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BILL ANALYSIS

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Senate Bills 951 and 952 (as introduced 1-11-06)  
Sponsor: Senator Valde Garcia  
Committee: Finance

Date Completed: 5-10-06

## **CONTENT**

**Senate Bill 951 would create the "Companion Animal Welfare Fund Act" to do the following:**

- Create the "Companion Animal Welfare Fund" in the Michigan Department of Agriculture (MDA).
- Require the MDA to solicit proposals for grants under the Act.
- Provide that only animal control shelters, animal protection shelters, and tax-exempt organizations based in the State whose primary purpose is to increase the sterilization and adoption of companion animals could receive the grants.
- List the purposes for which the grants could be made.

**Senate Bill 952 would amend the Income Tax Act to allow an individual to designate on his or her annual return a contribution to the proposed Companion Animal Welfare Fund.**

The bills are tie-barred to each other.

### **Senate Bill 951**

The Companion Animal Welfare Fund would be created in the Department of Agriculture to provide funds to promote sterilization and adoption of companion animals and to increase and improve enforcement of animal anticruelty laws in the State. The State Treasurer would have to credit to the Fund all amounts appropriated for that purpose under Section 436 of the Income Tax Act (which would provide for an income tax checkoff for the Fund, under Senate Bill 952).

"Companion animal" would mean a mammal that was kept by an individual for companionship and pleasure, including, but not limited to, dogs, cats, and horses.

The Fund would consist of the money credited to it under Section 436 of the Income Tax Act, any interest and earnings accruing from the saving and investment of that money, and any other appropriations, money, or other things of value received by the Fund. The State Treasurer would have to direct the investment of 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 would have to be spent solely for the purposes described in the proposed Act. Money granted or received as a gift or donation to the Fund would be available for distribution upon appropriation. The money in the fund that was available for distribution must be appropriated each year.

The MDA would have to solicit proposals for grants under the Act. The Department would have to request that the Companion Animal Advisory Committee within the MDA or a

subcommittee of that advisory committee review applications for grants and make recommendations to the Department for distribution of the money in the Fund.

The MDA would have to approve proposals for funding. Only the following entities could receive grants from the Fund:

- An animal control shelter or animal protection shelter.
- An organization exempt from taxation under Section 501(c)(3) of the Internal Revenue Code that is based in the State and whose primary purpose is to increase the sterilization and adoption of companion animals.

The Department could make grants only for one or more of the following purposes:

- To increase the availability of sterilization or adoption services for companion animals.
- To provide information to the public about the value of sterilization and adoption of companion animals.
- To increase public awareness of State and local animal anticruelty laws, ordinances, and regulations.
- To increase and improve enforcement of State and local animal anticruelty laws, ordinances, and regulations.

### **Senate Bill 952**

The bill provides that, for the 2006 tax year and each subsequent tax year, an individual could designate on his or her annual return that a contribution of \$2 or more of his or her refund be credited to the proposed Companion Animal Welfare Fund. If an individual's refund were not sufficient to make a contribution to the Fund, the individual could designate a contribution amount and that amount would have to be added to the individual's tax liability for the tax year.

The tax designation would have to be clearly and unambiguously printed on the first page of the State individual income tax forms, if practical.

Notwithstanding any other allocations or disbursements required by the Income Tax Act, each year that the contribution designation to the Companion Animal Welfare Fund was in effect, an amount equal to the cumulative designation, less the amount appropriated by the Department of Treasury to implement the bill, would have to be appropriated from the General Fund and deposited in the Companion Animal Welfare Fund, and would have to be used solely for the purposes of that Fund.

Proposed MCL 206.436 (S.B. 952)

Legislative Analyst: J.P. Finet

### **FISCAL IMPACT**

The bills would have an indeterminate fiscal impact on the State. The number of people who might choose to contribute to the Companion Animal Welfare Fund and the annual amount raised by such contributions cannot be determined. The State of Michigan permitted income tax check-off contributions between 1991 and 1999 for the Children's Trust Fund and the Non-Game Wildlife Fund; annual contributions averaged \$771,351 and \$569,081, respectively. More recently, a check-off option designated for the State's Military Family Relief Fund raised approximately \$1.2 million from tax year 2004.

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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.