

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0166-01  
Bill No.: Truly Agreed To and Finally Passed SB 35  
Subject: Taxation and Revenue - Income; Revenue Department; Science and Technology  
Type: Original  
Date: May 28, 2013

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Bill Summary: Would authorize an income tax return check - off box for the designation of a donation from an income tax refund to the newly created Pediatric Cancer Research Trust Fund.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Pediatric Cancer Research Trust	Less than \$100,000	Less than \$100,000	Less than \$100,000
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Less than \$100,000</b>	<b>Less than \$100,000</b>	<b>Less than \$100,000</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of Administration, Division of Budget and Planning (BAP)** assume this proposal would not result in a fiscal impact to their organization.

BAP officials assume this proposal would create an income check - off to benefit a fund which would be established in this proposal: the Pediatric Cancer Research Trust Fund. Taxpayers could designate a portion of their refund to the newly created fund, and could also write a check for donations to the fund.

To the extent the check - off is used, this proposal would increase total state revenues. BAP officials noted \$288,035 in designations were made via income tax check - offs in FY 2012.

**Oversight** assumes the participation rate and the amount of revenue which would be provided for the Pediatric Cancer Research Trust Fund through this proposed check - off program are unknown.

**Oversight** reviewed the DOR report of check - off trust fund collections for the three years ended June 30, 2012, and noted no program had collections in excess of \$100,000 per year. Average collections for the each of the twenty - five programs active in FY 2012 was \$11,800.

For fiscal note purposes, **Oversight** will indicate annual revenue less than \$100,000 for the Pediatric Cancer Research Trust Fund. The program would be effective for tax years beginning January 1, 2013, and Oversight assumes the donations would be made from refunds beginning in January, 2014 (FY 2014).

**Oversight** also notes the funds collected under this program would be paid out to a specified research foundation; accordingly, Oversight will assume this proposal would have no other impact on the state or on local governments.

ASSUMPTION (continued)

Officials from the **Department of Revenue (DOR)** assume this proposal would create the "Pediatric Cancer Research Trust Fund." The fund would consist of money collected under these proposed statute sections. The State Treasurer would be the custodian of the fund and could approve disbursements.

Beginning January 1, 2013, individuals or corporations entitled to a tax refund could designate one dollar, or two dollars on a combined return, to the Pediatric Cancer Research Trust Fund. The Director of Revenue would deposit, at least monthly, all contributions designated by individuals to the State Treasurer for deposit to the fund. The Director of Revenue would also deposit, at least monthly, all contributions designated by corporations, less an amount sufficient to cover the costs of collection and handling by the Department of Revenue, to the State Treasurer for deposit to the fund. A contribution designated by a taxpayer could only be deposited in the fund after all other claims against that refund have been satisfied.

The program would sunset December thirty-first, six years after August 28, 2013, unless reauthorized by the General Assembly.

The Department would need to make form changes, and the Department and ITSD - DOR would need to make programming changes to various tax systems. Other than the need for forms changes and programming, this proposal would not impact Taxation.

IT Impact

DOR officials provided an estimate of the IT portion of the fiscal impact to implement this proposal of \$18,178 based on 672 hours of programming for changes to DOR systems.

**Oversight** assumes OA - ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. Oversight assumes OA - ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, OA - ITSD (DOR) could request funding through the appropriation process.

Officials from the **Joint Committee on Administrative Rules** assume this proposal would not have a fiscal impact to their organization in excess of existing resources.

Officials from the **Office of the State Treasurer** and the **Office of the Secretary of State** assume this proposal would not fiscally impact their respective agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
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**PEDIATRIC CANCER RESEARCH  
TRUST FUND**

<u>Revenue - donations</u>	<u>Less than</u> <u>\$100,000</u>	<u>Less than</u> <u>\$100,000</u>	<u>Less than</u> <u>\$100,000</u>
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<b>ESTIMATED NET EFFECT ON PEDIATRIC CANCER RESEARCH TRUST FUND</b>	<b><u>Less than</u></b> <b><u>\$100,000</u></b>	<b><u>Less than</u></b> <b><u>\$100,000</u></b>	<b><u>Less than</u></b> <b><u>\$100,000</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION


The proposed legislation would authorize an income tax return check - off box for the designation of a donation from an income tax refund to the newly created Pediatric Cancer Research Trust Fund.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Office of the Secretary of State  
Office of the State Treasurer  
Joint Committee on Administrative Rules  
Office of Administration  
    Division of Budget and Planning  
Department of Revenue



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Acting Director  
May 28, 2013

SS:LR:OD