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BILL ANALYSIS



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Senate Bill 16 (Substitute S-1)
Senate Bill 347 (Substitute S-1)
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Senate Bill 350 (Substitute S-1)
Sponsor: Senator Buzz Thomas (S.B. 16)
Senator Patricia L. Birkholz (S.B. 347 & 348)
Senator Valde Garcia (S.B. 350)
Committee: Finance

Date Completed: 3-21-07

CONTENT

Senate Bill 347 (S-1) would amend the Income Tax Act to allow an individual to designate on his or her annual tax return that contributions of \$5, \$10, or more of his or her State income tax refund (or additional tax liability) be credited to any of the funds specified in the bill. The bill also would require the Department of Treasury to create a schedule of the specified contribution designations (check-offs) to be included with an annual income tax return. The bill would permit the Department to discontinue a check-off that failed to raise \$100,000 in a tax year for two consecutive years.

Senate Bills 16 (S-1), 348 (S-1), and 350 (S-1) would create the "Prostate Cancer Research Fund Act", the "Amanda's Fund for Breast Cancer Research Act", and the "Animal Welfare Fund Act", respectively, to establish those Funds; require the State Treasurer to credit the Funds with amounts appropriated from income tax contributions; and provide for the expenditure of Fund money for grants.

Senate Bills 16 (S-1), 348 (S-1), and 350 (S-1) are tie-barred to Senate Bill 347. Senate Bill 347 (S-1) is tie-barred to Senate Bills 16, 348, and 350.

Senate Bill 347 (S-1)

Under the bill, except as otherwise provided, for the 2008 tax year and each subsequent

tax year, an individual could designate on his or her annual return that contributions of \$5, \$10, or more of his or her refund be credited to any of the funds identified in the bill (described below). If a taxpayer's refund were not sufficient to make a contribution, the taxpayer could designate a contribution amount that would be added to his or her liability for the tax year.

Each year that a check-off was in effect, an amount equal to the cumulative contributions, less the amount appropriated to the Department for implementation, would have to be appropriated from the General Fund and distributed to the department that would be responsible for administering the fund to which a taxpayer designated his or her contribution. The appropriation could be used solely for the purposes of that fund, would be in addition to any other allocation or appropriation, and would be "intended to enhance appropriations from the general fund and not to replace or supplant those appropriations".

The bill would require the Department of Treasury to establish and use a separate contributions schedule that would incorporate each check-off authorized by the bill that remained in effect and available for each tax year. The Department would have to revise the State income tax return form to include a separate line for the total contribution designations made under the separate contributions schedule. A contribution designation enacted after the

effective date of the bill would have to be incorporated as soon as practical into the contributions schedule and listed in alphabetical order. The Department of Treasury could cease including a check-off on the schedule if that check-off failed to raise \$100,000 in a tax year for two consecutive tax years.

The Act requires the check-offs for the Children's Trust Fund and the Michigan Higher Education Assistance Authority to be printed clearly and unambiguously on the first page of an individual income tax return form. Under the bill, this requirement would remain in effect for the 2008 and 2009 tax years. These check-offs would have to be incorporated into the contributions schedule for the 2010 tax year and remain on the schedule until the check-offs expired by law or otherwise were no longer available.

The following check-offs would have to be included in the contributions schedule:

- The Prostate Cancer Research Fund.
- Amanda's Fund for Breast Cancer Research.
- The Animal Welfare Fund.
- The Michigan Housing and Community Development Fund.

The schedule also would have to include the following for the 2010 tax year and each subsequent tax year:

- The Michigan Higher Education Assistance Authority (for the Children of Veterans Tuition Grant Program).
- The Children's Trust Fund.

No money from these two check-offs could be used for administering these provisions of the Act.

Senate Bill 16 (S-1)

The bill would create the "Prostate Cancer Research Fund" in the Department of Community Health (DCH) to provide funds to promote research in Michigan relating to prostate cancer. The money, interest, and earnings of the Fund could be spent solely for grants to any of the following:

- A medical school located in this State.
- A hospital located in this State that specializes in the treatment of cancer.

