

DEPARTMENT OF TAXATION

2004 Fiscal Impact Statement

1. **Patron** Harry R. Purkey

3. **Committee** Passed House and Senate

4. **Title** Individual Income Tax:
Limiting Number of Check-offs

2. **Bill Number** HB 1486

House of Origin:

 Introduced

 Substitute

 Engrossed

Second House:

 In Committee

 Substitute

 X **Enrolled**

5. Summary/Purpose:

This bill would limit the number of organizations eligible to receive check-off contributions from individual income tax refunds to 25. Each check-off would be required to receive contributions of at least \$10,000 annually for three consecutive years to remain on the individual income tax return.

If an organization or entity, that is a recipient of voluntary contributions at the time this bill becomes effective, is removed, the following organizations shall be the first two organizations added in the following order (i) the Department of Emergency Management for the Office of Commonwealth Preparedness and (ii) all entities in the Commonwealth that officially have been designated as cancer centers by the National Cancer Institute.

This bill would be effective for taxable years beginning on and after January 1, 2004.

6. **Fiscal Impact Estimates are:** None. (See Line 8.)

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

8. Fiscal implications:

This bill would have no impact on General Fund revenues. The Department would incur minimal administrative costs in taxable year 2004 in implementing this bill.

9. Specific agency or political subdivisions affected:

Department of Taxation

10. **Technical amendment necessary:** No.

11. Other comments:

Current Virginia Check-offs

Virginia has 27 active voluntary contribution check-off provisions. Fourteen are permanent and thirteen sunset. The following table illustrates the status of each check-off.

Voluntary Check-off Contribution	Current Expiration Date
Center for Government Studies	January 1, 2005
Chesapeake Bay Restoration	None
Children of America Finding Hope	None
Community Policing Fund	None
Elderly Transportation Fund	None
Family and Children's Trust Fund	None
Historic Resources Fund	January 1, 2009
Home Energy Assistance Fund	None
Jamestown-Yorktown Foundation	January 1, 2008
Law and Economics Center	January 1, 2005
Nongame Wildlife	None
Open Space Recreation and Conservation Fund	None
Organ and Tissue Donation	January 1, 2007
Political Parties	None
Public School Foundations	January 1, 2007
Spay and Neuter Fund	January 1, 2009
State Forest Systems Fund	None
Tuition Assistance Grant Fund	January 1, 2009
Uninsured Medical Catastrophe	None
U.S. Olympic Committee	None
Virginia Arts Foundation	None
Virginia Commission for the Arts	January 1, 2009
Virginia Federation of Humane Societies	January 1, 2009
Virginia Foundation for the Humanities and Public Policy Fund	January 1, 2005
Virginia Housing Program	None
Virginia War Memorial Foundation and the Nation D-Day Memorial Foundation	January 1, 2008
4-H Educational Center	January 1, 2007

The following chart contains historical data on the individual income tax check-offs.

Program/Fund	1999 Return		2000 Return		2001 Return		2002 Return	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Virginia Democratic Party	1,656	\$23,743	1,221	\$21,458	1,219	\$22,949	1,310	\$25,437
Virginia Republican Party	1,255	17510	880	16,370	912	17,261	989	18,973
Virginia Nongame Wildlife Program	8,716	151902	6,477	132,067	6,336	153,283	6,542	158,685
Virginia Housing Program	2,506	33756	1,347	26,763	1,803	39,898	1,943	43,024
Virginia Open Space Recreation and Conservation Fund	3,905	52215	2,362	44,278	2,662	56,129	2,987	63,080
Virginia Family and Children's Trust Fund (FACT)	3,224	42304	1,627	31,182	1,888	41,960	1,605	36,827
Virginia Elderly and Disabled Transportation Fund	4,203	60353	2,633	51,131	2,877	59,993	2,895	60,101
United States Olympic Committee	2,470	30065	1,442	23,058	1,444	24,317	1,325	22,402
Community Policing Fund	1,434	15888	499	9,090	641	10,321	689	11,886
Virginia Arts Foundation	2,077	25706	1,120	20,358	1,239	26,262	1,392	26,813
Chesapeake Bay Restoration	7,192	116956	4,038	81,797	5,900	139,111	5,325	124,928
Historic Resources Fund	1,607	17290	602	10,380	763	13,186	933	16,525
State Forests Systems Fund	3,050	34880	1,754	25,811	2,443	45,433	2,175	40,242
Uninsured Medical Catastrophe Fund	2,136	26976	961	18,666	1,361	31,879	1,336	30,297
Humanities & Public Policy	540	4666	185	3,341	298	4,519	349	6,701
Center for Government Studies	331	3759	126	2,020	171	2,468	172	2,734
Law & Economics Center	342	4839	164	2,941	138	2,579	165	3,186
Jamestown-Yorktown Foundation			438	6,958	847	16,932	885	16,067
Children of America Finding Hope					388	6,783	905	17,162
Public School Foundations							1,033	27,836
Virginia Transplant Council							411	6,664
4-H Educational Centers (4H Camp)							473	7,455
Total	46,644	\$662,808	27,876	\$527,669	33,330	\$715,263	35,839	\$767,025

Refund Check-Offs In Other States

A survey of check-off contributions among those states that impose a broad-based income tax on individuals showed that Virginia offers the most check-offs with 27. The states with the next largest number of check-offs are Oregon with 18 and Illinois with 12. The average number of check-offs per state is 6.

Proposal

This bill would limit the number of organizations eligible to receive check-off contributions from individual income tax refunds to 25. Each check-off would be required to receive contributions of at least \$10,000 annually for three consecutive years to remain on the individual income tax return. This bill would require the House and Senate Finance Committees to conduct an annual review of all provisions allowing such voluntary contributions.

If an organization or entity, that is a recipient of voluntary contributions at the time this bill becomes effective, is removed, the following organizations shall be the first two organizations added in the following order (i) the Department of Emergency Management for the Office of Commonwealth Preparedness and (ii) all entities in the Commonwealth that officially have been designated as cancer centers by the National Cancer Institute.

This bill would be effective for taxable years beginning on and after January 1, 2004.

cc : Secretary of Finance

Date: 3/24/2004 CBF