



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 515 (Substitute S-1 as reported)
Sponsor: Senator Jason E. Allen
Committee: Finance

CONTENT

The bill would amend the Income Tax Act to eliminate the sunset on the Military Family Relief Fund income tax check-off. The check-off currently applies to tax years beginning after December 31, 2003, and before January 1, 2008. In addition, beginning on January 1, 2010, the bill would require the fund to be offered and administered in accordance with Section 435 of the Act. Also effective January 1, 2010, the contribution designation would no longer have to be printed on the first page of the State individual income tax return and instead would be incorporated into the contributions schedule created by the Department of Treasury pursuant to Section 435.

(Section 435 would be added by Senate Bill 347. As passed by the Senate, Senate Bill 347 (S-2) would allow an individual to designate on his or her annual tax return that contributions of \$5, \$10, or more of his or her State income tax refund (or additional tax liability) be credited to any of the funds specified in Section 435. Senate Bill 347 (S-2) also would require the Department of Treasury to create a schedule of the check-offs to be included with an annual income tax return and allow it to discontinue a check-off that failed to raise \$100,000 in a tax year for two consecutive years.)

MCL 206.438

Legislative Analyst: Craig Laurie

FISCAL IMPACT

While it is difficult to predict the exact amount of revenue that could be realized as a result of eliminating the sunset, several hundred thousand dollars annually should be expected (\$200,000 to \$500,000). The income tax check-off program for the Military Family Relief Fund has seen a decline in collections from initial contributions, from \$1,183,029 in tax year 2004 to \$423,822 in tax year 2006. This is a trend that mirrors the track record of most income tax check-off programs over time.

It should be noted that there are other sources of revenue for the Fund, including common cash interest earnings (\$219,843.44 to date) and other contributions (\$38,234 to date).

Date Completed: 7-20-07

Fiscal Analyst: Bruce Baker