

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 708** HLS 20RS 1016

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 30, 2020	3:58 PM	<b>Author:</b> HILFERTY
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Income Tax Checkoff, Four-Year State Colleges & Universities		

TAX/INCOME TAX

OR NO IMPACT GF RV See Note

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Creates an individual income tax checkoff for four-year state colleges or universities

Allows donation of personal income tax refunds by checkoff to any four-year state college or university. Donated monies shall be distributed by the Department of Revenue in accordance with statutory procedures for checkoff donations (R.S. 47:120.37).

Effective for taxable years beginning on or after January 1, 2021.

<b>EXPENDITURES</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>

  

<b>REVENUES</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>5 -YEAR TOTAL</b>
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Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**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.

To some extent, the cost of implementation by the Revenue Dept. depends on the number of recipients potentially receiving refund donations. While the bill does not specifically restrict donations to in-state institutions, it is assumed that the bill intends to only apply to donations to in-state institutions only. Under that scenario, the Revenue Dept. reports that costs to program and test return processing changes to handle donations to the 15 LA public four-year state colleges and universities could amount to \$105,000 of staff time, and possible equipment/software updates. Setup costs are incurred regardless of the level of donations or no donations to any particular potential recipient, and distribution of donations to a number of institutions will involve some ongoing costs. The Dept. does deduct 20% of the donations to help cover administrative costs (from 30 of the 31 current donations except Military Family Assistance), but has to absorb these costs initially, and then builds in overall costs in subsequent budget requests as necessary to cover workload increases in general.

**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 2018 (the latest year for which the department has published limited information on checkoffs) the 31 checkoffs reported for that year received total donations for all purposes of \$351,097. Donations per checkoff purpose ranged from a high of \$89,572 (Military Family Assistance Fund) to a low of \$1 (New Opportunity Waiver Fund).

Senate      Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

**John D. Carpenter**  
**Legislative Fiscal Officer**