



## Support SB 18-141 Allowing Donations to Nonprofits on the State Tax Form Sponsored by Senator Lois Court (D-Denver) and Rep. James Wilson (R-Salida)

This bill would provide a mechanism for Colorado taxpayers to donate any portion of their refunds to any nonprofit registered in Colorado by adding an additional line on the Colorado tax form.

### WHY IS THIS IMPORTANT?

Colorado's nonprofits heavily, if not entirely, rely on the generosity of donors. Making such donations simpler for donors will help increase the level of donations.

Colorado taxpayers received over \$1 billion in income tax refunds in 2017. They donated almost a quarter of a percent of their refunds (\$1.9 million) to the 20 checkoff funds currently on the tax form. If Coloradans donated only 5% of their tax refunds, Colorado's nonprofits would receive over \$50 million more in charitable giving to strengthen our communities (see chart on back).

### HOW WILL IT WORK?

- A new checkoff space will be added to the voluntary contributions schedule when space on the form is available, but not before 2020.
- Nonprofits eligible for contributions must be in good standing and current with their financial reporting to the Secretary of State under the Colorado Charitable Solicitations Act (CCSA).
- Gifts, grants, and donations will pay for 100% of the set up and ongoing costs.
- Provides an important option for taxpayers to donate their refunds to Colorado nonprofits that are not listed on the current voluntary contributions schedule.

### BACKGROUND

In 1977, Colorado was the first state to allow taxpayers to donate to charitable causes that benefit the public through the state tax return. Colorado can become the first state to allow taxpayers to donate their refunds to any nonprofit registered in Colorado through the tax return.

With fewer taxpayers able to benefit from the charitable deduction, Senate Bill 18-141 provides a unique opportunity for Colorado taxpayers to give more when they have more income to give. Having more choices of where to donate their tax refunds is likely to result in more donations.

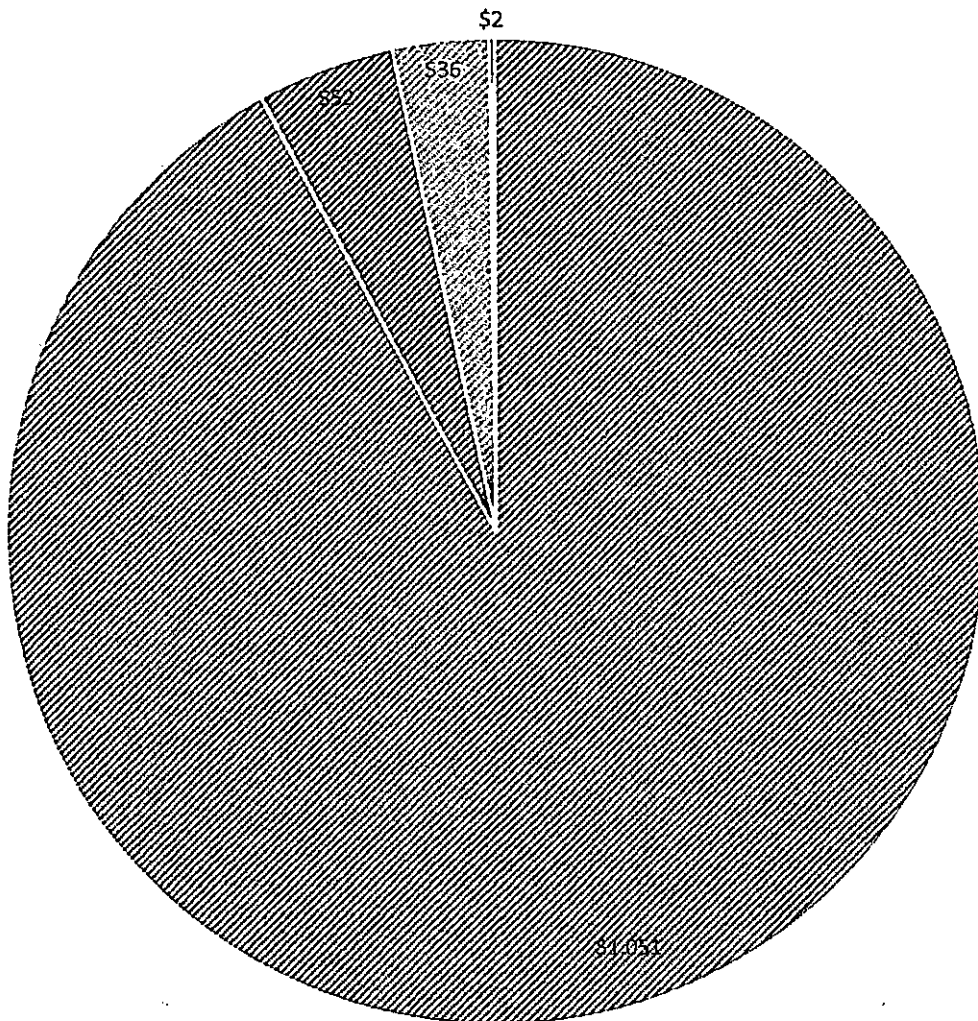
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## INCOME TAX REFUNDS AND OPPORTUNITIES FOR GIVING (IN MILLIONS)

