



Senate Fiscal Agency
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 BILL ANALYSIS

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House Bill 5232 (Substitute H-1 as reported without amendment)

Sponsor: Representative Jeff Farrington

House Committee: Tax Policy

Senate Committee: Finance

CONTENT

The bill would amend Section 435 of the Income Tax Act, which provides for voluntary contributions to various funds (tax check-offs), to do the following:

- Limit the number of separate check-offs to 10 in a single tax year.
- Require the Department of Treasury to discontinue a check-off that failed to raise \$50,000 in a tax year for two consecutive tax years (instead of allowing the Department to discontinue a check-off if it fails to raise \$100,000 in any tax year for two consecutive tax years).
- Require money appropriated to a fund from a check-off to be distributed within one year, and prohibit the money from being used to administer the fund.
- Require the department responsible for administering a fund to designate one local representative or agency to distribute contributions, if the fund were used for donations to multiple organizations in the State.
- Identify factors the Legislature would have to consider in determining whether to add check-offs to the schedule.

MCL 206.435

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bill would simplify the administration of the funds that receive donations through individual income tax returns. This would reduce the administrative costs of the Department of Treasury by an unknown amount. The table below lists the revenue through April 22, 2012, for the funds listed on the tax form in 2011.

	Number of Donations	Total Donation
Animal Welfare Fund	10,800	\$125,636
Children's Trust Fund	8,499	88,839
Children of Veterans Tuition Grant Program	5,878	70,374
Girl Scouts of Michigan Fund	3,500	44,163
Military Family Relief Fund	9,463	134,757
United Way Fund	5,574	163,937
Total		\$627,706

Source: Michigan Department of Treasury

Date Completed: 5-14-12

Fiscal Analyst: Elizabeth Pratt