH**

**House Bill 6120 as enrolled (vetoed)
Second Analysis (1-15-03)**

**Sponsor: Rep. Patricia Birkholz
House Committee: Tax Policy
Senate Committee: Finance**

THE APPARENT PROBLEM:

A report from the National Cancer Institute estimates that about one in eight women in the United States--just about 13 percent--will develop breast cancer during her lifetime. Indeed, breast cancer is the leading cause of cancer deaths among American women ages 40 to 59. More than 200,000 new cases of the disease are diagnosed each year, and close to 40,000 women die of the disease, annually. According to committee testimony, a woman is diagnosed with breast cancer every three minutes, and breast cancer kills a woman every 12 minutes throughout the year. About 1,500 cases and 400 deaths from breast cancer are expected annually among men, accounting for about one percent of the disease.

The Department of Community Health reports there were 6,795 diagnosed cases of breast cancer among women in Michigan during 1999. During that same year, there were 1,530 breast cancer related deaths. Despite educational health care advisories that promote regular screening and early detection, the rate of new diagnoses and the number of deaths continue: for example, the American Cancer Society reports there were an estimated 6,800 new cases of breast cancer diagnosed among Michigan women during 2001, and during that same year another 1,400 women died from the disease.

Sometimes a predisposition to breast cancer is apparent among women from the same family. For example, one Michigan breast cancer survivor, Amanda Price, was diagnosed with the disease when she was 44-years old. The disease had killed her mother at age 47, and also her maternal grandmother at age 48. Given the threat of early mortality, Price underwent a radical bilateral mastectomy, and now lives cancer-free. (*Grand Rapids Press* 5-25-02)

To fund more research so that the causes of cancer can be discovered and those who suffer from it treated and cured, nine states have enacted income

tax check-off legislation that enables taxpayers to dedicate a portion of their income tax refund to breast cancer research. Legislation also is pending in the U.S. Congress that would allow a \$5 check-off (or \$10 on a jointly filed return) on the federal income tax form. See *BACKGROUND INFORMATION* below.

Legislation has been introduced that would allow Michigan taxpayers to contribute a portion of their income tax refund to breast cancer research, by directing \$2 (or more) to a research fund that would be established in honor of Amanda Price.

THE CONTENT OF THE BILL:

The bill would create an income tax check-off for breast cancer research, and establish a fund to receive donations. Money in the fund would be used to fund breast cancer research and education. The bill is tie-barred to House Bill 6119, or to Senate Bill 1353 (which are identical bills), so that House Bill 6120 could not become law unless one of those bills also was enacted. See *BACKGROUND INFORMATION* below.

House Bill 6120 would create the Amanda's Fund for Cancer Research Act. It would create the "Amanda's Fund for Breast Cancer Research" in the Department of Community Health to provide funds to promote research in Michigan relating to breast cancer. The state treasurer would credit to the fund all amounts appropriated to the fund under the provisions of House Bill 6119 (the net proceeds of income tax check-off contributions). The state treasurer would direct the investment of the fund. Money in the fund at the close of the year would remain in the fund and not lapse to the general fund.

Money in the fund could be used only for the purposes of the bill. The Department of Community Health would be required to:

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- Support the development of a statewide breast cancer research plan;
- Provide information to the public about the value of breast cancer research and early detection;
- Develop and publicize criteria for proposals to be funded under the bill; and
- Review and approve proposals for funding.

The department would determine which proposals to fund, including proposals for applied breast cancer research and community education programs to raise awareness through county, city, or township programs. Proposals could be submitted only by individuals, groups and institutions with an interest in breast cancer research, and priority for funding would be given to proposals submitted by applicants that are located in Michigan and that conduct research or perform other applicable activities in the state. Money in the fund could also be used as matching funds for a federal grant or a grant from the National Cancer Institute.

Money would be available to distribute after it was appropriated to the fund, and available money would have to be appropriated each year.

BACKGROUND INFORMATION:

House Bill 6119 and Senate Bill 1353 are identical bills that would have amended the Income Tax Act (MCL 206.438) to allow, for the 2002 tax year and subsequent years, a taxpayer to designate on his or her annual income tax return a contribution of \$2 or more from the person's tax refund to "Amanda's Fund for Breast Cancer Research". If a person's refund was not sufficient to make a contribution, he or she could still designate a contribution amount and that amount would be added to the person's tax liability for the next year. The bills required that the tax designation described in the bills be clearly and unambiguously marked on the first page of the state income tax return.

Each year that the contribution designation was in effect, the legislature would have been required to make an appropriation of the net proceeds (total contributions less the amount appropriated to the treasury department to implement the program) of the cumulative contributions made by taxpayers under the bills from the general fund for deposit into the "Amanda's Fund for Breast Cancer Research", to be used solely for the purposes of that fund (as proposed in House Bill 6120).

House Bill 6119 was passed by the House and referred to the Senate Finance Committee where it died at the end of the legislative session. Senate Bill 1353 was passed by the Senate and the House, but vetoed by the governor on December 31, 2002.

