

AUTISM RESEARCH FUND & TAX CHECKOFF

Mitchell Bean, Director
Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4475 as introduced
Sponsor: Rep. Richard Ball

House Bill 4477 as introduced
Sponsor: Rep. Kathy Angerer
Committee: Health Policy

First Analysis (4-1-09)

BRIEF SUMMARY: House Bill 4475 would create the Autism Research Fund. House Bill 4477 would allow taxpayers to donate to the fund through a checkoff on the state income tax return.

FISCAL IMPACT: House Bill 4475 would have fiscal implications for the Department of Community Health. House Bill 4477 would have no fiscal impact on the state and no direct local fiscal impact. A discussion follows later in the analysis at *Fiscal Information*.

THE APPARENT PROBLEM:

According to the Autism Society of America, autism is "a complex developmental disability" that affects about one in 150 people. Autism is a spectrum disorder, encompassing a distinct group of neurological conditions such as Asperger Syndrome. Autism typically appears during the first three years of a child's life, and, being the result of a neurological disorder, affects the normal development of the brain in the areas of social interaction and communication. Symptoms can vary among individuals and also in severity. Where some people with autism function at near normal levels, others seem to be locked in their own worlds, unable to interact with those around them.

There is no known single cause for autism, but brain scans of affected individuals show differences in the shape and structure of the brain of an autistic child compared to a non-autistic child. Diagnosis is based on observation of the person's communication, behavior, and developmental levels by a multi-disciplinary team of professionals, though some medical tests may be conducted to rule out medical conditions with similar symptoms. Current treatments focus on treating symptoms with a combination of specialized education programs and medical interventions, including physical and occupational therapies. However, these interventions are costly and not accessible to all families of individuals with autism. Though some individuals with autism live independently, many require lifelong care. The annual cost for care for individuals with autism is estimated to be about \$90 billion.

With autism now being the fastest-growing developmental disability (a child is diagnosed with autism every 20 minutes), some feel that research into causes and treatment options should be encouraged and supported. To that end, legislation is being offered to create a

state-managed fund to support autism research and to create a checkoff box on personal income tax forms to provide a revenue source for autism research.

THE CONTENT OF THE BILLS:

The bills, as a package, would create a fund to support autism research and place a checkoff box on the state income tax form so filers could donate to the Autism Research Fund. The bills are tie-barred to each other, meaning that neither could take effect unless both are enacted.

House Bill 4475 would create the Autism Research Fund Act. The Autism Research Fund would be created in the Department of Community Health. The fund's purpose would be to provide funds to promote research in the state relating to autism. The money, interest, and earnings of the fund could only be expended for the following:

- Promote autism-related research.
- Disseminate the research results on the triggers of autism and on methods of diagnosing and treating autism.
- Provide grants to Michigan hospitals specializing in the research, diagnosis, and treatment of autism.
- Provide grants to public institutions of higher learning in the state devoted to conducting autism research.
- Provide grants to other DCH-approved organizations for autism research.

The state treasurer would credit to the fund all amounts appropriated under the checkoff added to the state income tax form by House Bill 4477, as well as money from any other source. The treasurer would also direct the fund's investments. Money in the fund at the close of a fiscal year would remain in the fund and not lapse to the General Fund. Money from the fund could also be used as match for a federal grant if the grant monies were used for the purposes listed above. Further, money in the fund available for distribution would have to be appropriated each year; money granted or received as a gift or donation would be available for distribution upon appropriation.

House Bill 4477 would amend the Income Tax Act (MCL 206.435) to add the Autism Research Fund to the list of funds for which an individual could designate a contribution of \$5, \$10, or more on an annual tax return, beginning with the 2010 tax year.

BACKGROUND INFORMATION:

The bills are identical to House Bills 5526 and 5528 introduced in the 2007-2008 legislative session. Those bills were passed by the House but failed to see Senate action.

