

HOUSE BILL NO. 5259

November 13, 2019, Introduced by Reps. Maddock, Markkanen, Steven Johnson, Miller, Hornberger, Reilly, Meerman, Paquette, LaFave, Green, Berman, Rendon, Marino, Wozniak, Allor, Alexander, Inman, Lightner, Webber, Vaupel and Calley and referred to the Committee on Tax Policy.

A bill to amend 1967 PA 281, entitled "Income tax act of 1967," by amending sections 435 and 695 (MCL 206.435 and 206.695), section 435 as amended by 2018 PA 258 and section 695 as added by 2011 PA 38, and by adding section 694.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 435. (1) Except as otherwise provided under this section,
2 an individual may designate in a manner and form as prescribed by
3 the department pursuant to subsection (2) on his or her annual
4 return that contributions of \$5.00, \$10.00, or more of his or her



1 refund be credited to any of the following:

2 (a) The children's trust fund created in 1982 PA 249, MCL
3 21.171 to 21.172.

4 (b) The military family relief fund created in section 3 of
5 the military family relief fund act, 2004 PA 363, MCL 35.1213.

6 (c) The animal welfare fund created in section 3 of the animal
7 welfare fund act, 2007 PA 132, MCL 287.993.

8 (d) The united way fund created in section 3 of the united way
9 fund act, 2008 PA 527, MCL 333.26533.

10 ~~(e) For the 2016 tax year and each tax year after the 2016 tax~~
11 ~~year, the Michigan junior achievement fund created in section 5 of~~
12 ~~the Michigan junior achievement fund act, 2016 PA 181, MCL~~
13 ~~206.1015.~~

14 (e) ~~(f)~~ For the 2016 tax year and each tax year after the 2016
15 tax year, the American Red Cross Michigan fund created in section 5
16 of the American Red Cross Michigan fund act, 2016 PA 183, MCL
17 206.1035.

18 (f) ~~(g)~~ For the 2018 tax year and each tax year after the 2018
19 tax year, the fostering futures scholarship trust fund created in
20 section 3 of the fostering futures scholarship trust fund act, 2008
21 PA 525, MCL 722.1023.

22 (g) ~~(h)~~ For the 2018 tax year and each tax year after the 2018
23 tax year, the Lions of Michigan Foundation fund created in section
24 5 of the Lions of Michigan Foundation fund act, **2018 PA 255, MCL**
25 **206.1045.**

26 (h) ~~(i)~~ For the 2018 tax year and each tax year after the 2018
27 tax year, the Michigan World War II Legacy Memorial fund created in
28 section 5 of the Michigan World War II Legacy Memorial fund act,
29 **2018 PA 257, MCL 206.1085.**



1 (i) ~~(j)~~ For the 2018 tax year and each tax year after the 2018
2 tax year, the Kiwanis fund created in section 5 of the Kiwanis fund
3 act, **2018 PA 259, MCL 206.1065.**

4 (2) Subject to the limitations provided under this subsection,
5 the department shall establish and utilize a separate contributions
6 schedule that incorporates each contribution designation authorized
7 under this section that remains in effect and available for each
8 tax year and shall revise the state individual income tax return
9 form to include a separate line for the total contribution
10 designations made under the separate contributions schedule. The
11 contribution designations authorized under sections 437, 438, and
12 440 shall be incorporated into the contributions schedule for the
13 2010 tax year and shall remain on the schedule until the
14 contribution designation expires by law or is otherwise no longer
15 available as determined by the department pursuant to subsection
16 (3). A contribution designation that is enacted after November 1,
17 2007 shall be incorporated as soon as practical on the
18 contributions schedule, and each new contribution designation shall
19 be listed on the schedule in alphabetical order. The separate
20 contributions schedule required under this section shall include
21 not more than 10 separate contribution designations in any single
22 tax year. **Beginning with the 2020 tax year and each tax year after**
23 **2020, in addition to the 10 separate contribution designations on**
24 **the contributions schedule, the department shall include on the**
25 **contributions schedule a separate contributions line for the state**
26 **of Michigan that also allows the taxpayer to specifically designate**
27 **that the contribution being made is to be appropriated and**
28 **distributed to a specific department, the general fund, the school**
29 **aid fund created in section 11 of article IX of the state**



1 constitution of 1963, the Michigan transportation fund created in
2 section 10 of 1957 PA 51, MCL 247.660, or any other specific fund
3 and utilized for a specific purpose.