State and Federal Legislative History. According to the Centers for Disease Control and Prevention (CDC) within the U.S. Department of Health and Human Services, as of May 2000, there were at least nine states that had enacted income tax check-off legislation enabling taxpayers to provide funding for breast cancer research. The states include Illinois (1993), California (1994), Oklahoma (1994), New Jersey (1995), Delaware (1996), New York (1996), Connecticut (1997), Pennsylvania (1997), and Louisiana (1999). In addition, similar legislation has been introduced in the Wisconsin Assembly, and the Maryland House. As states began to consider proposals for breast cancer research in the mid-1990s, the Michigan Senate passed income tax check-off bills to fund research for breast cancer, and also for prostate cancer (Senate Bills 740-741 and 1181-1182 of 1996); however, the bills died on the House calendar without being enacted into law before the end of the legislative session.

At the federal level, H.R. 281, introduced by Representative Peter King (R-New York) would create the Taxpayer's Cancer Research Funding Act of 2001. The bill would permit a taxpayer to contribute \$5 of his or her income tax refund (or \$10 on a jointly filed return) into the Breast and Prostate Cancer Research Fund. The fund would provide for research grants to scientists identified through a process of peer review that would be administered by the National Cancer Institute of the National Institutes of Health.

FISCAL IMPLICATIONS:

The House Fiscal Agency notes that state fiscal impact is an indeterminate amount of general fund/general purpose revenue required to match taxpayer contributions to the fund created under the legislation, less implementation costs. Annual general fund/general purpose revenue needed to match would fluctuate based on total annual contributions. (1-16-02)

ARGUMENTS:

For:

The American Cancer Society reports that in 1998, the Breast Cancer Progress Review Group, a

collaboration formed by the National Cancer Institute of prominent members of the scientific, medical, advocacy, and industry communities, released their recommendations for a national breast cancer research agenda. That report included research goals in biology, etiology, genetics, prevention, detection and diagnosis, treatment, control, and outcomes. Among the goals in the eight areas are the following: 1) to expand knowledge of normal breast development and the earliest breast lesions; 2) to identify modifiable risk factors and to investigate the interaction between genes and environment; 3) to identify genetic mutations that occur at each stage of breast cancer development and progression, and evaluate these changes as targets for intervention; 4) to identify surrogate endpoint bio-markers to serve as early indicators of intervention effectiveness; 5) to develop better breast imaging and other technologies for diagnosis of clinically significant disease and better prediction of clinical outcomes; 6) to encourage development of innovative treatments in academic settings, and to test their effectiveness through better supported, more preventative clinical trials; 7) to gain fuller understanding of mechanisms underlying behavioral change, and identify how psychosocial factors influence disease response and survival; and 8) to better understand the effects of multi-modal treatments, and improve methods to study patient-focused outcomes across the continuum of age and race/ethnicity.

This comprehensive research agenda requires nearly limitless financial and human resources. Michigan taxpayers should join others throughout the nation to contribute to breast cancer research through an income tax check-off. It is estimated that the check-off could raise between \$500,000 and \$1 million each year. Although the amount is a small portion of the total resources need to fund the agenda of research outlined above, *all* contributions, however small, are needed if medical science is to understand the many causes of this disease, and to treat and cure those who suffer it.

Against:

There is no question that cancer research is a good idea. Funding it through an income tax form check-off is not. Until the late 1990s, Michigan taxpayers had two check-off options on their tax forms--one allowed contributions to the Non-Game Fish and Wildlife Fund, and the other to the Children's Trust Fund. If the experience with those check-off funds can be generalized to all such funds, then one would expect to see contributions of nearly \$1 million annually in the early years of a fund, but that level of charitable giving would fall precipitously in a short

time, to about \$500,000 annually. What's more, upwards of 2.5 percent of the taxpayers' contribution must be used by the departments to cover administrative costs. Finally, there is a conventional belief--bolstered by the advantage of common sense--held by those who administer the income tax program, that taxpayer compliance falls off when the tax form becomes lengthy, and is used as a way to direct taxpayer refunds to charitable organizations. The charities to which taxpayers could direct a small portion of their refund are undoubtedly worthy; however, taxpayers should make their contributions--in this case to breast cancer research--via the existing network of nonprofit research organizations.

Against:

A representative of the Department of Treasury testified in opposition to the bills that would create the new income tax check-off, as they made their way through the legislative process. The governor then vetoed House Bill 6120 on December 30, 2002, and Senate Bill 1353 on December 31, 2002. In his veto message the governor states: "Given the current budget restraints we cannot add new burdens on the Department of Community Health, at the (sic) time. A short-term alternative is to compete more effectively for federal money, and to support outstanding private sector efforts like those of the Susan B. Komen foundation, which sponsors the annual 'Race for the Cure'. For the above stated reason, I am returning Enrolled House Bill 6120 without signature."

Analyst: J. Hunault

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.