

REVISED CONDITIONAL FISCAL IMPACT

(replaces fiscal note dated March 27, 2008)

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Date: April 17, 2008

Prime Sponsor(s): Rep. Primavera
Sen. Hagedorn

Bill Status: Senate Health and Human Services
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TITLE: CONCERNING THE VOLUNTARY DONATION OF UMBILICAL CORDS FOR THE PURPOSE OF AIDING IN THE CURE OF LIFE-THREATENING DISEASES THROUGH THE USE OF ADULT BLOOD STEM CELLS.

Fiscal Impact Summary	FY 2008-2009	FY 2009-2010
State Revenue Cash Funds Adult Stem Cells Cure Fund	Potential Gifts, Grants, and Donations	
State Expenditures Cash Funds Adult Stem Cells Cure Fund	\$54,604*	Potential Increase
FTE Position Change	0.7 FTE	0.0 FTE
Effective Date: Upon signature of the Governor or upon becoming law without his signature.		
Appropriation Summary for FY 2008-2009: None required.		
Local Government Impact: None.		

* This amount may be funded by line item in the FY 2008-09 Long Bill for programming costs in the Department of Revenue for 2008 legislation.

Summary of Legislation

The *reengrossed* bill creates a new voluntary income tax checkoff as a funding mechanism for the Adult Stem Cells Cure Fund to provide money for advancing umbilical cord blood collection for public blood banks. The checkoff would be added to the state income tax form for income tax years 2008 through 2010 provided that there are no more than 14 other options for voluntary contributions.

The Department of Public Health and Environment is required to use at least 70 percent of moneys in the fund to advance cord blood collection. In addition, up to 25 percent can be used for public awareness activities and 5 percent for administrative costs. Implementation costs of the Department of Revenue are to be paid from the fund. The bill is repealed effective January 1, 2012.

Background

Section 39-2-1001, C.R.S., limits the number of voluntary contribution programs on the state income tax return to 15 and requires minimum contributions totaling \$75,000 for most programs to remain on the return. The 2007 individual income tax return includes 14 programs. In addition to HB08-1372, SB08-016 proposes adding a new income tax checkoff with donations credited to the 9Health Fair Fund.

Table 1 identifies the number of income tax returns, total donations, and average donations for each of the tax checkoffs listed on the 2007 form. Contributions include donations made from January through June of 2007 from 2006 tax returns and from late and amended returns from previous years. Two checkoffs added to total donations in FY 2006-07, but no longer appear on the individual income tax form. Donations were made on 189,036 returns that totaled over \$1.8 million. The average donation for all checkoffs was \$9.70.

Table 1: Value of Individual Income Tax Checkoffs for FY 2006-07

Tax Checkoffs	Number of Returns	Total Donations	Average Donations
Colorado Nongame and Endangered Wildlife Fund	23,190	\$244,748	\$10.55
Military Family Relief Fund	16,418	229,126	13.96
Pet Overpopulation Fund	20,057	213,563	10.65
Colorado Domestic Abuse Fund	20,450	211,548	10.34
Special Olympics Colorado Fund	16,361	170,329	10.41
Colorado Homeless Prevention Activities Fund	16,816	164,609	9.79
Alzheimer's Association Fund	12,295	121,807	9.91
Multiple Sclerosis Fund	10,794	105,092	9.74
Colorado Watershed Protection Fund	10,601	83,003	7.83
Family Resource Centers Fund	7,786	69,832	8.97
Western Colorado State Veterans Cemetery Fund	7,960	53,540	6.73
Colorado Easter Seals Fund	6,738	47,950	7.12
Dropout Prevention Activity Grant Fund	7,503	47,213	6.29
Colorado Breast and Women's Reproductive Cancers Fund*	0	0	0
<u>Donations no longer on form (late or amended returns)</u>	<u>12,067</u>	<u>72,104</u>	<u>5.98</u>
Totals	189,036	\$1,834,464	\$9.70

* This checkoff first appears on the 2007 state income tax form. No data on collections are available because filers have until April 15, 2008, to file returns.

State Revenue

Any increase in state cash funds are conditional upon gifts, grants, and voluntary donations to the Adult Stem Cells Cure Fund. While contributions may be received either directly through the Department of Public Health and Environment or through a voluntary checkoff on the state income tax return, the number and value of contributions to the fund is unknown.

State Expenditures

State cash funds expenditures are expected to increase in FY 2008-09 from the Adult Stem Cells Cure Fund. However, these expenditures are conditional upon voluntary contributions to the fund. Costs may occur in the Department of Revenue and the Department of Public Health and Environment as described below.

Department of Revenue — **\$54,604 and 0.7 FTE in FY 2008-09.** Should the Adult Stem Cell Cures Fund checkoff be added to the state tax form, an additional “key” will be added to the income tax return system in order to track the checkoff contributions. This will require a total of 1,530 hours of computer programming resulting in one-time costs of \$54,261. In addition, \$343 is needed annually for data entry costs.

The bill specifies that the department's costs to implement the tax checkoff be paid by an appropriation from the fund. In the event that money in the fund is insufficient to cover these costs, this fiscal note assumes that General Fund will offset the amount of any deficiency. However, an appropriation is included in the FY 2008-09 Long Bill for programming costs in the Department of Revenue for 2008 legislation, and should cash funds be available, the annual budget process would be used to make the proper adjustment. **Thus, no appropriations are required at this time for HB08-1372.**

Department of Public Health and Environment. The bill specifies that money in the Adult Stem Cells Cure Fund be annually appropriated to the department for the purpose of advancing cord blood collection and public awareness. The department is required to work with public cord blood banks, and must use approximately 70 percent of the fund balance for collection activities.

In addition, the bill specifies that up to 25 percent of the fund balance can be used for public awareness. The department can design and post a website with information about umbilical cord blood donation for approximately \$3,000. If sufficient funding is available, additional awareness activities may include creating brochures and flyers to be made available to hospitals, health care providers and pregnant women to encourage cord blood donation. The bill also authorizes the department to use up to 5 percent of the fund balance for administrative costs.

At this time, the fiscal note is unable to determine the funding level for these activities, and assumes that the annual budget process will be used once this information is available.

Departments Contacted

Revenue

Public Health and Environment