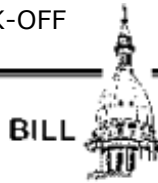




Senate Fiscal Agency  
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BILL ANALYSIS

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House Bill 5476 (as reported without amendment)  
Sponsor: Representative Barb Byrum  
House Committee: Commerce  
Senate Committee: Finance

Date Completed: 5-8-08

### **RATIONALE**

The Michigan Law Enforcement Officers Memorial Monument Fund and Commission were established by Public Act 177 of 2004 in order to support the construction of a memorial monument recognizing law enforcement officers killed in the line of duty. On behalf of the Fund, the Commission may accept grants and gifts from the Federal government, an individual, a public or private corporation, organization, or foundation, or any other source. Evidently, the Fund does not have enough money to build the memorial and the Commission is looking for other ways to raise money. Under the Income Tax Act, a taxpayer may make a contribution to funds listed on a schedule included with his or her tax return. Because of the high visibility and ease of contribution that income tax check-offs provide, it has been suggested that the Memorial Monument Fund be added to those already represented on the State income tax return list of check-offs.

### **CONTENT**

The bill would amend the Income Tax Act to add the Michigan Law Enforcement Officers Memorial Monument Fund to 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 income tax return. New check-offs added to the Act must be incorporated as soon as practical on the schedule and the Department may discontinue a check-off that fails to raise \$100,000 in a tax year for two consecutive years.

Currently, check-offs on the schedule include the Children of Veterans Tuition Grant Program, the Children's Trust Fund, the Prostate Cancer Research Fund, Amanda's Fund For Breast Cancer Prevention and Treatment, the Animal Welfare Fund, and the Michigan Housing and Community Development Fund. The bill would create a new check-off for the Michigan Law Enforcement Memorial Monument Fund.

MCL 206.435

### **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 Michigan Law Enforcement Memorial Monument Fund, established under the Michigan Law Enforcement Officers Memorial Act, is governed by the Monument Fund Commission, which is required to oversee the financing, design, and construction of a memorial monument dedicated to law enforcement officers from Michigan who died in the line of duty. So far, of the estimated \$3 million needed to build the monument, approximately \$25,000 has been raised.

While the Commission will continue fund-raising activities, the bill would allow the Fund to receive money from taxpayer refund donations or additions to tax liability through an income tax check-off. When enough money had been raised for the monument, it would no longer need to be on the schedule. If the Fund check-off failed to raise \$100,000 in a tax year for two consecutive years, the Department of Treasury could remove it from the schedule.

The monument will be located near the Vietnam Memorial along Allegan Street in Lansing and will consist of 21 glass panels engraved with the names of fallen officers.

### **Opposing Argument**

The income tax return is not necessarily the proper place to request charitable donations, and a new check-off would complicate and lengthen the form. The Law Enforcement Officers Memorial Monument is one of many worthy causes that could use extra funding. Taxpayers can contribute a portion of their refund, or otherwise make a contribution, directly to nonprofit organizations.

Legislative Analyst: Craig Laurie

### **FISCAL IMPACT**

The bill 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. In 2005, the Department 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 million to \$2.2 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. Money in the Michigan Law Enforcement Officers Memorial Monument Fund must be used for the construction and maintenance of a memorial monument to law enforcement officers who died in the line of duty.

Fiscal Analyst: Stephanie Yu

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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.