



Senate Fiscal Agency
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**BILL ANALYSIS**

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Senate Bill 53 (Substitute S-2 as reported by the Committee of the Whole)
Sponsor: Senator Gretchen Whitmer
Committee: Finance

CONTENT

The bill would amend the City Income Tax Act to specify the content of a city ordinance creating a check-off on a city tax return for a charitable purpose. The bill is tie-barred to House Bill 4120, which would amend the Act to authorize a city to amend its income tax ordinance to allow one or more check-offs on an annual city income tax return.

Under the Senate bill, a taxpayer could contribute a specified portion of his or her tax refund to a check-off fund created by the city. If the taxpayer's refund were not sufficient to make a contribution, the taxpayer could designate a contribution amount that would be added to his or her liability.

A check-off fund would be a restricted fund within the general fund of the city and would be subject to the following:

- The money in the fund as well as any interest or earnings accrued from the saving and investment of that money (directed by the city treasurer) could be spent for the charitable purposes specified in the amendment allowing the check-off.
- Each year that the check-off was in effect, an amount equal to the cumulative contributions, less the amount appropriated to the city for implementation (which could not exceed 10% of the cumulative contributions), would have to be deposited into the fund.
- Money in the fund at the end of the year would remain in the fund and would not lapse to the general fund or any other fund of the city.

Proposed MCL 141.636

Legislative Analyst: Craig Laurie

FISCAL IMPACT

The bill would have no effect on State revenue or expenditures. The bill would have a likely negligible effect on local unit revenue and expenses. Of 1,775 local units, only 22 cities levy a city income tax and could potentially be affected by the bill; other local units would not be affected. To the extent that the bill resulted in increased contributions, the bill could increase local unit revenue in the affected cities. Similarly, to the extent that the bill reduced the number of refund checks a local unit must process, the bill would decrease local unit expenses. Under current law, taxpayers already may make contributions to a city and/or indicate that any refund be carried forward to reduce future liability. As a result, any change resulting from the bill is expected to be negligible.

Date Completed: 3-15-07

Fiscal Analyst: David Zin

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Analysis available @ <http://www.michiganlegislature.org>

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