



**Colorado  
Legislative  
Council  
Staff**

**HB16-1075**

**FISCAL NOTE**

**FISCAL IMPACT:**  State  Local  Statutory Public Entity  Conditional  No Fiscal Impact

<b>Drafting Number:</b> LLS 16-0488	<b>Date:</b> January 29, 2016
<b>Prime Sponsor(s):</b> Rep. Primavera; Landgraf Sen. Johnston; Martinez Humenik	<b>Bill Status:</b> House Finance <b>Fiscal Analyst:</b> Louis Pino (303-866-3556)

**BILL TOPIC:** REESTABLISH ALZHEIMER'S ASSOCIATION TAX CHECK-OFF

<b>Fiscal Impact Summary</b>	<b>FY 2016-2017</b>	<b>FY 2017-2018</b>
<b>State Revenue</b> Cash Fund - Alzheimer's Association Fund	Potential Increase	
<b>State Expenditures</b> General Fund	\$9,200	
<b>Appropriation Required:</b> None.		
<b>Future Year Impacts:</b> None		

**Summary of Legislation**

This bill reestablishes the voluntary contribution designation (or income tax checkoff) benefitting the Alzheimer's Association Fund. Money in the fund is used to support programs offered by the Alzheimer's Association Colorado Chapter, a nonprofit agency providing support to individuals and families caring for persons with Alzheimer's disease and related disorders.

The income tax checkoff will be available for income tax year 2016 if it becomes law before any other income tax contribution other than the 14 currently listed on the 2015 state tax return. Otherwise, the income tax checkoff will be placed in the tax check-off queue. The income tax checkoff will be available for five income tax years beginning the year it first returns on the individual income tax form.

**Background**

The Colorado Individual Income Tax Return Form 104 allows taxpayers to contribute to various organizations listed on the form by donating a portion of their income tax refund or increasing the amount owed on their tax return. Under current law, only 15 checkoff programs can appear on an individual income tax form each year. To ensure that the 15 check-off cap is not exceeded, the priority order system specifies that continued or renewed programs take precedence over newly created programs. Tax checkoffs must be renewed and meet a yearly minimum contribution of \$75,000 by the third year from when it first appeared on the form and subsequent

tax years to remain on the tax form. Contributions are calculated from January 1st through September 30th of each tax year. 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 Alzheimer's Association voluntary income tax deduction first appeared on the 2005 individual income tax form, which was renewed in 2008 and 2011. In 2015, the fund was removed from the individual income tax form for failing to receive the minimum contribution amount within the statutorily designated time.

Table 1 provides a six-year history on money donated to the fund.

<b>Tax Years *</b>	<b>Number of Returns</b>	<b>Total Donations</b>	<b>Average Donation</b>
2010	9,634	\$89,400	\$9.28
2011	9,824	100,412	10.20
2012	8,874	94,863	10.69
2013	7,970	94,973	11.92
2014	7,328	102,656	14.00
2015	<u>5,495</u>	<u>73,959</u>	<u>13.46</u>
(5-year avg.)	8,191	\$92,696	\$11.59

\*Donation amounts are from January 1st to September 30th.

It should be noted that 14 voluntary contributions appear on the 2015 Colorado Individual Income Tax form. As of the date of this note, there are no tax checkoff programs in the queue. The order of programs in the queue is determined by the date and time that the Governor signs each bill.

### **State Revenue**

The amount of contributions to the Alzheimer's Association Fund and when the tax check-off will be available is uncertain. State revenue will increase in years the tax check-off is available on individual income tax returns. These voluntary donations are exempt from TABOR revenue considerations.

### **State Expenditures**

This bill requires changes to the Department of Revenue's GenTax software system. Changes are programmed by a contractor at a rate of \$200 per hour. The changes in this bill are expected to increase expenditures by \$8,000 representing 40 hours of programming. All GenTax programming changes are tested by department staff. In addition, the Department will require \$1,200 to update their optical character recognition software (Fairfax). The Department of Revenue is allowed to recoup any costs associated with the administration of the program from the Alzheimer's Association Fund. The Department may require a "loan" from the General Fund in order to reestablish the check-off on the income tax form. It is assumed that any amounts "loaned" to the fund will be reimbursed to the state General Fund when available. FY 2016-17 is the first year the check-off could be added to the state income tax form.

## Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## State and Local Government Contacts

Revenue      Treasury

## Research Note Available

An LCS Research Note for HB 16-1075 is available online and through the iLegislate app. Research notes provide additional policy and background information about the bill and summarize action taken by the General Assembly concerning the bill.