

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 40** SLS 16RS 217

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
|---|----------|-------------------------------|
| Date: April 13, 2016 | 10:28 AM | Author: PERRY |
| Dept./Agy.: Revenue | | Analyst: Greg Albrecht |
| Subject: Income Tax Checkoff - Friends of Palmetto Island Park | | |

TAX/TAXATION

EG NO IMPACT GF RV See Note

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Recreates the income tax checkoff donation for Friends of Palmetto Island State Park. (gov sig)

Reinstates the personal income tax refund donation checkoff to the Friends of Palmetto Island State Park. Donated monies shall be distributed by the Department of Revenue in accordance with statutory procedures for checkoff donations (R.S. 47:120.37). Monies derived from such donations are to be used for the purpose of supporting and enhancing the Palmetto Island State Park.

Effective for taxable years beginning on or after January 1, 2016.

| EXPENDITURES | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 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 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 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 an additional checkoff 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(C) authorizes a 20% fee from the donated amounts to defray these costs, and R.S. 47:120.37(B) 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.

This bill is requiring that a particular checkoff be reinstated and retained on returns regardless of the level of donations relative to the provisions of R.S. 47:120.37(B). This will require modification of the tax return, either adding the checkoff back to the list of 23 existing checkoffs on Schedule D of the return or replacing one of the existing checkoffs that has not met the minimum donation threshold.

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.

According to the Department of Revenue, refund donations for the Palmetto Island State Park were \$1,448 on 2012 returns, \$1,435 on 2013 returns, and \$1,590 on 2014 returns. The checkoff was removed from 2015 returns.

Fiscal year 2012 is the latest year for which the department has published breakdown information on checkoffs in its Annual Report. In that year, the nine checkoffs reported received donations from 14,781 returns out of 2.095 million total returns filed (0.7% of returns); total donations for all purposes were \$281,986; donations per checkoff purpose ranged from a high of \$98,350 (Military Family Assistance Fund) to a low of \$125 (LA Housing Trust Fund); and, the average donation per contributing return was \$19.08. The FY13 Annual Report indicates \$231,754 of total donations, and the FY14 Annual Report \$193,745 of total donations.

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| <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)(1) >= \$100,000 SGF Fiscal Cost {H & 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