- A hospital located in an urban area in this State that provides services to African-American men.

("Urban area" would mean an urbanized area as determined by the Economics and Statistics Administration of the U.S. Census Bureau according to the 2000 Federal decennial census.)

Money in the Fund could be used as matching funds for a Federal grant or a grant from the National Cancer Institute.

The State Treasurer would have to credit to the Fund all amounts appropriated for this purpose under the Income Tax Act (from taxpayer contributions pursuant to Senate Bill 347 (S-1)). The Fund would consist of the money credited to it, any interest and earnings accruing from the saving and investment of that money, and other appropriations, money, or other things of value the Fund received. The State Treasurer would have to direct the investment of the Fund, and money in it at the close of the year would remain in the Fund.

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.

Senate Bill 348 (S-1)

The "Amanda's Fund for Breast Cancer Research" would be created in the DCH to provide funds to promote research in this State relating to breast cancer. The money, interest, and earnings of the Fund would have to be spent solely for the purposes described in the bill.

The Department would be required to do all of the following with the money from the Fund:

- 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.
- Review and approve proposals to be funded.

The DCH would have to solicit proposals for funding and determine which to fund. Only individuals, groups, and institutions with an interest in breast cancer research activities could submit proposals. The DCH would have to review and approve submitted proposals, giving priority to those submitted by in-State applicants that conducted the research or other activity that was the basis for a proposal in this State.

Money in the Fund would have to be used to fund, but would not be limited to funding, the following types of programs:

- Proposals for applied breast cancer research.
- Community education programs to raise awareness through county, city, or township programs.

Money from the Fund could be used as matching funds for a Federal grant or a grant from the National Cancer Institute.

The State Treasurer would have to credit to the Fund all amounts appropriated for this purpose under the Income Tax Act (from taxpayer contributions pursuant to Senate Bill 347 (S-1)). The Fund would consist of the money credited to it, any interest and earnings accruing from the saving and investment of that money, and other appropriations, money, or other things of value the Fund received. The State Treasurer would have to direct the investment of the Fund, and money in it at the close of the year would remain in the Fund.

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.

Senate Bill 350 (S-1)

The "Animal Welfare Fund" would be created in the Michigan Department of Agriculture (MDA) to provide funds to:

- Promote sterilization and adoption of dogs and cats.
- Improve knowledge of the proper care of animals pursuant to State animal anticruelty laws by educating the public

and training authorized personnel to enforce those laws.

- Support and enhance programs that provide for the care and protection of animals pursuant to State anticruelty laws.
- Allow the purchase of equipment and supplies for programs receiving grants under the bill.

("State animal anticruelty laws" would mean the laws and standards provided for the adequate care of animals in Chapter IX (Animals) of the Michigan Penal Code, including the provisions of Section 50(8) of the Code. Section 50 prohibits a person who owns, possesses, or is in charge of an animal from failing to provide it with adequate care, abandoning an animal, allowing an animal to suffer unnecessary pain, or taking certain actions with respect to an animal. Section 50(8) states that the section does not prohibit the lawful killing or other use of an animal, including fishing, hunting, horse racing, farming, scientific research pursuant to statute, or other specified activities.)

The money, interest, and earnings of the Fund would have to be spent solely for the purposes described in the bill. The MDA could spend Fund money for actual administrative costs related to the administration of programs or activities authorized under the bill.

The MDA would be required to solicit proposals for grants and to approve proposals for funding. Only the following could receive grants from the Fund:

- An animal control shelter or animal protection shelter.
- An organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code that is based in this State and whose primary purpose is to increase the number of dogs and cats that are sterilized and adopted.

("Animal control shelter" and "animal protection shelter" would mean those terms as defined in Public Act 287 of 1969, which governs these facilities and pet shops. "Animal control shelter" means a facility operated by a municipality for the impoundment and care of animals that are found in the streets or at large, animals that are otherwise held due to the violation of a

municipal ordinance or State law, or animals that are surrendered to the shelter. "Animal protection shelter" means a facility operated by a person, humane society, society for the prevention of cruelty to animals, or any other nonprofit organization for the care of homeless animals.)

