Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

House Bill 5091 (as passed by the House)
Sponsor: Representative Bill Caul
House Committee: Tax Policy
Senate Committee: Appropriations

Date Completed: 11-1-05

**CONTENT**

The bill would amend the Income Tax Act to allow a taxpayer to designate on his or her annual return, beginning with the 2006 tax year, a contribution of $2 or more to the Michigan Higher Education Assistance Authority for the Children of Veterans Tuition Program. The contribution would be subtracted from the taxpayer's refund or added to the taxpayer's liability. The bill would require that each year, an amount equal to the cumulative contributions made under the bill be appropriated from the General Fund to the Children of Veterans Program of the Michigan Higher Education Assistance Authority for programs allowed under the Children of Veterans Tuition Act (proposed by House Bill 4001) No money from the contributions could be used for administration of the bill.

Under the Children of Veterans Tuition Program, the children of a Michigan veteran who was killed, died from disabilities, is listed as missing in action, or is judged to be 100% disabled as a result of military service-related injuries, may receive up to $2,800 annually for undergraduate tuition costs at a degree- or certificate-granting public or independent nonprofit college or university, junior college, or community college in the State.

The bill is tie-barred to House Bills 4001 and 4002.

Proposed MCL 206.437

**FISCAL IMPACT**

The bill would have an indeterminate fiscal impact on the State. The number of individuals who might choose to contribute $2 or more to the Children of Veterans Program, and the annual amount raised in any given year by such contributions, cannot be determined. In the past, when the State of Michigan permitted income tax check-off contributions between 1991 and 1999 for the Children's Trust Fund and the Non-game Wildlife Fund, annual contributions averaged $771,351 and $569,081, respectively. (The check-off for the Children's Trust Fund was reinstated by Public Act 160 of 2005.)

An income tax check-off was established for the Military Family Relief Fund by Public Act 364 of 2004. The first year of collections (for tax year 2005) totaled $1.2 million.

Fiscal Analyst: Bruce R. Baker

SAS\S0506\s5091sa