

**DEPARTMENT OF TAXATION
2001 Fiscal Impact Statement**

1. **Patron** Plum

3. **Committee** House Finance

4. **Title** Income Tax Deduction: Energy Program
Contributions

2. **Bill Number** HB 2469

House of Origin:

 X **Introduced**

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 Enrolled

5. **Summary/Purpose:**

This bill would create an individual income tax deduction for contributions to an emergency energy assistance program operated by a utility. In order to qualify, the utility company must be an agent for a charitable organization that assists individuals with emergency energy needs and contributions to such charitable organization can be deducted as a "charitable contribution" under the Internal Revenue Code. This deduction would not be allowed for amounts already claimed by individuals as an itemized deduction on their federal return.

This bill would be effective on taxable years beginning on and after January 1, 2002.

6. **Fiscal Impact Estimates are:** Not available. (See Line 8.)

7. **Budget amendment necessary:** No.

8. **Fiscal implications:**

While this bill does have costs associated with systems development, these cannot be ascertained at this time. The cost for implementing a **single** piece of legislation cannot be calculated precisely due to economies of scale. The actual cost to implement **all** legislation enacted during a given session will more than likely be less than the sum of the costs attributed to individual bills. Further, the ability to accurately predict costs is complicated because TAX is replacing its current database system. As a result, legislative changes may need to be made to both the current and the future system, depending on the effective date. Therefore, TAX is not providing specific systems costs for this bill, but will calculate the total for all tax bills once they have been acted upon favorably. Other administrative costs to implement this bill would be minimal.

The negative impact of this bill on general fund revenues is unknown. Although, the impact cannot be determined, it is likely to be fairly modest.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. Technical amendment necessary: None.

11. Other comments:

This bill would create an individual income tax deduction for contributions to a utility company emergency energy program. The utility company must be an agent for a charitable organization that assists individuals with emergency energy needs. In order for the charitable organization to qualify, contributions to it must qualify as a "charitable contribution" under § 170(c) of the Internal Revenue Code.

This deduction would not be allowed for amounts already claimed by individuals as an itemized deduction on their federal return.

Other Legislation

House Bill 2473 would establish the Home Energy Assistance Program. This program contains an income tax deduction that includes all of the features of the deduction proposed in this bill. However, the deduction in House Bill 2473 also allows contributions to the Home Energy Assistance Fund, created in that bill, to qualify for the same deduction.

cc: Secretary of Finance

Date: 1/21/01/CT

Document: S:\2001leg\WorkInProgress\OTPwork\House Bills\HB2469F161.doc