

PREGNANT AND PARENTING STUDENT SERVICES FUND ADDED AS TAX CHECKOFF

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House Bill 4779 as introduced
Sponsor: Rep. Andrew W. Beeler
Committee: Tax Policy
Complete to 5-25-21

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 4779 would amend Part 1 of the Income Tax Act to add a voluntary contribution designation for the Pregnant and Parenting Student Services Fund beginning with the 2021 tax year and each tax year thereafter. It would also remove from the list of designations those organizations that failed to meet the threshold to remain on the list.

Pregnant and Parenting Student Services Fund

2004 PA 500¹ created the Pregnant and Parenting Student Services Act, which, among other things, established the Pregnant and Parenting Student Services Fund to award grants to institutions of higher education that operate pregnant and parenting student services offices. Such offices are required to perform certain functions, including referrals for care and coordination with service providers, but may not provide referrals for abortion services.

The fund was established in the Department of Treasury upon the bill's enactment and was allowed to receive money from any source, but has never been a tax checkoff designation.

The bill would add the fund to the list of voluntary contribution designations beginning with the 2021 tax year and each tax year thereafter.

Contribution designations

The state income tax return contains a separate voluntary contribution form with checkoff boxes allowing taxpayers to make donations of \$5, \$10, or more to select charitable funds, with the donation either reducing a tax refund or increasing an amount due. The funds become eligible for the contributions through legislative action, as the Income Tax Act must be amended to name the fund. The fund then appropriates money according to the statute that created the fund. Appropriations are generally made to a specific charitable organization or to multiple organizations that support a specific issue or cause. The Income Tax Act provides that the schedule cannot contain more than 10 separate contribution checkoffs in a single year.

The Income Tax Act also requires the Department of Treasury to remove a contribution designation from the schedule if the designation fails to raise \$50,000 in a single tax year for two consecutive tax years. The following funds did not reach that threshold in tax years 2018 and 2019, and the bill would accordingly remove them from the act and the list of contribution designations: Fostering Futures Scholarship Trust Fund, Kiwanis Fund, Lions of Michigan Foundation Fund, and Michigan World War II Legacy Memorial Fund.

¹ House Fiscal Agency analysis of 2004 PA 500/SB 72: <http://www.legislature.mi.gov/documents/2003-2004/billanalysis/House/pdf/2003-HLA-0072-5.pdf>

The 2020 voluntary contributions form² included checkoffs for the American Red Cross Michigan Fund, the Animal Welfare Fund, the Children's Trust Fund, the Military Family Relief Fund, and the United Way Fund.

The following chart shows the voluntary contributions from the 2020 tax year, through May 25, 2021, as provided by the Department of Treasury.

Fund	Contributors	Contributions
Children's Trust Fund	9,140	\$104,214
Military Relief Fund	7,975	\$102,265
Animal Welfare Fund	10,878	\$123,970
United Way Fund	5,908	\$106,182
Red Cross	8,864	\$119,597

MCL 206.435

FISCAL IMPACT:

These are voluntary contributions that have no state revenue impact.

The bills would have an indeterminate, but likely negligible, fiscal impact on the Department of Treasury. The bills may create certain administrative costs in administering the fund and amending tax forms to accommodate the checkoff, but these are expected to be minimal and will be absorbed through current appropriation levels.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.

² https://www.michigan.gov/documents/taxes/4642_674441_7.pdf