



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536



Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 1353 (as introduced 5-28-08)
Sponsor: Senator John Pappageorge
Committee: Finance

Date Completed: 6-19-08

CONTENT

The bill would amend the Income Tax Act to add the "History, Arts, and Libraries Fund" to the funds listed on the schedule of contribution designations (check-offs) included with a taxpayer's income tax return.

Contributions to the Fund would have to be used solely to fund grants administered by the Michigan Council for Arts and Cultural Affairs. (The Fund was created in the Department of History, Arts, and Libraries by Public Act 117 of 2007, the fiscal year 2007-08 appropriation act for the Department.)

Under the Income Tax Act, an individual may 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 the Act. The Department of Treasury must create a schedule of the specified check-offs to be included with an annual income tax return. New check-offs added to the Act must be incorporated as soon as practical on the schedule, and the Department may discontinue a check-off that fails to raise \$100,000 in a tax year for two consecutive years.

Currently, check-offs on the schedule include the Children of Veterans Tuition Grant Program, the Children's Trust Fund, the Prostate Cancer Research Fund, Amanda's Fund For Breast Cancer Prevention and Treatment, the Animal Welfare Fund, and the Michigan Housing and Community Development Fund.

MCL 206.435

Legislative Analyst: Craig Laurie

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on State government. Each time a check-off is added, the Department of Treasury incurs administrative costs for implementing the necessary changes to the forms, and for processing the various contributions. In 2005, the Department of Treasury received \$2.2 million in total contributions to the three check-offs then available. On average, the total amount of contributions in a given tax year has ranged from \$1.5 million to \$3.5 million, and the amount per check-off has varied from \$300,000 to \$2.1 million. It is difficult to predict the popularity of a new check-off and whether the addition of choices for check-off contributions would increase the total amount of contributions, or reduce the distribution to any given fund.

Fiscal Analyst: Stephanie Yu

S0708\sb1353sa

This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.