4 (3) The department shall cease to include a contribution
5 designation on the contributions schedule if that contribution
6 designation fails to raise \$50,000.00 in any tax year for 2
7 consecutive tax years. **This subsection does not apply to the**
8 **contribution line for the state of Michigan required under**
9 **subsection (2).**

10 (4) If an individual's refund is not sufficient to make a
11 contribution under this section, the individual may designate a
12 contribution amount and that contribution amount shall be added to
13 the individual's tax liability for the tax year.

14 (5) Notwithstanding any other allocations or disbursements
15 required by this act, each year that a contribution designation
16 under this section is in effect, an amount equal to the cumulative
17 designation made under this section, less the amount appropriated
18 to the department to implement this section, shall be appropriated
19 from the general fund and distributed to the department responsible
20 for administering the appropriate fund to which the taxpayer
21 designated his or her contribution and shall be used solely for the
22 purposes of that fund.

23 (6) Money appropriated pursuant to an appropriations act as
24 required by law in accordance with this section to the department
25 responsible for administering each respective fund shall be in
26 addition to any other allocation or appropriation and is intended
27 to enhance appropriations from the general fund and not to replace
28 or supplant those appropriations.

29 (7) Notwithstanding any other provision of law, all of the



1 following apply:

2 (a) Money appropriated from the contributions made pursuant to
3 this section shall be distributed as provided in each respective
4 fund within 1 year and none of the money appropriated pursuant to
5 this section shall be used for the purpose of administering the
6 fund.

7 (b) If the fund to which the taxpayer designated his or her
8 contributions is to be used for donations to multiple organizations
9 located in this state, the department responsible for administering
10 that fund shall designate 1 local representative or agency of that
11 organization to administer and distribute those funds to other
12 similar organizations in this state as provided in each respective
13 act that created the fund.

14 (8) When considering whether to grant legislative approval to
15 amend the state individual income tax return to include additional
16 contribution designations on the contributions schedule, the
17 legislature shall consider all of the following:

18 (a) Whether the organization serves multiple regions
19 throughout this state.

20 (b) Whether the organization has demonstrated that it is
21 capable of raising more than \$50,000.00 in this state during the
22 tax year through means other than the income tax contribution
23 designation.

24 (c) Whether the organization expends 30% or more of its money
25 to cover administrative and fund-raising costs.

26 (d) Whether the organization had previously been included on
27 the contributions schedule within the last immediately preceding 3
28 years and was removed because it failed to raise a sufficient
29 amount of money as prescribed under subsection (3).



1 (e) Whether the organization receives any other state funds or
2 other type of financial assistance from this state.

3 (f) Whether the organization is associated with a nonprofit
4 charitable organization.

5 **Sec. 694. (1) For the 2020 tax year and each tax year after**
6 **the 2020 tax year, a taxpayer may designate on its annual return**
7 **that a contribution in any amount of the taxpayer's refund be**
8 **credited to the state of Michigan. If the taxpayer's refund is not**
9 **sufficient to make the contribution made under this section, the**
10 **contribution amount shall be added to the taxpayer's tax liability**
11 **for the tax year.**

12 (2) The tax contribution authorized in this section shall be
13 clearly and unambiguously printed on the annual return required
14 under this part and the contribution line shall also allow the
15 taxpayer to specifically designate that the contribution being made
16 is to be appropriated and distributed to a specific department, the
17 general fund, the school aid fund created in section 11 of article
18 IX of the state constitution of 1963, the Michigan transportation
19 fund created in section 10 of 1951 PA 51, MCL 247.660, or any other
20 specific fund and utilized for a specific purpose.

21 (3) Each year the contribution designation under this section
22 is in effect, an amount equal to the cumulative contributions made
23 under this section shall be appropriated from the general fund to
24 the respective funds or departments as designated by the taxpayer.
25 No money from the contributions made pursuant to this section shall
26 be used for the purpose of administering this section.

27 **Sec. 695. ~~The~~ Except as otherwise provided under section 694**
28 **for contributions made to the state of Michigan, the revenue**
29 **collected under this part shall be distributed to the general fund.**

