



## 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.

### Contacts:

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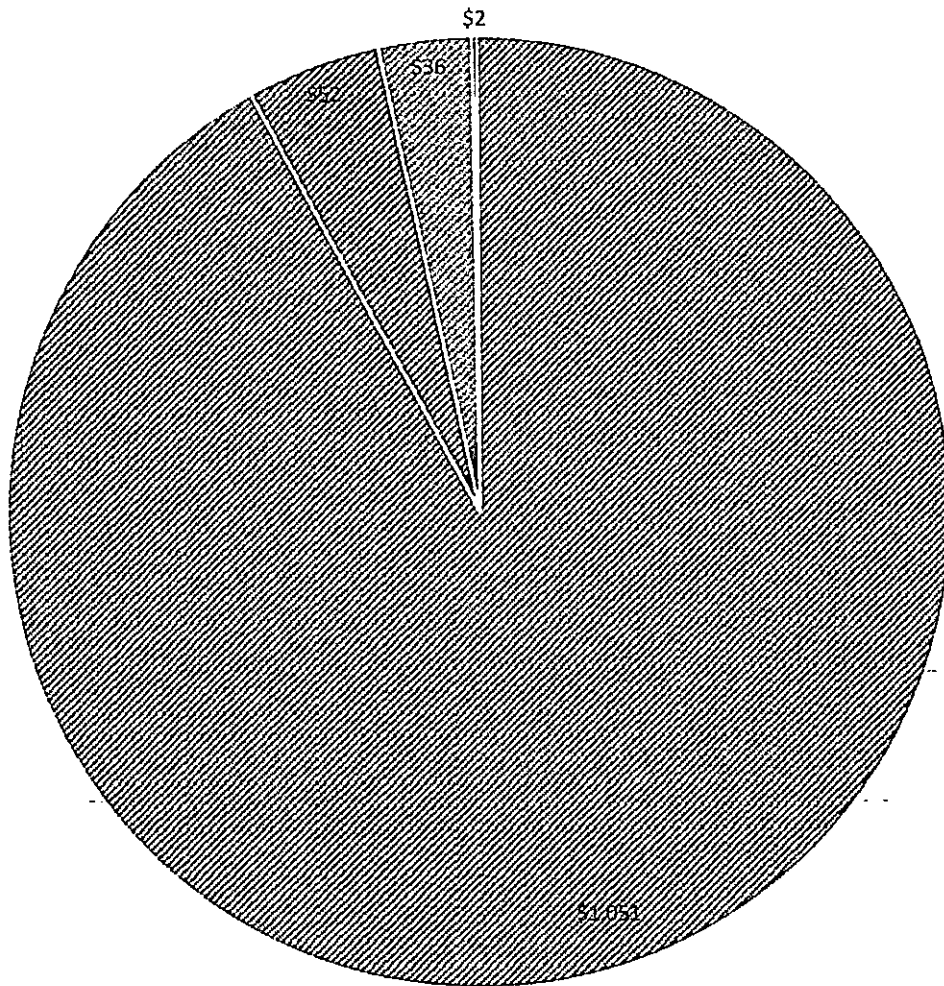
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## INCOME TAX REFUNDS AND OPPORTUNITIES FOR GIVING (IN MILLIONS)

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



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**Colorado  
NONPROFIT**  
Association

Executive Director Michael Hartman  
Colorado Department of Revenue  
1375 Sherman Street  
Denver, CO 80261

March 27, 2018

Re: SB18-141, Income Tax Checkoff Nonprofit Donation Fund

Dear Director Hartman:

The Colorado Nonprofit Association sincerely appreciates the collaboration with the Department of Revenue (DOR) to work through the details of creating an opportunity for Coloradans to donate a portion, or all, of their tax refund to eligible nonprofit organizations.

As you know, this policy has the potential to provide important and significant support to the many nonprofits in Colorado who serve critical community needs.

As provided in SB18-141, the implementation costs for this program will come from gifts, grants and donations. The Colorado Nonprofit Association is committed to leading the fundraising efforts to fund \$297,341 for GenTax programming and associated staff maintenance, as well as one FTE tax examiner associated with DOR's first year of costs for processing returns with refund donations (approximately \$70,000 according to DOR's estimation).

Further we fully recognize that it is within DOR's judgement to determine if the Department has received "sufficient funding" to implement the program (pursuant to the bill, page 9, lines 6-15). Our goal is to raise sufficient funds outlined above by August 15, 2019 for program implementation beginning January 1, 2020 for tax year 2019.

It is our understanding that DOR will request annual cash appropriations for ongoing processing costs and GenTax system maintenance costs as provided in SB 141 (page 8, lines 10-19), starting with processing costs for FY 2019-20, incurred in the first six months of 2020.

We look forward to continuing to be your partner in the successful implementation of this new opportunity for charitable giving.

Sincerely,

A handwritten signature in cursive script that reads "Renny Fagan".

Renny Fagan  
President & CEO

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