

**STATE
FISCAL IMPACT**

Drafting Number: LLS 10-0876

Date: February 16, 2010

Prime Sponsor(s): Sen. Kester
Rep. Sonnenberg

Bill Status: Senate Agriculture

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TITLE: CONCERNING THE ADDITION OF A LINE TO COLORADO STATE INDIVIDUAL INCOME TAX RETURN FORMS WHEREBY INDIVIDUAL TAXPAYERS MAY MAKE A VOLUNTARY CONTRIBUTION BENEFITING THE UNWANTED HORSE FUND.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
Cash Funds	>\$5,000	>\$5,000
Unwanted Horse Fund		
State Expenditures		
Cash Funds		
Unwanted Horse Fund	\$30,550*	107
Effective Date: August 11, 2010, assuming the General Assembly adjourns May 12, 2010, as scheduled and no referendum petition is filed.		
Appropriation Summary for FY 2010-2011: See State Appropriation section.		
Local Government Impact: None.		

* *The General Assembly shall appropriate annually from the Unwanted Horse Fund to the Department of Revenue to recover its costs associated with administering moneys designated as contributions to the fund. In the event that moneys in the fund are insufficient to cover these costs, the fiscal note assumes that the General Fund will offset the amount of any deficiency. Any amounts "loaned" to the fund will be reimbursed to the General Fund when available. Additionally, this amount contains computer programming costs that may be included in the Long Bill appropriation. If these resources are included, no further appropriation will be necessary but they will be reimbursed from the Unwanted Horse Fund.*

Summary of Legislation

This bill creates a new income tax return checkoff to collect donations for the Colorado Unwanted Horse Alliance, a registered Colorado nonprofit organization.

For income tax years 2010 through 2012, the checkoff would be added to the Colorado individual income tax form as a voluntary contribution. After subtracting the Department of Revenue's costs to administer contributions, the remaining moneys would be transferred to the Unwanted Horse Alliance.

The bill will be repealed on January 1, 2014.

Background

The current 14 income tax checkoffs on the 2008 individual state income tax return received \$1.7 million in contributions from nearly 170,000 donations. According to Section 39-22-1001, C.R.S., the total amount contributed to a checkoff must be greater than or equal to \$75,000 between January 1 and September 30 during the period for which moneys are collected for the third income tax year in which the contribution appears on the Colorado income tax form. Otherwise, the checkoff will not appear on the form in the following year. Table 1 provides summary information on current checkoff programs.

Table 1: Value of Individual Income Tax Checkoffs for FY 2008-09 (2008 tax year)

Tax Checkoffs	Number of Donations	Total Donations	Average Donations
Military Family Relief Fund	14,779	\$213,982	\$14.48
Colorado Nongame and Endangered Wildlife Fund	18,954	210,200	11.09
Pet Overpopulation Fund	16,839	183,716	10.91
Colorado Domestic Abuse Fund	16,588	176,729	10.65
Colorado Homeless Prevention Activities Fund	14,977	162,059	10.82
Special Olympics Colorado Fund	12,980	139,097	10.72
Alzheimer's Association Fund	11,715	117,685	10.05
Breast and Women's Reproductive Cancer Fund	12,668	115,009	9.08
Colorado Healthy Rivers Fund*	11,611	97,482	8.40
Multiple Sclerosis Fund	9,331	86,978	9.32
Adult Stem Cells Cure Fund**	9,694	70,834	7.31
9Health Fair Fund**	7,499	53,814	7.18
Western Colorado State Veterans' Cemetery Fund	6,133	41,802	6.82
Colorado Easter Seals Fund***	5,943	40,476	6.81
Make-A-Wish Foundation of Colorado Fund****	0	0	0
Totals	169,711	\$1,709,863	\$10.08

* This checkoff was formerly named the Colorado Watershed Protection Fund.

** These income tax checkoffs are new and reflect collections from January 2009 through June 2009.

*** This checkoff no longer appears on the individual income tax form.

**** This checkoff first appeared on the 2009 state income tax form, thus collection data is not available.

State Revenue

The number and value of contributions to an income tax checkoff that would benefit the Unwanted Horse Fund is unknown but is expected to be more than \$5,000 per year.

State Expenditures

Expenditures for the Department of Revenue are expected to increase \$30,550 in FY 2010-11 and \$107 in FY 2011-12 to add a new checkoff to the income tax form. The bill specifies that these costs are to be paid by annual appropriation from the Unwanted Horse Fund. In the event that

moneys in the fund are insufficient to cover these costs, this fiscal note assumes that the General Fund will offset the amount of any deficiency. Any amounts "loaned" to the fund will be reimbursed to the General Fund when available. Computer programming costs identified in this fiscal note may also be included in the Long Bill appropriation for the Department of Revenue. If these resources are provided in the Long Bill, no further appropriation will be necessary to implement the bill but the General Fund will be reimbursed from the Unwanted Horse Fund.

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. Thus, there is room for one additional income tax checkoff.

The General Assembly is currently debating more than one measure that creates a new state income tax checkoff. *If the General Assembly adopts more than one measure:*

- 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 \$18,830 in the first year to create an additional schedule to handle the entire group of checkoffs. A total of 480 hours of computer programming will be needed. Based on the job rate of \$39.23 per hour for an information technology professional, \$18,830 in one-time personal services will be required. This amount is currently being revised with updated data by the department.

State Appropriation

The Department of Revenue will require an appropriation of \$30,550 from the Unwanted Horse Fund in FY 2010-11.

Departments Contacted

Revenue