

**CONDITIONAL
STATE FISCAL IMPACT**

Drafting Number: LLS 07-0922
Prime Sponsor(s): Rep. Primavera

Date: March 23, 2007
Bill Status: House Finance
Fiscal Analyst: Ron Kirk (303-866-4785)

TITLE: CONCERNING THE ADDITION OF A LINE TO COLORADO STATE INDIVIDUAL INCOME TAX RETURN FORMS WHEREBY INDIVIDUAL TAXPAYERS MAY MAKE A VOLUNTARY CONTRIBUTION TO THE COLORADO BREAST AND WOMEN'S REPRODUCTIVE CANCERS FUND.

Fiscal Impact Summary	FY 2007-2008	FY 2008-2009
State Revenue Checkoff Contributions to the Colorado Breast and Women's Reproductive Cancers Fund	Not Quantified	Not Quantified
State Expenditures General Fund Appropriation to the Colorado Breast and Women's Reproductive Cancers Fund	\$49,694	\$0
FTE Position Change	0.7 FTE	0.0 FTE
Effective Date: September 1, 2007.		
Appropriation Summary for FY 2007-2008: None required for FY 2007-08. However, a conditional impact of \$49,694 and 0.7 FTE is present if the checkoff mechanism is enacted in the bill. See State Expenditures section.		
Local Government Impact: None.		

Summary of Legislation

This bill creates an income tax checkoff as a funding mechanism for the Colorado Breast and Women's Reproductive Cancers Fund only if the executive director of the Department of Revenue certifies that there are no more than 14 income tax checkoffs by September 1, 2007.

For income tax years 2007 through 2009, if the department certifies that there are 14 or fewer checkoffs on the 2007 state income tax form, a voluntary contribution designation line for the new checkoff would be added to the form. The General Assembly would appropriate money from the new fund to the Department of Revenue through the annual budget process for its costs of administering contributions to the fund. After subtracting these costs, money in the fund would be transferred to the Colorado Cancer Coalition, which will administer fund money to further the work of the Colorado Breast Cancer Task Force and its partners.

The bill contains a repealer clause, effective January 1, 2011.

State Revenue

Fifteen income tax checkoffs appear on the 2006 individual income tax return. These include:

- (1) the Colorado Nongame and Endangered Wildlife Fund;
- (2) the Colorado Domestic Abuse Fund;
- (3) the Special Olympics Colorado Fund;
- (4) the Colorado Homeless Prevention Activities Fund;
- (5) the Pet Overpopulation Fund;
- (6) the Colorado Watershed Protection Fund;
- (7) the Organ and Tissue Donation Awareness Fund;
- (8) the Family Resource Centers Fund;
- (9) the Western Colorado State Veterans Cemetery Fund;
- (10) the Colorado State Fair Authority Cash Fund;
- (11) the Alzheimer's Association Fund;
- (12) the Dropout Prevention Activity Grant Fund;
- (13) the Military Family Relief Fund;
- (14) the Colorado Easter Seals Fund; and
- (15) the Multiple Sclerosis Fund.

If authorized by this bill, the number and value of contributions to an income tax checkoff that would benefit the Colorado Breast and Women's' Reproductive Cancers Fund is unknown.

Table 1 identifies the number of income tax returns, total donations, and average donations for income tax checkoffs in FY 2005-06. Income tax checkoffs are listed in the table by the donation amount (largest donation first). These donations include contributions from 2005 tax returns and from late and amended returns from previous years. Three checkoffs added to total donations in FY 2005-06 but no longer appear on the individual income tax form. Two checkoffs are making their first appearance on the form for the 2006 tax year and thus, collection data is not yet available.

