



Senate Fiscal Agency
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BILL ANALYSIS



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Senate Bill 740 (Substitute S-1 as reported)
Sponsor: Senator Gary Peters
Committee: Finance

CONTENT

The bill would add a new section to the Income Tax Act to allow taxpayers to designate that \$2 or more of their income tax refund be credited to the Breast Cancer and Prostate Cancer Fund. The bill is tie-barred to Senate Bill 741 (which would establish the Breast Cancer Research Fund); Senate Bill 1181 (which would establish the Prostate Cancer Screening Fund); and Senate Bill 1182 (which would establish the Breast Cancer and Prostate Cancer Fund).

The bill provides that for the 1996 tax year and thereafter, a taxpayer entitled to an income tax refund sufficient to make a designation could designate that \$2 or more of his or her refund be credited (donated) to the Breast Cancer and Prostate Cancer Fund. The tax designation would have to be clearly and unambiguously printed on the first page of the State individual income tax form. The designation would remain in effect until the tax year immediately following the tax year in which the State Treasurer certified that the assets in the Breast Cancer and Prostate Cancer Fund exceeded \$20 million.

Notwithstanding any other allocations or disbursements required under the Act, 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 Breast Cancer and Prostate Cancer Fund and be appropriated solely for the purposes of the Fund.

Currently, under the Act, taxpayers may designate \$2 or more of their refunds to the Children's Trust Fund, which is used to help prevent child abuse and neglect in the State; and the Nongame Fish and Wildlife Fund, which is used to provide funding for nongame and endangered animals and plants and their habitats.

Proposed MCL 206.438

Legislative Analyst: G. Towne

FISCAL IMPACT

The bill would have an indeterminate impact on State revenues. If one assumes, however, that the experience of the proposed Breast Cancer and Prostate Cancer Fund would be similar to that of the Children's Trust Fund and the Nongame Fish and Wildlife Fund, then, initially, revenue to the Breast Cancer Research Fund would be nearly \$1 million annually. If the experience of the proposed Fund remained consistent with the other two funds, and the experience of other states, then, over time, annual revenue to the Fund would fall by nearly 50% to average approximately \$500,000.

Please note that unpublished analyses of the experience of other states by the Federation of Tax Administrators suggest that adding a new income tax check-off program could result in a loss of revenue to the existing check-off programs of up to 20%, or approximately \$20,000 from each.

Date Completed: 9-25-96

Fiscal Analyst: P. Graham

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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.