■ Tax Refunds   ■ 5% of refunds   ■ Colorado Gives Day   ■ 2017 checkoffs



**Serving nonprofits. Strengthening communities.**

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## ADDITIONAL INFORMATION FOR SB 18-141

The Department of Revenue concerns, laid out in their comments dated 02/13/18, have been addressed through the original language of the bill and amendments L.001 and L.003 as follows:

<b>L.001</b>	
<i>Page 1, line 1-15</i>	<b>EFFECTIVE DATE &amp; SET-UP FUNDING</b> <ul style="list-style-type: none"> <li>• Clarified that the effective date for the new tax check off should for income tax year on or after January 1, 2019, <i>BUT NOT UNTIL</i> the first income tax year immediately following the year in which a line is available, <i>AND</i> the gifts, grants and donations are sufficient to cover the set-up costs.</li> <li>• Gifts, grants and donations will cover all set-up costs.</li> </ul>
<i>Page 2, lines 1-11</i>	<ul style="list-style-type: none"> <li>• Extends the potential repeal date, if sufficient funds are not generated, to 2020.</li> </ul>
<i>Page 1, lines 17-26</i>	<ul style="list-style-type: none"> <li>• Conforming language to clarify start date.</li> </ul>
<i>Page 1, lines 27-35</i>	<ul style="list-style-type: none"> <li>• Conforming language to help clarify the line will be held until the provisions of 39-22-5002(1)(a) are met.</li> </ul>

<b>L.003</b>	
<i>Page 1, lines 1-3</i>	<b>ANNUAL UPDATES FROM SOS</b> <ul style="list-style-type: none"> <li>• Changed the deadline date for Secretary of State submission of the annual list of eligible charitable organizations to September 1 each year.</li> <li>• Secretary of the State's office is ok with this change.</li> </ul>
<i>Page 1, lines 4-7</i>	<b>IMMUNITY</b> <ul style="list-style-type: none"> <li>• Language added to provide clear immunity.</li> </ul>
<i>Page 1, line 13</i>	<b>REMOVE THIRD-PARTY VENDER</b> <ul style="list-style-type: none"> <li>• <i>Removed</i></li> </ul>
<i>Page 1, lines 8-12</i>	<b>MECHANISM TO RECEIVE FUNDS</b> <ul style="list-style-type: none"> <li>• Language added.</li> </ul>

<b>SB 18-141</b>	
<i>Page 8, lines 8-17</i>	<b>MAINTENANCE FUNDING</b> <ul style="list-style-type: none"> <li>• This is already addressed in the bill – gifts, grants, and donations cover all ongoing costs.</li> <li>• The \$28.8k annual maintenance costs would be around 1.6% of current donations.</li> </ul>