

Legislative Analysis



RED CROSS INCOME TAX CHECKOFF

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House Bill 4497

Sponsor: Rep. Mark Ouimet

House Bill 4498

Sponsor: Rep. Chuck Moss

Committee: Tax Policy

Complete to 4-8-11

A SUMMARY OF HOUSE BILLS 4497 & 4498 AS INTRODUCED 3-24-11

The bills would place a checkoff box on the state income tax return to allow taxpayers to make voluntary donations to the American Red Cross Michigan Fund. This new fund would be created in statute to support chapters of the American Red Cross in Michigan. The bills are tie-barred to each other, meaning neither could take effect unless both are enacted.

House Bill 4498 would amend the Income Tax Act (MCL 206.435) to add the American Red Cross Michigan Fund to the list of funds to which a taxpayer could contribute \$5, \$10, or more on an annual tax return. The amount of the contribution is deducted from a refund or added to the amount of tax owed (meaning it has no state revenue impact). Under Section 435, the Department of Treasury has established a separate schedule on the income tax form for contribution designations. The department is authorized remove a contribution designation from the tax forms if that designation fails to raise \$100,000 in any tax year for two consecutive years.

House Bill 4497 would create the American Red Cross Michigan Fund Act. The Fund's purpose would be to provide money for donation to the Michigan chapters of the American Red Cross. The Department of Treasury would be the administrator of the Fund. The Fund would consist of the money credited to it under the checkoff that would be added to the state income tax form by House Bill 4498, any interest and earnings accruing from the saving and investment of that money, and money from any other source. The money, interest, and earnings of the Fund could only be spent for donation to the Mid-Michigan Chapter of the American Red Cross for distribution to Michigan Red Cross chapters.

The state treasurer would direct the Fund's investments. Money in the Fund at the close of a fiscal year would remain in the Fund and not lapse to the General Fund. Further, money in the Fund available for distribution would have to be appropriated each year. Money granted or received as a gift or donation would be available for distribution upon appropriation.

FISCAL IMPACT:

Based on data from Michigan and other states, between \$500,000 and \$1.5 million could be generated from all checkoffs. However, the popularity of a particular checkoff and the addition of choices for checkoff contributions would also affect the revenue generated by each checkoff. Recent data indicates that between \$19,000 and \$265,000 has been generated per individual checkoff. These are voluntary contributions and have no state revenue impact.

The following is a list of designated voluntary contribution totals from the 2009 tax year, according to the Department of Treasury:

Fund	# of contributions	\$\$ of contributions	Av. contribution
Animal Welfare	7,982	103,162	12.92
Children of Vets Tuition Grant	14,965	124,312	8.31
Children's Hospital of Michigan	5,833	63,940	10.96
Children's Miracle network	3,533	36,963	10.46
Children's Trust Fund -- Child Abuse	17,021	183,319	10.77
Foster Care	2,491	25,444	10.21
Council for the Arts	2,692	29,240	10.88
Military Family Relief	22,162	264,733	11.95
Renewable Fuels	2,225	18,828	8.46
United Way	5,934	256,740	43.27
Amanda's Fund/Breast Cancer*	3,803	39,916	10.50
Prostate Cancer Research*	2,959	30,752	10.39
Law Enforcement Officers Memorial Monument*	2,500	27,477	10.99
Michigan Housing & community Development*	1,637	18,718	11.43
Total	95,737	1,223,584	12.78

* Funds removed from the 2010 tax year list for failure to reach \$100,000 in contributions in consecutive years.

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.