

STATE
CONDITIONAL FISCAL IMPACT

Drafting Number: LLS 13-0738	Date: March 5, 2013
Prime Sponsor(s): Rep. Young; Buckner Sen. Hodge	Bill Status: House Finance
	Fiscal Analyst: Ron Kirk (303-866-4785)

TITLE: CONCERNING THE VOLUNTARY CONTRIBUTION BENEFITING THE SPECIAL OLYMPICS COLORADO FUND THAT APPEARS ON THE STATE INDIVIDUAL INCOME TAX RETURN FORMS.

Fiscal Impact Summary	FY 2012-2013	FY 2017-2018**	FY 2018-2019
State Revenue			
Cash Funds		greater than	greater than
Special Olympics Colorado Fund		\$100,000	\$100,000
State Expenditures			
Cash Funds			
Special Olympics Colorado Fund		\$8,000*	
Effective Date: August 7, 2013, if the General Assembly adjourns on May 8, 2013, as scheduled, and no referendum petition is filed.			
Appropriation Summary for FY 2013-2014: 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 2017 income tax form.

Summary of Legislation

This bill re-establishes the Special Olympics Colorado Fund income tax return checkoff program that was first placed on the tax form in 1997. The program sunset in tax year 2011 and was not extended by the legislature during the 2012 session. The Special Olympics Colorado Fund provides funding for athletic programs for Colorado children and adults with developmental disabilities. Fund money is used to purchase sports equipment, uniforms, and transportation services. Donations also fund training expenses and year-round event competitions.

This bill also requires the Department of Revenue to electronically notify an organization that appears on the state tax form and is in the Checkoff Colorado Program one year prior to the date on which the program is scheduled to sunset.

Background

House Bill 97-1260 established the Special Olympics Colorado Fund in the Checkoff Colorado Program that first appeared on the 1997 tax form. The program appeared for 15 consecutive years on the state income tax form and donations ranged from a high of \$323,914 in tax year 2000 to \$107,143 in tax year 2011, the year in which the program sunset. Over the 15-year period, taxpayers donated \$2.8 million, averaging nearly \$186,000 each year. Of the current programs on the tax form, the 15-year average for donations to the Special Olympics Colorado Fund, was higher than any other program that most recently received donations in tax year 2011.

The 15 income tax checkoffs on the 2011 individual state income tax return received \$1.5 million in contributions from nearly 137,000 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 and subsequent income tax years the program appears on the form in order to remain on the form another year. 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.

Tax Checkoffs	Number of Donations	Total Donation	Average Donation
Colorado Nongame and Endangered Wildlife Fund	14,210	\$172,986	\$12.17
Military Family Relief Fund	11,064	168,514	15.23
Pet Overpopulation Fund	12,677	145,352	11.47
Colorado Domestic Abuse Fund	12,681	142,734	11.26
Colorado Homeless Prevention Activities Fund	11,162	124,512	11.15
Make-A-Wish Foundation of Colorado Fund	9,972	108,508	10.88
Special Olympics Colorado Fund****	9,691	107,143	11.06
Alzheimer's Association Fund	9,111	100,401	11.02
Colorado Healthy Rivers Fund	9,895	96,225	9.72
Unwanted Horse Fund	9,056	93,365	10.31
Colorado Breast and Women's Reproductive Cancer Fund	8,897	85,239	9.58
Goodwill Industries Fund*	4,311	54,427	12.63
Families In Action For Mental Health Fund*	5,189	42,330	8.16
Western Colorado State Veterans' Cemetery Fund***	4,746	33,879	7.14
Colorado 2-1-1 First Call For Help Fund	3,259	16,366	5.02
Totals**	136,784	\$1,501,980	\$10.98

* These income tax checkoffs are new and reflect collections from January 2012 through June 2012. (A program in its third year is required to receive at least \$75,000 to remain on the subsequent year's tax form.)

** 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.

**** This income tax checkoff program dropped off the 2012 form because it was not extended by the General Assembly and sunset in tax year 2011. The Multiple Sclerosis Fund was added to the 2012 form to replace the Special Olympics Fund.

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. The order of programs in the queue 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 since the 2011 legislative session. The programs in Table 2 may be added to the 2013 and subsequent tax year forms should programs on the 2012 form drop off due to low donation levels or legislative changes.

Table 2: Checkoff Program Queue			
Order in Queue	Program	Signed into Law	
		Date	Time
(1) Senate Bill 11-109	Public Education Fund	06/02/11	5:17 p.m.
(2) House Bill 11-1071	Roundup River Ranch Fund	06/06/11	4:35 p.m.
(3) Senate Bill 12-055	9Health Fair Fund	04/16/12	2:13 p.m.
(4) House Bill 12-1290	Colorado For Healthy Landscapes Fund	04/26/12	1:26 p.m.
(5) House Bill 12-1006	American Red Cross Fund	04/26/12	1:33 p.m.

State Revenue

The number and value of contributions to an income tax checkoff that would benefit the Special Olympics Colorado Fund is unknown, but is expected to be more than \$100,000 per year. This is based on the 15-year average donation level of nearly \$186,000.

State Expenditures

Expenditures by the Department of Revenue for programming costs and data entry are expected to increase \$8,000 when the department is ready to implement the bill. Since it is unknown when the Special Olympics Colorado Fund checkoff program will be placed on the tax form, the \$8,000 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 five 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 Special Olympics Colorado Fund in the queue. Furthermore, if the General Assembly adopts other new checkoff programs during the 2013 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 \$8,000 in programming costs could occur in FY 2017-18. 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 assumes this checkoff maintains the sixth position in the queue. The bill specifies that these costs are to be paid by an annual appropriation from the Special Olympics Colorado 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 2013-14 is required.

Departments Contacted

Revenue