

CONDITIONAL FISCAL IMPACT

Drafting Number: LLS 12-0761

Date: February 8, 2012

Prime Sponsor(s): Rep. Brown
Sen. Tochtrop

Bill Status: House Finance

Fiscal Analyst: Ron Kirk (303-866-4785)

TITLE: CONCERNING THE VOLUNTARY CONTRIBUTION DESIGNATION BENEFITING THE COLORADO FOR HEALTHY LANDSCAPES FUND THAT APPEARS ON THE STATE INDIVIDUAL INCOME TAX RETURN FORMS.

Fiscal Impact Summary	FY 2015-2016**	FY 2016-2017
State Revenue		
Cash Funds		
Colorado For Healthy Landscapes Fund	greater than \$30,000	greater than \$30,000
State Expenditures		
Cash Funds		
Colorado For Healthy Landscapes Fund	\$29,600*	
Effective Date: August 8, 2012, if the General Assembly adjourns on May 9, 2012, as scheduled, and no referendum petition is filed.		
Appropriation Summary for FY 2012-2013: See State Appropriation section.		
Local Government Impact: None.		

* These costs may be initially paid from the General Fund, then reimbursed from contributions received.

**This fiscal note assumes that the new checkoff will appear on the 2016 income tax form.

Summary of Legislation

This bill creates a new income tax return checkoff to collect donations for the Colorado For Healthy Landscapes Fund. After subtracting the Department of Revenue's programming costs and expenses to administer contributions, the remaining money would be transferred to the fund. Money in the fund would be used by the Colorado Weed Management Association, a registered 501 (c) (3) nonprofit organization. The association provides education, regulatory direction, and professional improvement to preserve and protect natural resources from the degrading impacts of invasive species of terrestrial and aquatic vegetation in Colorado and surrounding states.

Background

In 1977, Colorado was the first state to create a tax "checkoff" program allowing taxpayers to voluntarily contribute to an organization on their income tax form. A total of 29 different checkoffs have raised nearly \$40.0 million in donations since the program's inception in FY 1977-78.

The 15 income tax checkoffs on the 2010 individual state income tax return received \$1.6 million in contributions from nearly 150,000 donations. According to state law, the total amount contributed to a checkoff must be at least \$75,000 between January 1 and September 30 during the period for which moneys are collected in the third income tax year in which the program appears on the Colorado income tax form. Two programs, the Adult Stem Cells Cure Fund, and the 9Health Fair Fund, dropped off the form for the 2011 tax year. The programs were replaced by the Goodwill Industries Fund and the Families in Action for Mental Health Fund. Even if a program is extended by the legislature after it sunsets, it will not appear on the form in the following year if it does not receive at least \$75,000 in donations during its third year on the individual income tax form. Table 1 provides summary information on current checkoff programs.

Table 1: Value of Individual Income Tax Checkoffs for FY 2010-11 (2010 tax year)

Tax Checkoffs	Number of Donations	Total Donation	Average Donation
Colorado Nongame and Endangered Wildlife Fund	15,535	\$176,012	\$11.33
Military Family Relief Fund	12,246	175,363	14.32
Pet Overpopulation Fund	14,081	154,325	10.96
Colorado Domestic Abuse Fund	13,812	146,137	10.58
Colorado Homeless Prevention Activities Fund	12,344	135,888	11.01
Special Olympics Colorado Fund	10,772	114,393	10.62
Make-A-Wish Foundation of Colorado Fund	10,845	111,179	10.25
Alzheimer's Association Fund	9,945	101,743	10.23
Colorado Healthy Rivers Fund	10,412	96,090	9.23
Breast and Women's Reproductive Cancer Fund	10,011	90,762	9.07
Unwanted Horse Fund*	9,563	88,762	9.31
9Health Fair Fund* *	7,626	67,504	8.85
Adult Stem Cells Cure Fund**	7,905	62,828	7.95
Western Colorado State Veterans' Cemetery Fund****	5,174	36,391	7.03
Colorado 2-1-1 First Call For Help Fund*	3,323	15,742	4.74
Totals***	153,567	\$1,573,110	\$10.24

* *These income tax checkoffs are new and reflect collections from January 2011 through June 2011. (A program in its third year is required to receive at least \$75,000 to remain on the subsequent year's tax form.)*

** *These income tax checkoffs dropped off the 2011 form because donations were below \$75,000 between January 1 and September 30, 2011. These checkoffs have been replaced on the 2011 form by the Goodwill Industries Fund and the Families in Action for Mental Health Fund.*

*** *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 program is not subject to the \$75,000 donation requirement to remain on the income tax form.*

Newly Created Programs and the Queue. During the 2011 session, the legislature made changes to the income tax checkoff programs that established a priority order for newly created checkoffs. Currently, there are 15 checkoff programs, the maximum allowed by law.

To ensure that the 15-checkoff cap is not exceeded, the priority order system specifies that continued or renewed programs take precedence over newly created programs. Thus, if a program that has appeared on the form is renewed or continued and has donations of at least \$75,000, the program remains on the form in the subsequent tax year. Newly created programs can only appear on the tax form when an existing program is removed. If more than one program is placed in a queue, the order of programs is determined by the date and time that the Governor signs the bill creating the new program.

Table 2 shows the order of newly created programs adopted during the 2011 legislative session that may be added to the 2012 and subsequent tax year forms should programs on the 2011 form drop off due to low donation levels or legislative changes.

Table 2: Newly Created Checkoff Programs

Order in Queue	Program	Signed into Law	
		Date	Time
(1) House Bill 11-1295	Multiple Sclerosis Fund	05/27/11	4:06 p.m.
(2) Senate Bill 11-109	Public Education Fund	06/02/11	5:17 p.m.
(3) House Bill 11-1071	Roundup River Ranch Fund	06/06/11	4:35 p.m.

State Revenue

The number and value of contributions to an income tax checkoff that would benefit the Colorado For Healthy Landscapes Fund is unknown but is expected to be more than \$30,000 per year.

State Expenditures

Expenditures by the Department of Revenue for programming costs and data entry are expected to increase \$29,600 when the department is ready to implement the bill. Because of the legislation in 2011 that created the prioritization for new checkoff programs and thus, set up the queue in Table 2, the \$29,600 cost will likely increase based on the fact that the checkoff program in this bill would not appear on the income tax form until after the three programs in the queue (Table 2) are implemented.

Conditional Impact. The impacts in this bill are considered conditional because there is no guarantee that this checkoff will appear on the income tax form in any given year as it is dependent on the position of the Colorado For Healthy Landscapes Fund in the queue. Furthermore, if the General Assembly adopts other new checkoff programs during the 2012 session, the checkoff program in this bill could fall further behind other new programs that are added to the queue.

It is assumed that the \$29,600 in programming costs could occur in FY 2015-16. This estimate is based on the department's experience that one checkoff program from the queue moves onto the state income tax form each year and, it would maintain the fourth position in the queue. The bill specifies that these costs are to be paid by an annual appropriation from the Colorado For Healthy Landscapes 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.

State Appropriation

No appropriation in FY 2012-13 is required. The Department of Revenue will require an appropriation of \$29,600 from the Colorado For Healthy Landscapes Fund in FY 2015-16 if this new checkoff is approved for inclusion on the 2016 income tax form.

Departments Contacted

Revenue