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BILL ANALYSIS



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Senate Bill 1076 (as introduced 9-2-20)
Sponsor: Senator Peter MacGregor
Committee: Finance

Date Completed: 9-30-20

CONTENT

The bill would amend the Income Tax Act to specify that, for the 2020 tax year only, the Department would have to consider each contribution designation on the contributions schedule for the 2019 tax year as having raised sufficient revenue to remain on the 2020 contribution schedule.

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. Under the bill, for the 2020 tax year only, the Department would have to consider each contribution designation on the contributions schedule for the 2019 tax year as raising the sufficient amount of revenue to remain on the contributions schedule for the 2020 tax year regardless of the amount raised.

Check-offs for the following are included on the 2019 Michigan Voluntary Contributions Schedule form: the American Red Cross Michigan Fund; the Animal Welfare Fund; the Children's Trust Fund; the Fostering Futures Scholarship Trust Fund; the Kiwanis Fund; the Lions of Michigan Foundation Fund; the Michigan World War II Legacy Memorial Fund; the Military Family Relief Fund; and the United Way Fund. The bill would remove the Michigan Junior Achievement Fund from the list.

MCL 206.435

Legislative Analyst: Jeff Mann

FISCAL IMPACT

The bill would have no fiscal impact on the State, the Department of Treasury, or local units of government. The Department of Treasury annually updates the income tax return forms, which include the income tax check-off. This means that any changes to the income tax check-off already is accounted for in the Department's current appropriations.

Fiscal Analyst: Cory Savino

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