



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 458** HLS 11RS 880

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 8, 2011	4:03 PM	Author: HILL
Dept./Agy.: Revenue		
Subject: Income Tax Checkoff - Louisiana Food Bank Association		Analyst: Greg Albrecht

TAX/INCOME-INDIV/RETURN

OR NO IMPACT GF RV See Note

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Creates an individual income tax return checkoff for donations to the La. Food Bank Association

Allows donation of personal income tax refunds by checkoff to the Louisiana Food Bank Association. Additional donation amounts can also be paid by the taxpayer. The Department of Revenue is to enter the amount of the donation and the name of the donor into a central registry, and transfer amounts donated to a special fund created by this bill, the Louisiana Food Bank Association Fund. Expenses associated with administering this checkoff can be retained from the Fund, and remaining balances of the Fund are to be remitted to the Louisiana Food Bank Association every 60 days.

Effective for tax years beginning on or after January 1, 2012.

EXPENDITURES	2011-12	2012-13	2013-14	2014-15	2015-16	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	\$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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2011-12	2012-13	2013-14	2014-15	2015-16	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>	<u>\$0</u>
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 authorizes a 20% fee from the donated amounts to defray these costs. This bill also authorizes the retention of funds sufficient to defray administrative costs of this new checkoff and its special Fund. 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 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 etc.), but all involve additional printing, system processing modifications, and taxpayer/preparer communication and support.

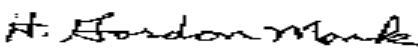
This bill also allows for additional funds to be donated. This entails more new lines and instructions on the tax forms, as well as processing effort. Historically, only a small amount of total donations are made this way (for example the Military Family Assistance Fund received 2% of its total donations this way in the five year period 2005-2009).

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 or other amounts specifically paid by taxpayers will be donated. The willingness of taxpayers to donate all or part 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 2010 (the latest year for which the department has information on checkoffs) the eight checkoffs reported for that year received donations from 16,253 returns out of 2.039 million total returns filed (0.8% of returns); total donations for all purposes were \$341,521; donations per checkoff purpose were a high of \$116,391 and a low of \$227; and, the average donation per contributing return was \$21.01.

Senate	Dual Referral Rules	House	
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}	
		<input type="checkbox"/> 6.8(F)2 >= \$100,000 Annual SGF 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}	H. Gordon Monk Legislative Fiscal Officer