

Legislative Analysis



HOME HEATING CREDIT FUND & TAX CHECKOFF

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4064 (Proposed Substitute H-2)

Sponsor: Rep. Mike Nofs

House Bill 4280 (Proposed Substitute H-2)

Sponsor: Rep. Frank Accavitti

Committee: Energy and Technology

Complete to 3-13-07

A SUMMARY OF HOUSE BILLS 4064 (H-2) AND 4280 (H-2)

House Bill 4064 (H-2) would create a new Home Heating Fund to fund home heating credits under the Income Tax Act to the extent that those credits are not fully funded with federal block grant funds. House Bill 4280 (H-2) would amend the Income Tax Act to allow taxpayers to contribute to the Home Heating Credit Fund through a checkoff. The two bills are tie-barred which means that unless both are enacted, neither will take effect.

More detail is provided below.

House Bill 4064 (H-2)

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. The Fund would consist of moneys credited to it under the income tax checkoff proposed in House Bill 4280, interest and investment earnings, and any other appropriations, money, or other things of value received by the Fund.

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.

House Bill 4280 (H-2)

The bill would amend the Income Tax Act to allow taxpayers to contribute to the Home Heating Credit Fund on their annual income tax return in a manner and form prescribed by the Department of Treasury.

A taxpayer could designate a portion of a refund in \$5 increments or could make a contribution in any amount that added to the taxpayer's liability. The bill would apply to the 2008 tax year and beyond.

The bill would require an annual appropriation from the General Fund in an amount equal to the cumulative designations made by taxpayers to the Home Heating Credit Fund. Such an appropriation is intended to enhance appropriations from the General Fund and not to replace those appropriations.

MCL 206.436

FISCAL IMPACT:

House Bill 4064 would establish a Home Heating Credit Fund to accept revenue from the proposed income tax checkoff and to pay out home heating credits to qualified taxpayers.

House Bill 4280 would amend the income tax act to allow taxpayers to contribute \$5 or more to the Home Heating Credit Fund. 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 the checkoff.

Legislative Analyst: Shannan Kane
Fiscal Analyst: Rebecca Ross

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