



Senate Fiscal Agency
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Senate Bills 816 and 817 (as passed by the Senate)
Sponsor: Senator Marty Knollenberg
Committee: Finance

Date Completed: 3-15-18

RATIONALE

The Michigan World War II Legacy Memorial is an organization with the stated mission to honor Michigan residents who served in the armed forces and on the home front during World War II. Evidently, the organization has crafted a plan to create a World War II memorial in the Detroit area to serve this purpose. In an effort to assist the Michigan World War II Legacy Memorial organization, memorialize those who served in World War II, whether in combat roles or by contributing to military efforts in Michigan, and educate future generations about the era and Michigan's history, it has been suggested that taxpayers be given an opportunity to donate to the organization when filing their State income tax returns.

CONTENT

Senate Bill 816 would amend the Income Tax Act to include the Michigan World War II Legacy Memorial Fund among the funds eligible for voluntary contributions on the State income tax return, starting in 2018.

Senate Bill 817 would enact 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 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 Michigan World War II Legacy Memorial organization.**

The bills are tie-barred.

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 includes 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 would add the Michigan World War II Legacy Memorial Fund to the list of check-offs, beginning in 2018.

Senate Bill 817

The bill would create 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 would consist 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 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 Michigan World War II Legacy Memorial organization. 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.

MCL 206.435 (S.B. 816)

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

The Michigan WWII Legacy Memorial is planning to build a year-round, multipurpose memorial in Royal Oak to give visitors a destination that describes Michigan's contributions to World War II and encourages them to commemorate and celebrate their freedom. The memorial is expected to be completed six months after construction begins, which is scheduled to occur once the organization raises \$3.0 million.

According to the organization, the proposed memorial would be the State's tribute to the approximately 620,000 Michigan residents who served in the armed forces and anyone else who contributed to the war effort by building weapons, planes, tanks, and other items in Michigan during the war. Many Michigan businesses, such as furniture manufacturers, garment companies, chemical companies, appliance manufacturers, and food suppliers, were converted to produce weapons and goods for the military throughout the war. Michigan proved to be a critical component of America's "Arsenal of Democracy", and the workers who made Michigan an important industrial center for the duration of the war deserve to be celebrated along with the war's veterans.

The memorial is being funded by private donations, corporations, and foundations. Enabling taxpayers to contribute to the Michigan WWII Legacy Memorial through an income tax return check-off would give them an easy and convenient way to assist in the creation of a memorial that would highlight the efforts of Michigan residents who were involved in World War II and educate visitors about their stories and sacrifices during that significant period in world history.

FISCAL IMPACT

The bills would have a minimal fiscal impact on the Department of Treasury and no impact on local units of government. The Department would incur minimal administrative costs to add one new fund to the Voluntary Contributions Schedule. The cost of modifying the Michigan income tax form would be part of annual modifications and within current appropriations.

The funds listed in the Income Tax Act include the Veteran Tuition Grant Fund, Special Olympics, ALS of Michigan, and Alzheimer's Association Funds. These funds have 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 would reflect the removal of these funds.

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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.