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BILL ANALYSIS

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Senate Bills 381 and 382 (as passed by the Senate)
Sponsor: Senator Rick Jones
Committee: Finance

Date Completed: 8-31-11

RATIONALE

Founded in 1968, Special Olympics provides year-round sports training and athletic competition for children and adults with intellectual disabilities. Special Olympics International is an umbrella organization with regional offices around the globe. The North American Region includes Canada, the Caribbean, and the United States, where the individual states have Special Olympics programs. In this State, Special Olympics Michigan (SOMI) offers 23 sports, in which approximately 20,680 athletes participate. The programs are provided at no cost to the athletes or their families, and SOMI's budget is funded almost entirely by corporate donations, individual gifts, and special events, according to the organization's website. In order to generate additional revenue for Special Olympics Michigan, it has been suggested that people should have the opportunity to donate through a check-off on the income tax return.

CONTENT

Senate Bill 381 would create the "Special Olympics Michigan Fund Act" to create the Fund, require amounts from a proposed income tax check-off to be credited to it, and provide for distribution of money in the Fund to Special Olympics Michigan. Senate Bill 382 would amend the Income Tax Act to create a tax check-off for the proposed Fund, beginning with the 2012 tax year.

The bills are tie-barred.

Senate Bill 381

The bill would create the Special Olympics Michigan Fund in the Department of Treasury to provide funds for donation to Special Olympics Michigan.

The State Treasurer would have to credit to the Fund all amounts appropriated for this purpose under Section 435 of the Income Tax Act (which provides for tax check-offs), and money from any other source for deposit into the Fund. The Fund would include these amounts and any interest and earnings from the saving and investment of the tax check-off proceeds.

The money, interest, and earnings of the Fund could be spent solely for donation to Special Olympics Michigan.

The money in the Fund that was available for distribution would have to be appropriated each year. Money granted or received as a gift to the Fund would be available for distribution upon appropriation. Money in the Fund at the close of the fiscal year would remain in the Fund.

The State Treasurer would have to direct the investment of the Fund, and the Department would be the administrator of the Fund for auditing purposes.

Senate Bill 382

Section 435 of the Income Tax Act allows 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 the Act. The

Department of Treasury must create a schedule of the check-offs to be included with an annual income tax return. New check-offs 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.

Check-offs on the schedule include the Animal Welfare Fund, the Children of Veterans Tuition Grant Program, the Children's Hospital of Michigan Fund, the Children's Miracle Network Fund, the Children's Trust Fund, the Foster Care Trust Fund, the Michigan Council for the Arts Fund, the Military Family Relief Fund, the Renewable Fuels Fund, and the United Way Fund. Beginning with the 2011 tax year, the schedule will include a check-off for the Girl Scouts of Michigan Fund.

Under the bill, the schedule also would include the Special Olympics Michigan Fund, for the 2012 tax year and each subsequent tax year.

MCL 206.435 (S.B. 382)

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Special Olympics is the world's largest movement dedicated to promoting respect, acceptance, inclusion, and dignity for children and adults with intellectual disabilities, through sports, competition, and socialization. Competitions take place at local, regional, state, national, and world levels. In Michigan, the program offers eight State-level competitions, district basketball tournaments, and more than 400 competitions statewide each year. In addition to the nearly 20,700 athletes who participate, thousands of volunteers contribute their time, energy, and expertise by serving as coaches, sports officials, committee members, and on-site volunteers at competitions. The organization not only helps the athletes to develop physical skills, but also teaches them to lead health lifestyles.

Special Olympics Michigan is a 501(c)(3) nonprofit organization supported almost entirely by private donations, without State funding and without charge to the participants. The bills would give Michigan taxpayers an easy and convenient way to contribute to this organization through a check-off on the income tax form.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bills would have a minimal impact on the administrative costs of the Department of Treasury, with some minor additional costs to adjust forms and account for revenue from the proposed income tax check-off.

Fiscal Analyst: Elizabeth Pratt

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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.