

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 617** HLS 13RS 367

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
|--|---------|-------------------------------|
| Date: June 3, 2013 | 3:58 PM | Author: ORTEGO |
| Dept./Agy.: Revenue | | Analyst: Greg Albrecht |
| Subject: Income Tax Checkoffs - LA Nat. Guard and Bastion Comm. | | |

TAX RETURN

EN NO IMPACT GF RV See Note

Page 1 of 1

Creates an income tax checkoff for the Louisiana National Guard Honor Guard for Military Funerals

Allows donation of personal income tax refunds by checkoff to the Louisiana National Guard Honor Guard for Military Funerals. A special escrow fund is created in the treasury to receive deposits of such donations, and the the treasurer is to remit balances to the Department of Military Affairs every three months. The funds are to be used to provide military funeral honors for members of Louisiana’s military forces.

Allows donation of personal income tax refunds by checkoff to Bastion Community of Resilience. A special escrow fund is created in the treasury to receive deposits of such donations, and the the treasurer is to remit balances to the Department of Military Affairs every three months. The funds are to be used to for the development of of innovative housing for recent war veterans suffering from traumatic brain injury or polytrauma, along with their families.

The House Committee on Ways and Means is authorized to request a report from these organizations relative to their operations. Effective for taxable years beginning on or after January 1, 2013.

| EXPENDITURES | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| REVENUES | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | \$0 |
| Annual Total | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

EXPENDITURE EXPLANATION

Adding additional checkoffs to the tax return, in isolation, involves relatively small costs associated with data processing modifications, accounting, and disbursing of any refunds donated. In addition, R.S. 47:120.37 authorizes a 20% fee from the donated amounts to defray these costs. Current law (R.S. 47:120.37(B)) also provides that existing checkoffs be removed from the tax return if they have not generated at least \$10,000 per year for two consecutive years.

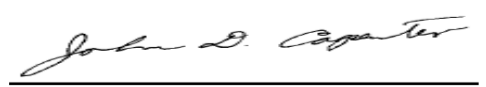
If the Department of Revenue does not remove checkoffs from the form, then to accommodate additional checkoff options (this one and others contemplated) the Department will likely have to redesign the tax form. Additional costs depend on the redesign chosen (redesign entire form to fit more lines, add a new schedule/page for checkoffs, change to a code entry for each checkoff such as is done for credits), but all involve additional printing, system processing modifications, and taxpayer/preparer communication and support. The Department estimates one-time set up costs of staff time could be several thousand dollars from existing budget, depending on the number of checkoffs being accommodated and the amount of redesign necessary.

REVENUE EXPLANATION

There will be no effect on state tax collections since only refunds will be donated. The willingness of taxpayers to donate all or a portion of their tax refunds to any particular purpose can not be predicted. The amount of donations to any particular purpose is likely to be small.

For fiscal year 2011 (the latest year for which the department has information on checkoffs) the nine checkoffs reported for that year received donations from 16,688 returns out of 2.064 million total returns filed (0.8% of returns); total donations for all purposes were \$333,159; donations per checkoff purpose were a high of \$105,479 and a low of \$15; and, the average donation per contributing return was \$19.96.

| | | |
|---|----------------------------|--|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | <input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |


John D. Carpenter
Legislative Fiscal Officer