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FISCAL NOTE

Drafting Number: LLS 20-0031 Date: March 6, 2020
Prime Sponsors: Rep. Carver; Duran Bill Status: House Finance
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Bill Topic: INCREASED SUPPORT FOR DOMESTIC ABUSE PROGRAMS

- Summary of Fiscal Impact: State Revenue, State Expenditure, State Transfer, TABOR Refund, Local Government, Statutory Public Entity

This bill continues the voluntary income tax check-off contribution to the Colorado Domestic Abuse Program as long as it meets the minium requirement for a check-off provision. State fiscal impacts under the bill include only the continuation of the program's current revenue and expenditures.

Appropriation Summary: No appropriation is required.

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

Table 1 State Fiscal Impacts Under HB-1324

Table with 4 columns: Category, Sub-category, FY 2020-21, FY 2021-22. Rows include Revenue, Expenditures, Transfers, and TABOR Refund.

Summary of Legislation

This bill extends the voluntary income tax check-off contribution to the Colorado Domestic Abuse Program, which is scheduled to expire on January 1, 2021. The check-off will remain on the state income tax form as long as it meets the minimum statutory requirements for a check-off program. The bill also allows the Department of Human Services (DHS) to seek, accept, and expend any gifts, grants, and donations for the Domestic Abuse Program.

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.

Domestic Abuse Program Fund Contribution. Senate Bill 10-172 extended the tax check-off for the Domestic Abuse Program Fund, in the DHS, through the 2019 tax year. 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 Domestic Abuse Program Fund

Tax Years*	Number of Contributions	Total Donations	Average Donation
2017	12,207	\$160,674	\$13.16
2018	11,261	\$150,615	\$13.37
2019	12,050	\$156,234	\$12.97
3-Year Average	11,839	\$155,841	\$13.17

Source: Colorado Department of Revenue.

* Contributions made from January 1 to September 30.

State Revenue

The DHS is expected to have revenue of \$156,000 per year starting in FY 2020-21, based on the three-year average of revenue shown in Table 2, which will be used to help administer the Domestic Abuse Program. If this bill is enacted, current revenue will continue for the program starting in FY 2020-21. If this bill is not enacted, the tax check-off will expire on January 1, 2021. In addition, revenue to the DHS will increase to the extent the DHS receives gifts, grants, and donations. At the time of this writing, no sources of gifts, grants, and donations have been identified. Revenue from gifts, grants, and donations is not subject to the TABOR limit.

State Expenditures

Starting in FY 2020-21, state cash fund expenditures will increase by \$156,000 on an ongoing basis. Expenditures include any costs the Department of Revenue (DOR) may incur in administering the program, and the remaining balance will be spent by the DHS on the Domestic Abuse Program. DOR costs are expected to be minimal. The fiscal note assumes the General Assembly will make an annual appropriation to the DHS.

Technical Note

Colorado law requires that tax check-offs contain a sunset date, unless otherwise specifically exempted. The bill removes the sunset date for this checkoff, but does not include it on the list of exempted checkoffs.

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

Human Services Information Technology Revenue