The Income Tax Act currently authorizes checkoffs for Military Family Relief, Children's Trust Fund, Children of Veterans Tuition Grants, Prostate Cancer Research, Breast Cancer Prevention and Treatment, Animal Welfare, Housing and Community Development, and the Law Enforcement Officers Memorial. Authorized for future years are checkoffs for the Council for the Arts, Renewable Fuels, Foster Care Trust, Children's Miracle Network, Children's Hospital of Michigan, and the United Way.

FISCAL INFORMATION:

House Bill 4475 as introduced will have fiscal implications for the Department of Community Health. The department is responsible for administering the Autism Research Fund, which involves the approval and distribution of funds promoting research programs related to autism.

Taxpayer donations would come from their income tax refunds or would increase their tax liability. Based on data from Michigan and other states, between \$200,000 and \$500,000 could be generated annually from a checkoff. However, the popularity of a particular checkoff and the additions of choices for checkoff contributions also affect the revenue generated for each checkoff.

ARGUMENTS:

For:

At its mildest form, autism can impede the social and communication skills of an individual. In severe cases, autism can isolate victims in their own worlds, leaving them incapable of speech, with impaired motor skills, and incapable of interacting with those around them. Many medical conditions are also more prevalent among people with autism, such as various digestive disorders. Presently, no known cause of autism has been identified, and treatment options center on intensive early educational programs (including 20+ hours of speech therapy a week), hours of physical and occupational therapy, medications, and behavioral modification therapies. With an early diagnosis and the proper early interventions, some individuals can lead normal lives, where others may see their quality of life improve dramatically.

With almost 50 new cases of autism being diagnosed every day, the disorder has now become the most often diagnosed developmental disability. If these numbers continue to increase, an overwhelming burden will be placed on families, schools, and the health care system. It is therefore prudent to encourage increased research into possible triggers of autism, as well as research into treatment options that can increase an individual's potential. It is also important to disseminate information about autism to the medical and educational communities, as well as to the general public.

Together, House Bills 4475 and 4477 will further these goals. House Bill 4475 would create a fund to be managed by the Department of Community Health that would direct funds to autism research conducted by hospitals and colleges and universities within the state. Grants could also be provided to other organizations researching autism if approved by the DCH. Creation of such a fund would enable individuals to donate or bequeath money to it, and also allow the fund to receive grants or donations from other private and public sources – such as the new National Institutes of Health initiative to jumpstart autism research with \$60 million from the stimulus bill and the President's promise to allocate \$1 billion in funds towards research. With the emphasis on providing funds to entities located within the state, the House Bill 4475 also has the potential to draw top researchers to the state and create other jobs related to autism research and education.

House Bill 4477 could generate more resources to the fund by creating an easy and convenient way for individuals to donate money for autism research. Checkoff boxes for other charitable causes in the past have generated donations in excess of half of a million dollars each year. In short, these bills represent good public policy that will benefit many Michigan residents.

Response:

Last session, the Autism Society of Michigan requested that the legislation creating the Autism Research Fund be amended to allow some of the initial monies received into the fund to be used to form a temporary statewide Autism Task Force similar to that created by several other states. The Task Force could work to identify and target what is needed to address the "ever increasing needs of the autism community within education, community living, transportation, and employment." It was also the Society's hope, expressed in their testimony to the committee at that time, that a legislative commission would be formed, as has been done in many other states, to provide appropriations to implement recommendations by the Task Force.

Against:

A standard criticism of legislation adding checkoffs to the income tax form is that each new checkoff has the potential to reduce the amount contributed to existing checkoffs. (This argument, however, grows less relevant as new checkoffs proliferate.) It should also be noted that some people continue to argue that the state income tax form is not the appropriate vehicle for charitable fundraising.

POSITIONS:

The following organizations and agencies indicated support for the bills on 3-31-09:

Michigan Nurses Association
International Union, UAW
Michigan Speech and Hearing Association
Michigan Counseling Associates
Michigan Association of Health Plans
National Association of Social Workers – MI Chapter
Michigan Environmental Council
Macomb Intermediate School District

The Michigan Department of Treasury is neutral on the bill. (3-31-09)

Legislative Analyst: Susan Stutzky
Fiscal Analyst: Margaret Alston
Rebecca Ross

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.