

**FINAL
FISCAL NOTE**

Drafting Number: LLS 13-0661	Date: July 1, 2013
Prime Sponsor(s): Sen. Hudak; Renfroe Rep. Petterson; Priola	Bill Status: Signed into Law
	Fiscal Analyst: Josh Abram (303-866-3561)

TITLE: CONCERNING THE DIRECT DEPOSIT OF AN INDIVIDUAL TAXPAYER'S STATE INCOME TAX REFUND TO A COLLEGEINVEST SAVINGS ACCOUNT ADMINISTERED BY COLLEGEINVEST.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
State Expenditures	\$16,872	\$4,291
FTE Position Change		
Effective Date: The bill was signed into law by the Governor and took effect on May 28, 2013.		
Appropriation Summary for FY 2013-2014: None required. See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

This bill requires that the Department of Revenue (DOR) collaborate with the Department of Higher Education to modify the state individual income tax return form to permit an individual taxpayer to make a direct deposit of his or her state tax refund to a college savings plan administered by CollegeInvest. The form must also include a means to obtain information describing CollegeInvest savings plans and how to establish one. The tax form must be modified for tax years beginning on and after January 1, 2013.

Background

CollegeInvest, a division of the Department of Higher Education, administers the state's federal college savings plans (529 plans) and various scholarship and loan forgiveness programs. CollegeInvest does not receive appropriations from the General Assembly; it pays for its operations through profits earned on its student loans, administrative fees received for managing 529 plans, and investment income.

Currently, individual taxpayers may elect to have their state income tax refunds deposited directly to a private checking or savings account. This legislation will give them the additional option of directing their refund into an existing CollegeInvest 529 account.

State Expenditures

For FY 2013-14, the Department of Revenue has increased costs of \$16,872. For FY 2014-15, increased costs are \$4,291. This new expense is minimal and the DOR has sufficient funds to implement the bill within existing appropriations. For information purposes, the cost to implement the bill is displayed in Table 1 and described below.

Cost Components	FY 2013-14	FY 2014-15
Computer programming	\$4,000	\$0
Temporary seasonal staff	12,872	4,291
TOTAL	\$16,872	\$4,291

The DOR will have a one-time cost of \$4,000 to modify the individual income tax form and to program department computer systems. Additionally, the DOR will receive an increased volume of telephone inquiries concerning the deposit option, which is anticipated to decrease in the second and subsequent years. This estimate is based on the DOR's previous experience with changes to the individual income tax form 104. While some callers will simply be referred to CollegeInvest, the DOR will expend resources to respond to queries and resolve taxpayer issues. This expense will be addressed with seasonal temporary staff and is estimated to cost \$12,872 in FY 2013-14 and \$4,291 in FY 2014-15.

State Appropriations

This bill does not require an appropriation clause. The Department of Revenue has sufficient funds to implement the bill within existing resources and no further appropriation is required.

Departments Contacted

Higher Education

Revenue