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BILL ANALYSIS

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Senate Bill 1479 through 1482 (as reported without amendment)
Sponsor: Senator Nancy Cassis
Committee: Finance

CONTENT

Senate Bills 1479, 1481, and 1482 would amend the Income Tax Act to add the State School Aid Fund, the Michigan Higher Education Fund (proposed by Senate Bill 1480), and the State General Fund, respectively, to the funds listed on the schedule of contribution designations (check-offs) included with a taxpayer's income tax return.

Under the Act, an individual may 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 Act. The Department of Treasury must create a schedule of the specified check-offs to be included with an annual return.

Senate Bill 1480 would enact the "Michigan Higher Education Fund Act" and create the Michigan Higher Education Fund in the Department of Treasury to provide funds to supplement State appropriations for the State institutions of higher education and certain State purposes related to education each fiscal year.

The State Treasurer would have to credit to the Fund all amounts appropriated for this purpose under Section 435 of the Income Tax Act (which provides for tax check-offs) and money from any other source for deposit into the Fund. Money in the Fund at the close of the year would have to remain in the Fund and could not lapse to the General Fund. The money, interest, and earnings of the Fund could be spent solely to supplement State appropriations for the State institutions of higher education and certain State purposes related to education. 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.

"Institution of higher education" would mean an institution of higher education or a community or junior college as described in Article VIII of the State Constitution, or an independent nonprofit degree-granting institution of postsecondary education in this State that is approved by the State Board of Education.

Senate Bills 1480 and 1481 are tie-barred to each other.

MCL 206.435

Legislative Analyst: Craig Laurie

FISCAL IMPACT

The bills would have an indeterminate fiscal impact on State government. 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, including

the administration of any special funds created. In 2005, the Department of Treasury received \$2.2 million in total contributions to the three check-offs then available. On average, the total amount of contributions in a given tax year has ranged from \$1.5 million to \$3.5 million, and the amount per check-off has varied from \$300,000 to \$2.1 million. It is difficult to predict the popularity of a new check-off and whether the addition of choices for check-off contributions would increase the total amount of contributions, or reduce the distribution to any given fund.

Date Completed: 9-15-08

Fiscal Analyst: Joe Carrasco

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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.