



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

BILL



ANALYSIS

**Telephone: (517) 373-5383**  
**Fax: (517) 373-1986**

Senate Bills 816 and 817 (as enacted)  
Sponsor: Senator Marty Knollenberg  
Senate Committee: Finance  
House Committee: Tax Policy

**PUBLIC ACTS 256 & 257 of 2018**

Date Completed: 2-11-19

**CONTENT**

**Senate Bill 816 amended the Income Tax Act to include the Michigan World War II Legacy Memorial Fund, the Fostering Futures Scholarship Trust Fund, and the Lions of Michigan Foundation Fund among the funds eligible for voluntary contributions on the State income tax return, starting in 2018.**

**Senate Bill 817 enacted the "Michigan World War II Legacy Memorial Fund Act" to do the following:**

- Create the "Michigan World War II Legacy Memorial Fund" for the purpose of providing funds for donation to the Michigan World War II Legacy Memorial organization to assist in honoring Michigan residents who served during World War II.**
- Require money raised from the 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 Michigan World War II Legacy Memorial organization.**

The bills took effect on June 28, 2018.

**Senate Bill 816**

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 that 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.

The 2017 Michigan Voluntary Contributions Schedule included the following check-offs: the American Red Cross Michigan Fund; the Animal Welfare Fund; the Children's Trust Fund; the Michigan Junior Achievement Fund; the Military Family Relief Fund; and the United Way Fund.

The bill adds the Michigan World War II Legacy Memorial Fund, the Fostering Futures Scholarship Trust Fund, and the Lions of Michigan Foundation Fund to the list of check-offs, beginning in 2018.

### **Senate Bill 817**

The bill creates the Michigan World War II Legacy Memorial Fund within the Department of Treasury for the purpose of providing funds for donation to the Michigan World War II Legacy Memorial organization to assist in honoring Michigan residents who served in the armed forces and on the home front during World War II and building Michigan's official tribute to them.

The Fund consists of the money credited to it under Section 435 of the Income Tax Act, any interest and earnings accruing from the saving and investment of that money, and money from any other source. The State Treasurer must 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 requires the money, interest, and earnings of the Fund to be spent solely for donation to the Michigan World War II Legacy Memorial organization. The money in the Fund that is available for distribution must be appropriated each year. Money granted or received as a gift or donation to the Fund is available for distribution after appropriation.

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

MCL 206.435 (S.B. 816)

### **BACKGROUND**

The Michigan World War II Legacy Memorial is an organization with the stated mission of honoring Michigan residents who served in the United States Armed Forces and on the home front during World War II. The organization has created a plan to build a World War II memorial in the Detroit area to serve this purpose and to educate future generations about Michigan's contribution to the war effort.

The Fostering Futures Scholarship provides eligible foster youth with scholarship funds for tuition, fees, room and board, books, and supplies and equipment required for enrollment. Public Act 525 of 2008 established the Fostering Futures Scholarship Trust Fund in the Department of Treasury.

According to its website, Lions Clubs International is "a volunteer organization dedicated to leadership development through community service". The organization states that it includes 1.4 million members across 210 countries who work together to address community challenges and needs, such as cleaning up local parks and providing supplies to national disaster victims. There are over 12,000 members and 500 clubs throughout Michigan. Public Act 255 of 2018 established the Lions of Michigan Foundation Fund in the Department of Treasury.

Legislative Analyst: Drew Krogulecki

### **FISCAL IMPACT**

The bills will have a minimal fiscal impact on the Department of Treasury and no impact on

local units of government. The Department will incur minimal administrative costs to make changes to the Voluntary Contributions Schedule. The cost of modifying the Michigan income tax form is part of annual modifications and is within current appropriations.

The funds previously listed in the Income Tax Act included the Children of Veterans Tuition Grant account, and the Special Olympics, ALS of Michigan, and Alzheimer's Association Funds. These funds generated less than \$50,000 each from tax check-offs in the previous two tax years, which means that they must be removed from the income tax check-off list according to statute. Senate Bill 816 reflects the removal of these funds. Including the Fostering Futures Scholarship, Lions of Michigan Foundation, and Memorial World War II Legacy Funds on the Contributions Schedule will have an ongoing administrative cost of less than \$100 for each Fund.

Fiscal Analyst: Cory Savino

SAS\S1718\s816es

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.