

Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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Senate Bill 1353 (Substitute S-1 as passed by the Senate)  
Senate Bill 1354 (as passed by the Senate)  
Sponsor: Senator Leon Stille  
Committee: Finance

Date Completed: 7-10-02

### **RATIONALE**

Breast cancer has been and remains a persistent health problem in the nation. The National Alliance of Breast Cancer Organizations reports that in 2002 over 200,000 new cases of female invasive breast cancer will be diagnosed, and nearly 40,000 women will die from the disease. It is now estimated that one out of every nine women in the United States will develop breast cancer in her lifetime. In Michigan, according to the Department of Community Health, breast cancer claimed 1,538 lives in 1997, 1,459 in 1998, and 1,530 in 1999. These figures, however, reflect only a percentage of the people who, during that time, and since, have been diagnosed with breast cancer. For instance, in 1999 there were 6,795 new cases of breast cancer in Michigan. Some people believe that the creation of a permanent breast cancer fund, to be used for breast cancer research and public education about breast cancer, would help the State combat the disease. It has been suggested that an income tax check-off be created to allow people to contribute to such a fund.

### **CONTENT**

**Senate Bill 1353 (S-1) would amend the Income Tax Act to allow an individual to designate on his or her annual return that a contribution of \$2 or more of his or her refund be credited to "Amanda's Fund for Breast Cancer Research". Senate Bill 1354 would create the "Amanda's Fund for Cancer Research Act" to establish the Fund in the Department of Community Health (DCH), in order to provide funds for the promotion of research in Michigan related to breast cancer.**

### **Senate Bill 1353 (S-1)**

Under the bill, if a taxpayer's refund were not sufficient to make a contribution of \$2 or more to the proposed Fund, the person could designate a contribution amount that would be added to his or her tax liability. Each year that the contribution designation was in effect, an amount equal to the cumulative designation, less the amount appropriated to the Department of Treasury to implement the bill, would have to be appropriated from the General Fund and deposited in the proposed Fund, to be used solely for the purposes of the Fund. The bill would apply to the 2002 tax year and subsequent tax years.

The bill would require that the tax designation be printed clearly and unambiguously on the first page of the State individual income tax return forms as Amanda's Fund for Breast Cancer Research.

The bill is tie-barred to either Senate Bill 1354 or House Bill 6120 (which is similar to Senate Bill 1354).

### **Senate Bill 1354**

The State Treasurer would have to credit to the proposed Fund all amounts appropriated from income tax contributions (as provided in Senate Bill 1353). The DCH would have to use the money in the Fund to support the development of a Statewide breast cancer research plan; provide information to the public about the value of breast cancer research and early detection; develop and publicize criteria for proposals to be funded under the bill; and review and approve proposals for funding.

The DCH would have to solicit proposals and determine which proposals to fund with money from the Fund. Only individuals, groups, and institutions with an interest in breast cancer research activities could submit proposals. The DCH would have to give priority to proposals submitted by applicants that were located in Michigan and conducted the research or other activity that was the basis for a proposal in this State.

The money in the Fund would have to be used to fund, but would not be limited to funding, proposals for applied breast cancer research and community education programs to raise awareness through county, city, or township programs. Money from the Fund also could be used as matching funds for a Federal grant or a grant from the National Cancer Institute.

The State Treasurer would have to direct the investment of the Fund. In addition to money credited to it from income tax designations, the Fund would consist of any interest and earnings accrued from saving and investment of money in the Fund, and other appropriations, money, or other things of value received by the Fund. Money granted or received as a gift or donation to the Fund would be available for distribution upon appropriation. The money, interest, and earnings of the Fund would have to be spent solely for the purposes described in the bill.

The bill provides that money in the Fund that was available for distribution would have to be appropriated each year. Money in the Fund at the close of a year would remain in the Fund and not lapse to the General Fund.

The bill is tie-barred to Senate Bill 1353 or House Bill 6119 (which is similar to Senate Bill 1353).

Proposed MCL 206.438 (S.B. 1353)

## **BACKGROUND**

Using income tax check-offs to fund special programs has been done in the past. For several years taxpayers could use a check-off to designate \$2 or more of their income tax refunds to the Children's Trust Fund (which is used to help prevent child abuse and neglect) and the Nongame Fish and Wildlife Fund (which provides funds for nongame and endangered animals and plants and their

habitats). The Children's Trust Fund was begun in tax year 1982, and the Nongame Fish and Wildlife Fund was begun in tax year 1983. These funds had a statutory maximum of \$20 million and \$6 million, respectively. The check-offs for both funds were removed from the income tax form in tax year 2000, as both were fully funded by check-off designations and appropriations. Earnings from the funds are now used to support program activities.

