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BILL ANALYSIS



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Senate Bills 428 and 429 (as introduced 7-1-15)
Sponsor: Senator Rick Jones
Committee: Finance

Date Completed: 9-15-15

CONTENT

Senate Bill 428 would create the "American Red Cross Michigan Fund Act", to do the following:

- Create the "American Red Cross Michigan Fund" within the Department of Treasury for the purpose of providing funds for donation to the Michigan chapters of the American Red Cross.
- Require money raised from a proposed tax return check-off to be credited to the Fund.
- Require that the money, interest, and earnings of the Fund be spent solely for donation to the Mid-Michigan Chapter of the American Red Cross for further distribution to other Michigan chapters.

Senate Bill 429 would amend the Income Tax Act to include the proposed American Red Cross Michigan Fund among the funds eligible for voluntary contributions on the State income tax return, starting in 2015.

The bills are tie-barred.

Senate Bill 428

The bill would create the American Red Cross Michigan Fund within the Department of Treasury for the purpose of providing funds for donation to the Michigan chapters of the American Red Cross.

The Fund would consist of the money credited to the Fund under Section 435 of the Income Tax Act (the section Senate Bill 429 would amend), any interest and earnings accrued from the saving and investment of that money, and money from any other source. The State Treasurer would have to credit to the Fund all amounts appropriated for that purpose under Section 435 and money from any other source for deposit into the Fund.

The bill would require the money, interest, and earnings of the Fund to be spent solely for donation to the Mid-Michigan Chapter of the American Red Cross for distribution to the Michigan chapters of the American Red Cross. The money in the Fund that was available for distribution would have to be appropriated each year. Money granted or received as a gift or donation to the Fund would be available for distribution after appropriation.

The Department of Treasury would be the administrator of the Fund for auditing purposes, and the State Treasurer would have to direct its investment. Money in the Fund at the close of the year would remain in the Fund and would not lapse to the General Fund

Senate Bill 429

Section 435 of the Income Tax Act allows an individual to designate on his or her annual State income tax return that contributions of \$5, \$10, or more of his or her refund be credited to any of the funds listed in that section (check-offs). If an individual's refund is not sufficient to make a contribution, he or she may designate a contribution amount to be added to his or her tax liability for the tax year.

The Department of Treasury is required to prepare a contributions schedule that includes the authorized funds. The schedule may not include more than 10 separate check-offs in a single year, and the Department must discontinue a check-off that fails to raise \$50,000 in a tax year for two consecutive years.

Check-offs for the following are currently authorized: the ALS of Michigan ("Lou Gehrig's Disease") Fund; Alzheimer's Association of Michigan; Children of Veterans Tuition Grant Program; the Children's Trust Fund; the Military Family Relief Fund; the Animal Welfare Fund; the United Way Fund; Special Olympics Michigan; the Michigan Amber Alert Fund; and the Michigan Alzheimer's Association Fund.

The bill would add the American Red Cross Michigan Fund, beginning in the 2015 tax year.

MCL 206.435 (S.B. 429)

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bills would have a minimal cost to the State and no fiscal impact on local units of government. There would be an initial cost to set up the proposed Fund and begin the investments; after that, the Department of Treasury estimates that the ongoing costs would drop to \$10,000 a year and the Department would be able to cover the costs with current appropriations.

Fiscal Analyst: Cory Savino

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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.