Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bills 324 and 325 (as passed by the Senate)
Sponsor: Senator John Pappageorge (S.B. 324)
Senator Rebekah Warren (S.B. 325)
Committee: Finance

Date Completed: 8-30-11

RATIONALE

According to the national Alzheimer's Association, approximately 180,000 individuals in Michigan aged 65 and older had Alzheimer's disease in 2010, and this number is projected to grow to 190,000 by 2025. In addition, an unknown number of individuals under 65 also have the disease. In many cases, those with Alzheimer's disease or related dementia are taken care of by unpaid caregivers, primarily family members. In Michigan, according to the Association, more than 507,000 caregivers provided approximately 577.6 million hours of unpaid care, valued at almost $6.9 billion, in 2010. Services for individuals with the disease and their families, as well as other caregivers, are available from two Michigan chapters of the Alzheimer's Association. The Greater Michigan Chapter, which serves 60 counties, is headquartered in Southfield and has five regional offices. The Michigan Great Lakes Chapter, serving 23 counties, is headquartered in Chelsea and has three regional offices. Both chapters are tax-exempt, nonprofit organizations supported by contributions from individuals, corporations, and foundations. To provide another source of revenue for the Alzheimer's Association chapters, and the services they provide to unpaid caregivers in particular, it has been suggested that people should be given an opportunity to donate when filing their income tax returns.

CONTENT

Senate Bill 324 would amend the Income Tax Act to create a tax check-off for the Michigan Alzheimer's Association Fund, beginning with the 2011 tax year. Senate Bill 325 would create the "Michigan Alzheimer's Association Fund Act" to create the Fund, require amounts from the proposed income tax check-off to be credited to it, and provide for distribution of money in the Fund to the Greater Michigan Chapter and the Michigan Great Lakes Chapter of the Alzheimer's Association to benefit programs and services for unpaid caregivers.

The bills are tie-barred.

Senate Bill 324

Section 435 of the Income Tax Act allows 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 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 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.

Check-offs on the schedule include the Animal Welfare Fund, the Children of Veterans Tuition Grant Program, the Children's Hospital of Michigan Fund, the Children's Miracle Network Fund, the Children's Trust Fund, the Foster Care Trust Fund, the Michigan Council for the Arts Fund, the Military Family Relief Fund, the

Renewable Fuels Fund, and the United Way Fund. Beginning with the 2011 tax year, the schedule also will include a check-off for the Girl Scouts of Michigan Fund.

Under the bill, the schedule also would include the Michigan Alzheimer's Association Fund, for the 2011 tax year and each subsequent tax year.

Senate Bill 325

The bill would create the Michigan Alzheimer's Association Fund in the Department of Treasury to provide funds to benefit the programs and services for unpaid caregivers of individuals with Alzheimer's disease provided by the Greater Michigan Chapter and the Michigan Great Lakes Chapter of the Alzheimer's Association.

The State Treasurer would have to credit to the Fund all amounts appropriated for this purpose under Section 435 of the Income Tax Act, and money from any other source for deposit into the Fund. The Fund would consist of these amounts and any interest and earnings from the saving and investment of the tax check-off proceeds.

The money, interest, and earnings of the Fund could be spent solely for donation to the Greater Michigan Chapter of the Alzheimer's Association for distribution to the Greater Michigan and Michigan Great Lakes Chapters of the Alzheimer's Association.

The money in the Fund that was available for distribution would have to be appropriated each year. Money granted or received as a gift to the Fund would be available for distribution upon appropriation. Money in the Fund at the close of the fiscal year would remain in the Fund.

The State Treasurer would have to direct the investment of the Fund, and the Department would be the administrator of the Fund for auditing purposes.

MCL 206.435 (S.B. 324)

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

Services and programs for unpaid caregivers are important to their own health and welfare. Caring for an individual with Alzheimer's disease or another form of dementia can be very difficult, and many family members and other unpaid caregivers experience high levels of emotional stress and depression as a result. Caregiving also may have a negative impact on the physical health, employment, income, and financial security of caregivers. According to the Alzheimer's Association, over half are the primary breadwinners of the household, nearly half are employed full or part time, and just over one-quarter of family caregivers have children under 18 living with them. Even after a person with Alzheimer's or other dementia moves to an assisted living facility or nursing home, the caregivers often continue to help with activities of daily living, such as bathing and dressing, as well as assist with legal and financial affairs, arrange medical care, and provide emotional support.

The Michigan chapters of the Alzheimer's Association provide a variety of services that benefit caregivers. These services include, for example, respite programs, support groups, care consultations, 24/7 helplines, and on-line message boards and chat rooms. The Respite Care Assistance Program also provides financial assistance to caregivers.

According to their websites, 77% or 78% of the funds the chapters raise is used for programs, services, and research efforts. The lion's share of their income comes from contributions, events, grants, and bequests. Like nearly everyone else in today's economy, the organizations have felt the impact of budget cuts. The bills would provide an easy and convenient way for Michigan taxpayers to contribute to the State's two Alzheimer's Association chapters, through a check-off on the income tax form. This would be the only disease-specific check-off on the form, and the donated funds would be specifically directed toward programs and services for unpaid caregivers.

Legislative Analyst: Suzanne Lowe

FISCAL IMPACT

The bills would have a minimal impact on the administrative costs of the Department of Treasury, with some minor additional costs to adjust forms and account for revenue from the proposed income tax check-off.

Fiscal Analyst: Elizabeth Pratt

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