



**Colorado  
Legislative  
Council  
Staff**

**HB16-1105**

**FINAL  
FISCAL NOTE**

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

|                                      |  |
|--------------------------------------|--|
| <b>Drafting Number:</b> LLS 16-0784  | <b>Date:</b> May 19, 2016                        |
| <b>Prime Sponsor(s):</b> Rep. Wilson | <b>Bill Status:</b> Postponed Indefinitely       |
| Sen. Baumgardner                     | <b>Fiscal Analyst:</b> Louis Pino (303-866-3556) |

**BILL TOPIC:** REESTABLISH MAKE-A-WISH FOUNDATION TAX CHECK-OFF

| Fiscal Impact Summary                                      | FY 2016-2017        | FY 2017-2018 |
|--|---------------------|--------------|
| <b>State Revenue</b>                                       |                     |              |
| Cash Fund - Make-A-Wish Foundation                         | Potential Increase. |              |
| <b>State Expenditures</b>                                  |                     |              |
| General Fund   | \$9,200             |              |
| <b>Appropriation Required:</b> See Appropriations section. |                     |              |
| <b>Future Year Impacts:</b> None.                          |                     |              |

**Summary of Legislation**

This bill reestablishes the voluntary contribution designation (income tax checkoff) benefitting the Make-A-Wish Foundation Fund. Money in the fund is used to grant the wishes of children who have been diagnosed with a life-threatening medical condition.

The income tax checkoff will be available for income tax year 2016 if it becomes law before any other income tax contribution is signed by the Governor. Otherwise, the income tax checkoff will be placed in the tax check-off queue. The income tax checkoff will be available for five income tax years beginning the year it first returns to the individual income tax form.

**Background**

The Colorado Individual Income Tax Return Form 104 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 subsequent tax year. Newly created programs can only appear on the tax form when an existing program is removed.

The Make-A-Wish Foundation voluntary income tax contribution first appeared on the 2009 individual income tax form and was renewed in 2012. In 2015, the fund was removed from the individual income tax form for failing to receive the minimum contribution amount within the statutorily designated time.

Table 1 provides a six-year history on money donated to the fund.

| <b>Table 1. Make -A-Wish Foundation Fund</b> |                  |               |                |
|--|------------------|---------------|----------------|
| <b>Tax Years *</b>                           | <b>Number of</b> | <b>Total</b>  | <b>Average</b> |
| 2010   | 10,482           | \$97,611      | \$9.31         |
| 2011   | 10,690           | 108,500       | 10.15          |
| 2012   | 9,787            | 103,878       | 10.61          |
| 2013   | 9,076            | 105,697       | 11.65          |
| 2014   | 9,006            | 116,420       | 12.93          |
| 2015   | <u>5,464</u>     | <u>67,869</u> | <u>12.42</u>   |
| (6-year avg.)                                | 9,084            | \$99,996      | \$11.01        |

*\*Donation amounts are from January 1st to September 30th of each tax year.*

It should be noted that 14 voluntary contributions appear on the 2015 Colorado Individual Income Tax form. As of the date of this note, there are no tax checkoff programs in the queue. The order of programs in the queue is determined by the date and time that the Governor signs each bill.

### **State Revenue**

The amount of contributions to the Make-Wish-Foundation Fund and the date by which the tax check-off will be available is uncertain. State revenue will increase in years the tax check-off is available on individual income tax returns. These voluntary donations are exempt from TABOR provisions.

### **State Expenditures**

This bill requires changes to the Department of Revenue's GenTax software system. Changes are programmed by a contractor at a rate of \$200 per hour. The changes in this bill are expected to increase expenditures by \$8,000 representing 40 hours of programming. All GenTax programming changes are tested by department staff. In addition, the Department will require \$1,200 to update their optical character recognition software (Fairfax). The Department of Revenue is allowed to recoup any costs associated with the administration of the program from the Make-A-Wish Foundation Fund. The Department may require a "loan" from the General Fund in order to reestablish the check-off on the income tax form. It is assumed that any amounts "loaned" to the fund will be reimbursed to the state General Fund when available. FY 2016-17 is the first year the check-off could be added to the state income tax form.

### **Effective Date**

The bill was postponed indefinitely by the House Finance Committee on April 7, 2016.

**State Appropriations**

The Department of Revenue will require a one-time up-front appropriation in the amount of \$9,200 from the General Fund in FY 2016-17 or in the first year the tax-checkoff will be added to the individual income tax form for computer programming costs. It is assumed this amount will be reimbursed from the Make-A-Wish Foundation Fund once contributions are sufficient to cover these costs.

**State and Local Government Contacts**

Revenue      Treasury