



Legislative
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FISCAL NOTE

Drafting Number:	LLS 20-0898	Date:	February 10, 2020
Prime Sponsors:	Rep. Exum; Will Sen. Coram; Story	Bill Status:	House Finance
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Bill Topic: **EXTEND RED CROSS TAX CHECK-OFF**

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill extends the voluntary contribution designation benefitting the American Red Cross Colorado Disaster Response, Readiness, and Preparedness Fund for tax years 2020 through 2025. It increases voluntary contributions to and expenditures from the fund for FY 2020-21 to FY2025-26.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

**Table 1
State Fiscal Impacts Under HB 20-1194**

		FY 2020-21	FY 2021-22
Revenue	Cash Funds	\$87,000	\$87,000
Expenditures	Cash Funds	\$87,000	\$87,000
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

This bill extends the voluntary contribution designation (or income tax checkoff) benefitting the American Red Cross Colorado Disaster Response, Readiness, and Preparedness Fund for tax years 2020 through 2025.

Background

Voluntary Contribution Program. The Colorado individual income tax return allows taxpayers to contribute to various listed organizations by donating a portion of their income tax refund or increasing the amount owed on their tax return. Legislation is required to create a new income tax checkoff or reauthorize an existing checkoff.

Only 20 checkoff programs can appear on an individual income tax form each year. To ensure that the 20 checkoff cap is not exceeded, the priority order system specifies that continued or reestablished programs take precedence over newly created programs. Tax checkoffs must contain a sunset date and meet a yearly minimum contribution of \$50,000 by the third year from when it first appeared on the form and subsequent 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 and is reestablished or continued and has donations of at least \$50,000, the program remains on the form in the following tax year. The General Assembly must reestablish the checkoff program prior to the year it is scheduled to sunset.

American Red Cross Colorado Disaster Response, Readiness, and Preparedness Contribution. House Bill 12-1006 created the income tax return checkoff to collect donations for the American Red Cross Colorado Chapters, a registered Colorado-based 501 (c) (3) public charity organization. The checkoff first appeared on the 2015 Colorado income tax form and has been on the form each year thereafter. The checkoff is scheduled to be repealed after the 2019 income tax year. Table 2 shows a three year history of donations and the number of income tax returns that elected to contribute to the fund.

Table 2
Voluntary Contributions to the
American Red Cross Colorado Disaster Response, Readiness, and Preparedness Fund

Tax Years*	Number of Contributions	Total Donations	Average Donation
2015	NA	NA	NA
2016	NA	NA	NA
2017	7,362	\$85,505	\$11.61
2018	6,958	\$83,739	\$12.03
2019	7,907	\$94,180	\$11.91
3-Year Average	7,409	\$87,808	\$11.85

Source: Colorado Department of Revenue.

NA = Checkoff was on the income tax form but data are not available as of the date of this fiscal note.

* Contributions made from January 1 to September 30.

State Revenue

Although future checkoff contributions to the American Red Cross Colorado Disaster Response, Readiness, and Preparedness Fund are uncertain, this fiscal note estimates that Colorado taxpayers will make about \$87,000 in contributions between January 1 and September 30 in each of the next five tax years, based on average contributions over the last three years. These voluntary donations are exempt from TABOR.

State Expenditures

This bill increases expenditures by \$87,000 in FY 2020-21 through FY 2025-26. Expenditures include any costs the Department of Revenue (DOR) may incur in administering the program, and the remaining balance is transferred to the American Red Cross Colorado Chapters, a Colorado nonprofit organization. DOR costs are expected to be minimal.

Effective Date

The bill takes effect August 5, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Information Technology

Personnel

Revenue

Treasury