The MDA could make grants to animal control shelters or animal protection shelters only for one or more of the following purposes:

- Increasing the number of dogs and cats that are sterilized and adopted.
- Providing information to the public about the value of sterilization and adoption of dogs and cats.
- Improving knowledge of the proper care of animals pursuant to State animal anticruelty laws by educating the public and training personnel authorized by law to enforce those anticruelty laws.
- Supporting and enhancing programs that provide for the care and protection of animals pursuant to State anticruelty laws.
- Purchasing equipment and supplies for programs receiving grants under the bill.

A grant received under the bill could not be used to replace funds otherwise designated by a grantee to support similar programs or projects if existing funds for those programs or projects were included in the grantee's budget before the grantee received a grant from the Fund.

The MDA could not approve a grant to an organization whose purpose is to increase the number of dogs and cats that are sterilized and adopted, unless the organization had complied with Section 9a of Public Act 287 of 1969. (That section requires animal control shelters and animal protection shelters to maintain records on the number of dogs, cats, and ferrets received, returned to owners, adopted to new owners, sold, or transferred to any person, the number of adopted dogs, cats, and ferrets that were altered and the number not altered, and the number euthanized, and to give a copy of the statistics to the MDA annually.)

An organization receiving a grant under the bill would have to provide a written report of activities funded by the grant to the MDA

annually on a form prescribed by the Department.

An organization receiving a grant that did not comply with the bill or the terms of the grant as determined by the MDA would not be eligible for any future grant from the Fund. The organization would have to repay the MDA the amount of the grant, or a portion of it, as determined by the Department.

The State Treasurer would have to credit to the Fund all amounts appropriated for this purpose under the Income Tax Act (from taxpayer contributions pursuant to Senate Bill 347 (S-1)). The Fund would consist of the money credited to it, any interest and earnings accruing from the saving and investment of that money, and other appropriations, money, or other things of value the Fund received. The State Treasurer would have to direct the investment of the Fund, and money in it at the close of the year would remain in the Fund.

Money granted or received as a gift or donation to the Fund would be available for distribution upon appropriation.

MCL 206.437 et al. (S.B. 347)

Legislative Analyst: Craig Laurie
Suzanne Lowe

FISCAL IMPACT

Senate Bill 347 (S-1)

The bill is designed to simplify the process of adding new check-off contributions to the income tax forms. Each time a check-off is added, the Department of Treasury incurs administrative costs for implementing the necessary changes to the forms, and for processing the various contributions.

In 2004, the Department of Treasury received \$1.2 million in contributions to the Military Family Relief Fund. On average, the total amount of contributions in a given tax year has ranged from \$1 million to \$1.8 million. It is difficult to predict whether the addition of choices for check-off contributions would increase the total amount of contributions, or reduce the distribution to any given fund.

Senate Bill 16 (S-1)

The bill could create a minor, indeterminate increase in administrative cost for the Department of Community Health associated with the distribution of Prostate Cancer Research Fund revenue.

This legislation could have a positive financial impact upon publicly operated hospitals and medical schools. The extent of this impact would be determined by the amount of funding allocated to these institutions from the Prostate Cancer Research Fund and any Federal funds these institutions could leverage with a grant.

Senate Bill 348 (S-1)

The Department of Community Health would likely see a moderate increase in administrative cost upon passage of the bill. Additional staff resources would need to be devoted to the development of a breast cancer research plan, administration of public education activities, and the review of research proposals.

Publicly operated universities and health facilities could be eligible for grant awards and could see a positive fiscal benefit associated with the creation of the Fund for Breast Cancer Research.

Senate Bill 350 (S-1)

The bill would result in additional administrative duties for the Department of Agriculture, but the cost increases associated with those duties cannot be determined at this time.

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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.