

Department of Planning and Budget 2002 Fiscal Impact Statement

1. **Bill Number:** HB1304

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Engrossed
Second House	<input checked="" type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. **Patron:** Cox

3. **Committee:** Finance

4. **Title:** Donations to the general fund

5. **Summary/Purpose:** This bill would allow taxpayers to make donations to the Commonwealth's general fund in excess of the 1% tax liability. The Tax Commissioner is directed to list, at least monthly with the consent of the taxpayer, the names of such donors on the Tax Department's website.

6. **Fiscal Impact Estimates are:** Final. See Item 8.

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2000-02	\$0	0.00	N/A
2001-03	\$93,320	0.00	GF
2002-04	\$8,880	0.00	GF

7. **Budget amendment necessary:** Yes, Item 283.

8. **Fiscal implications:** The revenue impact of this bill is expected to be minimal. The model for this bill, the "Tax Me More Fund" in Arkansas, was established during December 2001. That Fund has received few donations. Currently, Virginia's general fund does include an accounting code for private donations, gifts, and contributions. The Commonwealth has received one donation of \$2,000 in the last three fiscal years. However, creating awareness that individuals can make donations to the general fund and providing the incentive of posting contributor's names on Department of Taxation's website may induce a larger number of individuals to contribute than have in the past.

According to the Department of Taxation, there are costs associated with modifying the system to implement this legislation. The Department is currently in the process of replacing its automated systems as part of a partnership with American Management Systems, Inc. (AMS). As a result, the Department will be maintaining two systems – the current STARS system and the new IRMS system – for a period of time as a contingency. The contract with AMS generally provides for the costs of implementing routine legislation. However, changes attributable to major legislation are not within the scope of the contract.

The Department of Taxation estimates that it would incur costs of \$93,320 in fiscal year 2003 for changes to its existing system and \$8,880 in fiscal year 2004 for systems maintenance. Changes to the new IRMS system would be covered under the AMS contract changes.

JLARC Fiscal Impact Review : The Joint Legislative Audit and Review Commission (JLARC) disagrees with the Tax Department's estimated fiscal impact for implementing this proposed bill. The Tax Department proposes treating donations to the general fund in the same manner in which it treats voluntary tax check-off contributions. In order to do so, systems reprogramming will be required. JLARC concludes that if the Tax Department does not add the donation as a voluntary contribution check-off, but rather simply accepts checks, that the reprogramming costs can be avoided.

9. Specific agency or political subdivisions affected: Department of Taxation

10. Technical amendment necessary:

11. Other comments: None

Date: 2/13/02

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