Table 1: Value of Individual Income Tax Checkoffs for FY 2005-06

Tax Checkoffs	Number of Returns	Total Donations	Average Donations
Colorado Nongame and Endangered Wildlife Fund	28,398	\$291,228	\$10.26
Colorado Domestic Abuse Fund	25,119	248,252	9.88
Pet Overpopulation Fund	21,968	210,864	9.60
Military Family Relief Fund***	16,695	207,248	12.41
Special Olympics Colorado Fund	19,681	195,206	9.92
Colorado Homeless Prevention Activities Fund	19,706	175,884	8.93
Alzheimer's Association Fund***	13,123	116,711	8.89
Colorado Watershed Protection Fund	11,971	85,711	7.16
Family Resource Centers Fund	9,500	67,762	7.13
Organ and Tissue Donation Awareness Fund	10,352	65,382	6.32
Western Colorado State Veterans Cemetery Fund	10,028	61,442	6.13
Dropout Prevention Activity Grant Fund***	8,362	47,626	5.70
Colorado State Fair Authority Cash Fund	3,783	13,118	3.47
Court-Appointed Special Advocates Fund*	508	5,934	11.68
U.S. Olympic Committee Fund*	66	586	8.88
Colorado Child Care Improvement Fund*	90	219	2.43
Colorado Easter Seals Fund*	0	0	0
Multiple Sclerosis Fund**	0	0	0
Totals	199,346	\$1,793,169	\$9.00

* *These checkoffs no longer appear on the individual income tax form. Donations are from late and amended returns from previous years.*

** *These checkoffs first appear on the 2006 state income tax form. No data on collections are available because filers have until April 15, 2007, to file returns.*

*** *These checkoffs first appeared on the 2005 state income tax form. Collections are from January through June 2006.*

State Expenditures

Conditional tracking expenditures for the Department of Revenue are estimated at \$49,694 and 0.7 FTE in FY 2007-08 if a new income tax checkoff is added to the state form.

Conditional expenditures — Department of Revenue — \$49,694 and 0.7 FTE in FY 2007-08 only. If added by this bill, a new income tax checkoff will require a new line on the individual income tax return for 2007 that will be filed by taxpayers in 2008. An additional “key” will also have to be added to the income tax return system in order to track the checkoff contributions. This will require a total of 1,450 hours of computer programming. Based on the job rate of \$34.03 per hour for an IT Professional III, \$49,344 in one-time personal services will be required. One-time operating expenses are estimated to be \$350.

Colorado Breast and Women's Reproductive Cancers Fund. After subtracting the costs of the Department of Revenue for administering contributions to the fund, the remaining balance in the fund each year would be transferred to the Colorado Cancer Coalition, which will administer fund money to further the work of the Colorado Breast Cancer Task Force and its partners.

Fund money. The bill specifies that the Department of Revenue's costs are to be paid by appropriation through the annual budget process from the Colorado Breast and Women's Reproductive Cancers Fund. In the event that money in the fund is insufficient to cover these costs, this fiscal note assumes that the state General Fund will offset the amount of any deficiency. Any amounts "loaned" to the fund will be reimbursed to the state General Fund when available.

Additional Expenditures For Multiple New Checkoffs

Current state law limits the number of income tax checkoffs that may appear on the state income tax form to 15 checkoffs. Fifteen income tax checkoffs appeared on the 2006 state income tax form and current donations data indicate that one of these checkoffs may drop off the 2007 form, thus leaving room for one additional income tax checkoff on the 2007 form.

The General Assembly is currently debating two measures that create new state income tax checkoffs, the war memorial checkoff in SB 07-086 and the checkoff in HB 07-1354. ***If the General Assembly adopts both measures:***

- a statutory change to Section 39-22-1001 (6), C.R.S., is needed to amend the limitation on the number of voluntary contributions that are authorized to appear on the Colorado income tax return in any income tax year; and
- the Department of Revenue will have additional one-time costs of \$118,254 and 1.7 FTE in FY 2007-08 for tracking and modifications to the income tax form and booklet. ***The \$118,254 cost is for both income tax checkoffs (SB07-086 and HB07-1354).***

Departments Contacted

Revenue