

Legislative Analysis



HOME HEATING CREDIT FUND ACT

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House Bill 4064

Sponsor: Rep. Mike Nofs

Committee: Energy and Technology

Complete to 3-6-07

A SUMMARY OF HOUSE BILL 4064 AS INTRODUCED 1-22-07

The bill would establish a Home Heating Credit Fund within the Department of Treasury to fund home heating credits under the Income Tax Act to the extent that those credits are not fully funded by federal low income home energy assistance program block grant funds.

Revenue for the Fund. As introduced, the bill specifies that the Fund would receive contributions from the following sources:

- Amounts contributed from a proposed checkoff on the state individual income tax form.
- Amounts designated from oil and gas severance tax revenue under other proposed legislation.

Structure of the Fund. The Fund would be a separate fund in the Department of Treasury. The state treasurer would direct the investment of the Fund, and the Fund's interest earnings would be credited to it. Grants, gifts, and donations to the Fund would be available for disbursement upon appropriation. Money in the Fund at the close of the fiscal year would remain in the Fund and not lapse to the General Fund.

Purpose of Fund. The Fund could be used only to pay home heating credits claimed under the Income Tax Act, to the extent that those credits were not fully funded by federal low income home energy assistance program block grant funds. Money in the Fund could not be used as replacement funds

Tie-Bars. As introduced, House Bill 4064 is tie-barred to both House Bill 4061 and House Bill 4063. House Bill 4061 proposes distributing up to \$6 million in revenue from the oil and gas severance tax to the new Home Heating Credit Fund. House Bill 4063 would allow taxpayers to contribute \$5 or more to the Fund by designating a portion of an income tax refund or adding the amount to the amount the taxpayer's liability. (House Bill 4280 would also create this kind of income tax checkoff.)

FISCAL IMPACT:

House Bill 4064 would establish a Home Heating Credit Fund to accept revenue from the proposed income tax check off (HB 4063 and HB 4080) and up to \$6 million from the

severance tax (HB 4061) and to pay out home heating credits to taxpayers that qualify. Under the proposed checkoff, taxpayer donations would come from their income tax refund or would increase their tax liability. Based on data from Michigan and other states, between \$500,000 and \$1.5 million could be generated from this checkoff.

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