

  
*Colorado Legislative Council Staff Fiscal Note*  
**STATE**  
**FISCAL IMPACT**

**Drafting Number:** LLS 11-0299  
**Prime Sponsor(s):** Sen. Shaffer B.  
 Rep. Solano

**Date:** April 12, 2011  
**Bill Status:** Senate Education  
**Fiscal Analyst:** Ron Kirk (303-866-4785)

**TITLE:** CONCERNING THE CREATION OF A VOLUNTARY CONTRIBUTION DESIGNATION BENEFITING THE PUBLIC EDUCATION FUND TO APPEAR ON THE STATE INDIVIDUAL INCOME TAX RETURN FORMS.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
<b>State Revenue</b>		
Cash Funds		
Public Education Fund	greater than \$5,000	greater than \$5,000
<b>State Expenditures</b>		
Cash Funds		
Public Education Fund	\$29,600*	
<b>Effective Date:</b> Upon signature of the Governor.		
<b>Appropriation Summary for FY 2010-2011:</b> See State Appropriation section.		
<b>Local Government Impact:</b> None.		

\* *The General Assembly shall appropriate money annually from the Public Education Fund for the Department of Revenue to recover its data programming costs and expenses to administer 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.*

**Summary of Legislation**

This bill creates a new income tax return checkoff to collect donations for the Public Education Fund, which is created by the bill. One-half of the money in the fund is distributed to the Department of Education for school districts and institute charter schools. The other half is distributed to the Department of Higher Education for governing boards of the state institutions of higher education. For the most recent 2010 income tax year, there are 15 checkoff programs on the state income tax form. State law limits the number of income tax checkoffs that may appear on the form to 15 checkoffs. Checkoffs on the form are placed in the order for which the program was established, meaning that the most recently-established programs appear at the end of the list on the form. This bill requires that this checkoff program to be listed as the *first* designation line on the form.

For income tax years 2011 through 2020, 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 money would be transferred to the Public Education Fund.

The bill will be repealed on January 1, 2022.

**Background**

The 14 income tax checkoffs on the 2009 individual state income tax return received \$1.5 million in contributions from nearly 150,000 donations. According to state law, 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 2009-10 (2009 tax year)**

<b>Tax Checkoffs</b>	<b>Number of Donations</b>	<b>Total Donations</b>	<b>Average Donations</b>
Military Family Relief Fund	12,479	\$187,799	\$15.05
Colorado Nongame and Endangered Wildlife Fund	15,835	173,332	10.95
Pet Overpopulation Fund	14,330	153,853	10.74
Colorado Domestic Abuse Fund	13,887	141,468	10.19
Colorado Homeless Prevention Activities Fund	12,709	135,599	10.67
Special Olympics Colorado Fund	11,228	116,105	10.34
Make-A-Wish Foundation of Colorado Fund	10,297	95,768	9.30
Breast and Women's Reproductive Cancer Fund	10,570	95,021	8.99
Alzheimer's Association Fund	9,647	91,893	9.53
Colorado Healthy Rivers Fund	10,424	88,585	8.50
Multiple Sclerosis Fund***	7,661	70,544	9.21
Adult Stem Cells Cure Fund*	8,033	58,965	7.34
9Health Fair Fund*	6,756	50,283	7.44
Western Colorado State Veterans' Cemetery Fund	5,235	34,204	6.53
<b>Totals**</b>	<b>149,470</b>	<b>\$1,494,679</b>	<b>\$10.00</b>

\* These income tax checkoffs are new and reflect collections from January 2010 through June 2010.

\*\* The category totals include the number and amount of checkoffs that no longer meet the criteria for inclusion on the state income tax form. These checkoffs are not listed in this table.

\*\*\* This income tax checkoff dropped off the 2010 form because donations were \$69,820.85 between January 1 and September 30, 2010. It has since been replaced by the Unwanted Horse Fund Program.

## **State Revenue**

The number and value of contributions to an income tax checkoff that would benefit the Public Education 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 \$29,600 in FY 2011-12 to add a new checkoff to the income tax form, assuming this checkoff is one of the 15 allowable programs on the 2011 form. The bill specifies that these costs are to be paid by an annual appropriation from the Public Education 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.

***Additional expenditures are triggered if the legislature approves more than 15 checkoff programs in any given tax year.*** Because of space limitations on the form, if at least one of the 15 checkoff programs on the 2010 form does not drop off in 2011, the Public Education Fund checkoff will become the 16<sup>th</sup> program and require the tax form to be modified. This change will trigger additional programming costs for the Department of Revenue above the identified expenditure of \$29,600 in this fiscal note. If the General Assembly adopts this measure and it becomes the 16<sup>th</sup> checkoff:

- 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 \$27,400 in the first year, or FY 2011-12, to create an additional schedule to handle the entire group of checkoffs. These costs would be shared between OIT and Fast Enterprises as follows: OIT — 100 hours of computer programming at \$74.00 per hour; and Fast Enterprises — 100 hours of computer programming at \$200 per hour. In addition to these one-time expenditures, the Central Department Operations Division will incur annual data entry costs of \$3,656 beginning in FY 2011-12.

## **State Appropriation**

The Department of Revenue will require an appropriation of \$29,600 from the Public Education Fund in FY 2011-12.

## **Departments Contacted**

Revenue

Education