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BILL



ANALYSIS

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House Bill 4030 (Substitute H-1 as passed by the House)
House Bill 4031 (as passed by the House)
Sponsor: Representative Wendell L. Byrd
House Committee: Tax Policy
Senate Committee: Finance

Date Completed: 4-30-18

CONTENT

House Bill 4030 (H-1) would amend the Income Tax Act to include a proposed Lions of Michigan Foundation Fund among the funds eligible for voluntary contributions on the State income tax return, starting with the 2018 tax year.

House Bill 4031 would enact the "Lions of Michigan Foundation Fund Act" to do the following:

- Create the "Lions of Michigan Foundation Fund" within the Department of Treasury for the purpose of providing funds for donation to the Lions of Michigan Foundation to assist Michigan Lions Clubs and other charities.
- 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 Lions of Michigan Foundation.

The bills are tie-barred.

House Bill 4030 (H-1)

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 included on the 2017 Michigan Voluntary Contributions Schedule form: 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 Lions of Michigan Foundation Fund to the list of check-offs, beginning in the 2018 tax year.

House Bill 4031

The bill would create the Lions of Michigan Foundation Fund within the Department of Treasury for the purpose of providing funds for donation to the Lions of Michigan Foundation to assist Michigan Lions Clubs and other charities deliver services aimed at helping children and adults with sight and hearing deficiencies and improve the quality of life of people in the State with unmet needs.

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 other appropriations, money, or other things of value received by the Fund. The State Treasurer would have to credit to the Fund all amounts appropriated for that purpose under Section 435.

The money, interest, and earnings of the Fund would have to be spent solely for the purposes described in the proposed Act. 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 upon appropriation to each county from which a contribution, gift, or donation was received. Money from the Fund could be used as matching funds for a Federal grant if those funds were to be used for the purposes described above.

The State Treasurer would have to direct the investment of the Fund. Money in the Fund at the close of the year would have to remain in the Fund and could not lapse to the General Fund.

MCL 206.435 (H.B. 4030)

Legislative Analyst: Drew Krogulecki

FISCAL IMPACT

The bills would have no impact on State revenue and a minimal impact on the Department of Treasury that would be within current appropriations. The one-time costs associated with including an additional income tax check-off option would be part of the annual costs to update the income tax form each year. The ongoing costs associated with administering the Lions of Michigan Foundation Fund would be less than \$100 and within current appropriations.

The bills would have no fiscal impact on local government.

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.