

HOUSE SUBSTITUTE FOR
SENATE BILL NO. 197

A bill to amend 1967 PA 281, entitled
"Income tax act of 1967,"
by amending section 435 (MCL 206.435), as amended by 2016 PA 184.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 435. (1) Except as otherwise provided under this section,
2 ~~for the 2008 tax year and each tax year after the 2008 tax year, an~~
3 individual may designate in a manner and form as prescribed by the
4 department pursuant to subsection (2) on his or her annual return
5 that contributions of \$5.00, \$10.00, or more of his or her refund
6 be credited to any of the following:
7 ~~—— (a) For the 2010 tax year and each tax year after the 2010 tax~~
8 ~~year, the Michigan higher education assistance authority created in~~
9 ~~section 1 of 1960 PA 77, MCL 390.951, for the children of veterans~~

1 ~~tuition grant program created in the children of veterans tuition~~
2 ~~grant act, 2005 PA 248, MCL 390.1341 to 390.1346. No money from the~~
3 ~~contributions designated to this subdivision shall be used for the~~
4 ~~purpose of administering this section.~~

5 (A) ~~(b) For the 2010 tax year and each tax year after the 2010~~
6 ~~tax year, the~~ **THE** children's trust fund created in 1982 PA 249, MCL
7 21.171 to 21.172.

8 (B) ~~(c) For the 2010 tax year and each tax year after the 2010~~
9 ~~tax year, the~~ **THE** military family relief fund created in section 3
10 of the military family relief fund act, 2004 PA 363, MCL 35.1213.

11 (C) ~~(d) The animal welfare fund created in~~ **SECTION 3 OF** the
12 animal welfare fund act, 2007 PA 132, MCL ~~287.991 to~~
13 ~~287.997-287.993.~~

14 (D) ~~(e) For the 2009 tax year and each tax year after the 2009~~
15 ~~tax year, the United Way~~ **THE UNITED WAY** fund created in section 3
16 of the ~~United Way~~ **UNITED WAY** fund act, 2008 PA 527, MCL 333.26533.

17 ~~—— (f) For the 2012 tax year and each tax year after the 2012 tax~~
18 ~~year, the Special Olympics Michigan fund created in section 5 of~~
19 ~~the special Olympics Michigan fund act, 2012 PA 155, MCL 206.945.~~

20 ~~—— (g) For the 2013 tax year and each tax year after the 2013 tax~~
21 ~~year, the ALS of Michigan ("Lou Gehrig's disease") fund created in~~
22 ~~section 3 of the ALS of Michigan ("Lou Gehrig's disease") fund act,~~
23 ~~2013 PA 89, MCL 206.933.~~

24 ~~—— (h) For the 2013 tax year and each tax year after the 2013 tax~~
25 ~~year, the Michigan Alzheimer's Association fund created in section~~
26 ~~5 of the Michigan Alzheimer's association fund act, 2013 PA 88, MCL~~
27 ~~206.965.~~

1 (E) ~~(i)~~—For the 2016 tax year and each tax year after the 2016
2 tax year, the Michigan junior achievement fund created in section 5
3 of the Michigan junior achievement fund act, **2016 PA 181, MCL**
4 **206.1015.**

5 (F) ~~(j)~~—For the 2016 tax year and each tax year after the 2016
6 tax year, the American Red Cross Michigan fund created in section 5
7 of the American Red Cross Michigan fund act, **2016 PA 183, MCL**
8 **206.1035.**

9 (G) **FOR THE 2018 TAX YEAR AND EACH TAX YEAR AFTER THE 2018 TAX**
10 **YEAR, THE FOSTERING FUTURES SCHOLARSHIP TRUST FUND CREATED IN**
11 **SECTION 3 OF THE FOSTERING FUTURES SCHOLARSHIP TRUST FUND ACT, 2008**
12 **PA 525, MCL 722.1023.**

13 (2) Subject to the limitations provided under this subsection,
14 the department shall establish and utilize a separate contributions
15 schedule that incorporates each contribution designation authorized
16 under this section that remains in effect and available for each
17 tax year and shall revise the state individual income tax return
18 form to include a separate line for the total contribution
19 designations made under the separate contributions schedule. The
20 contribution designations authorized under sections 437, 438, and
21 440 shall be incorporated into the contributions schedule for the
22 2010 tax year and shall remain on the schedule until the
23 contribution designation expires by law or is otherwise no longer
24 available as determined by the department pursuant to subsection
25 (3). A contribution designation that is enacted after November 1,
26 2007 shall be incorporated as soon as practical on the
27 contributions schedule, and each new contribution designation shall

1 be listed on the schedule in alphabetical order. The separate
2 contributions schedule required under this section shall include
3 not more than 10 separate contribution designations in any single
4 tax year.

5 (3) The department shall cease to include a contribution
6 designation on the contributions schedule if that contribution
7 designation fails to raise \$50,000.00 in any tax year for 2
8 consecutive tax years.

9 (4) If an individual's refund is not sufficient to make a
10 contribution under this section, the individual may designate a
11 contribution amount and that contribution amount shall be added to
12 the individual's tax liability for the tax year.

13 (5) Notwithstanding any other allocations or disbursements
14 required by this act, each year that a contribution designation
15 under this section is in effect, an amount equal to the cumulative
16 designation made under this section, less the amount appropriated
17 to the department to implement this section, shall be appropriated
18 from the general fund and distributed to the department responsible
19 for administering the appropriate fund to which the taxpayer
20 designated his or her contribution and shall be used solely for the
21 purposes of that fund.

22 (6) Money appropriated pursuant to an appropriations act as
23 required by law in accordance with this section to the department
24 responsible for administering each respective fund shall be in
25 addition to any other allocation or appropriation and is intended
26 to enhance appropriations from the general fund and not to replace
27 or supplant those appropriations.

1 (7) Notwithstanding any other provision of law, all of the
2 following apply:

3 (a) Money appropriated from the contributions made pursuant to
4 this section shall be distributed as provided in each respective
5 fund within 1 year and none of the money appropriated pursuant to
6 this section shall be used for the purpose of administering the
7 fund.

8 (b) If the fund to which the taxpayer designated his or her
9 contributions is to be used for donations to multiple organizations
10 located in this state, the department responsible for administering
11 that fund shall designate 1 local representative or agency of that
12 organization to administer and distribute those funds to other
13 similar organizations in this state as provided in each respective
14 act that created the fund.

15 (8) When considering whether to grant legislative approval to
16 amend the state individual income tax return to include additional
17 contribution designations on the contributions schedule, the
18 legislature shall consider all of the following:

19 (a) Whether the organization serves multiple regions
20 throughout this state.

21 (b) Whether the organization has demonstrated that it is
22 capable of raising more than \$50,000.00 in this state during the
23 tax year through means other than the income tax contribution
24 designation.

25 (c) Whether the organization expends 30% or more of its money
26 to cover administrative and fund-raising costs.

27 (d) Whether the organization had previously been included on

1 the contributions schedule within the last immediately preceding 3
2 years and was removed because it failed to raise a sufficient
3 amount of money as prescribed under subsection (3).

4 (e) Whether the organization receives any other state funds or
5 other type of financial assistance from this state.

6 (f) Whether the organization is associated with a nonprofit
7 charitable organization.

8 Enacting section 1. This amendatory act does not take effect
9 unless Senate Bill No. 196 of the 99th Legislature is enacted into
10 law.