



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

Senate Bill 53 (as introduced 1-24-07)
Sponsor: Senator Gretchen Whitmer
Committee: Finance

Date Completed: 3-7-07

CONTENT

The bill would amend the City Income Tax Act to authorize a city to adopt an ordinance allowing one or more check-offs on an annual city income tax return. A check-off would permit a taxpayer to contribute a specified portion of his or her tax refund to a particular check-off fund created by the city.

If the specified portion of a taxpayer's refund designated for the check-off contribution exceeded the actual amount refunded, the taxpayer could designate a contribution amount that would be added to his or her liability.

If a city chose to adopt an ordinance to create a check-off fund, the ordinance would have to include the tax years to which it would apply as well as the specific purpose for which the money designated by taxpayers to the check-off fund would be used. The city would be required to print clearly the purpose for which the money in the check-off fund would be used on the annual return or in an instruction book that accompanied the annual return.

A check-off fund would be considered 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 solely for the purposes specified in the ordinance that created the fund.
- 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, 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 of the city.

Proposed MCL 141.510 & 141.636

Legislative Analyst: Craig Laurie

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: David Zin

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