## **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 bills would provide a permanent source of funding that would be used specifically to address breast cancer, a disease that claims the lives of many Michigan residents, and affects the lives of many more, each year. This is one of the most frequently diagnosed types of cancer in women, and once it spreads from its original site it almost always results in the death of the victim. Placing a breast cancer check-off on the income tax return would remind taxpayers each year of the seriousness of this form of cancer and the need to dedicate funds to combat it. Many people in medicine feel that the best tool to fight this type of cancer is early detection. The bills would dedicate money to promote public information about the value of early detection and breast cancer research.

The Fund would be named after 45-year-old breast cancer survivor Amanda Price, of Ottawa County. Price was diagnosed with breast cancer last year, and had a bilateral mastectomy. Price's maternal grandmother died of the disease at age 48, and Price's mother died of the disease at age 47.

### **Opposing Argument**

While fighting cancer is a worthy cause, an income tax check-off should not be used to raise revenue for programs related to breast cancer. The income tax form already has contained two check-off opportunities, for child abuse prevention and for nongame wildlife, and these check-offs were on the income tax form for 18 and 17 years, respectively. The income tax return is not necessarily the proper place to request

charitable donations. History has shown that taxpayer compliance and generosity is reduced as the income tax form is lengthened. There are any number of important, worthy programs and causes that could use extra funding, and there have been many suggestions through the years to use a check-off for those purposes. It is not clear why breast cancer should now be singled out for special consideration. Taxpayers could contribute a portion of their refund, or otherwise make a contribution, directly to existing nonprofit research organizations and not through the tax form.

**Response:** Part of the Legislature's job is to decide priorities, and these bills would assign priority to reducing the incidence of a devastating type of cancer. Use of the income tax form to give taxpayers an opportunity to make charitable donations has a long history both here and in other states. Use of the income tax form is effective because it reaches many people whom research organizations normally would not reach. As of May 2000, nine states had enacted income tax check-offs for breast cancer funds.

Furthermore, now that the Children's Trust Fund and the Nongame Fish and Wildlife Fund are fully funded, check-offs for them no longer appear on the tax form.

#### **Opposing Argument**

While the bills are an excellent idea because they would generate money for breast cancer prevention and research, they should not be limited to that type of cancer alone. There are many different kinds of cancer that affect thousands of people and devastate families. The bills should dedicate money to cancer prevention and research in general, and then let medical professionals decide to direct the money so that it would be used most effectively year by year. Perhaps money generated by the income tax check-off could be directed to various research areas that appear to be close to finding cures for certain forms of cancer.

**Response:** Dedicating the money to a general cancer-related fund would reduce the effectiveness of the limited dollars. The dire nature of breast cancer has been demonstrated, and the bills appropriately would direct the money that would be generated by the check-off to that area.

Legislative Analyst: George Towne

#### **FISCAL IMPACT**

##### **Senate Bill 1353 (S-1)**

The bill would have an indeterminate fiscal impact. It is unknown how much revenue would be generated from an income tax donation designation for breast cancer research. For tax year 2001, \$1,482,000 was generated by the State Campaign Fund designation. In the 1999 tax year, which is the last year they were available, the Children's Trust Fund designation generated \$938,300 and the Nongame Wildlife Fund designation generated \$534,400.

Administrative costs would come out of the revenue received from designations. These costs are unknown for previous funds. The Department of Treasury reports that income tax returns that select one of the possible designations have a higher propensity to have errors. Tax returns with errors cost the State an average of \$8 to process, compared with the \$2 processing cost of error-free tax returns.

##### **Senate Bill 1354**

The bill would have an indeterminate fiscal impact on the State depending on the level of Fund activity and the number of individuals, groups, or institutions that might apply for a grant. There could be a fiscal impact on local units of government because county, city, or township programs would be eligible to receive grants from the Fund. The bill would allow money from the Fund to cover costs of the DCH to review and approve proposals to be funded under the proposed Act.

Fiscal Analyst: Jessica Runnels  
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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.