



**Colorado
Legislative
Council
Staff**

HB16-1297

**FINAL
FISCAL NOTE**

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0816 **Date:** September 7, 2016
Prime Sponsor(s): Rep. Court **Bill Status:** Signed into Law
 Sen. Martinez Humenik **Fiscal Analyst:** Louis Pino (303-866-3556)

BILL TOPIC: REESTABLISH CHECK-OFFS EXCLUDED FROM 2015 TAX FORM

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
Cash Funds	Indeterminate Revenue Increase.	
State Expenditures	Minimal Programming Costs.	
Appropriation Required: None		
Future Year Impacts: Ongoing indeterminate revenue increase.		

Summary of Legislation

This bill expands the number of voluntary contribution designations (or income tax check-offs) that may appear on a state individual income tax form from 15 to 20 check-offs. The bill also lowers the minimum amount of contributions that a checkoff program must receive in order to remain on the tax form from \$75,000 to \$50,000. Finally, the bill reestablishes the income tax check-offs that were excluded from the 2015 individual income tax form because they did not receive the minimum contribution in tax year 2014. The six programs that will be reestablished are:

- The Colorado Healthy Rivers check-off program;
- The Alzheimer's Association check-off program;
- The Colorado Multiple Sclerosis check-off program;
- The Colorado Cancer check-off program;
- The Make-A-Wish Foundation check-off program, and
- The Unwanted Horse check-off program.

These check-offs would appear on the 2016 income tax form. Under the bill, these programs would not be treated as "first time programs". Each check-off program would have to receive \$50,000 contribution amount in the first year and every following year to remain on the form.

Each check-off program contains a repealer clause, effective January 1, 2021, unless the program is continued by the General Assembly.

Background

The Colorado Individual Income Tax Return allows taxpayers to contribute to various organizations listed on the form by donating a portion of their income tax refund or increasing the amount owed on their tax return. Under current law, only 15 checkoff programs can appear on an individual income tax form each year. To ensure that the 15 check-off cap is not exceeded, the priority order system specifies that continued or renewed programs take precedence over newly created programs. Tax checkoffs must be renewed and meet a yearly minimum contribution of \$75,000 by the third year from when it first appeared on the form and subsequent tax years to remain on the tax form. Contributions are calculated from January 1st through September 30th of each tax year. Thus, if a program that has appeared on the form is renewed or continued and has donations of at least \$75,000, the program remains on the form in the following tax year. Newly created programs can only appear on the tax form when an existing program is removed. There are currently no check-off programs in the queue.

State Revenue

The amount of contributions to each reestablished fund is uncertain. However, this bill does not impact General Fund revenue. Donations made to income tax checkoffs through the state income tax form are transferred from the Treasury to the fund's organization. These voluntary donations are exempt from TABOR revenue considerations.

State Expenditures

For FY 2016-17, the bill will require a minimal amount of GenTax and Fairfax programming costs for tax form changes for the Department of Revenue. Since the six check-offs have already appeared on the state income tax form in previous tax years, they can be reestablished with minimal programming and within existing appropriations.

Effective Date

The bill was signed into law by the Governor and it took effect on April 14, 2016.

State and Local Government Contacts

Information Technology Revenue Treasury