



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 350 of the 129th G.A.

Date: January 23, 2012

Status: As Introduced

Sponsor: Reps. Hackett and Grossman

Local Impact Statement Procedure Required: No

Contents: Allows taxpayers to contribute to the American Red Cross Ohio Disaster Response Readiness and Preparedness Fund through their income tax returns

State Fiscal Highlights

STATE FUND	FY 2012	FY 2013	FUTURE YEARS
American Red Cross Ohio Disaster Response Readiness and Preparedness Fund (created by the bill)			
Revenues	- 0 -	Possible gain	Possible gain
Expenditures	- 0 -	Possible increase	Possible increase
Income Tax Contribution Administration Fund (Fund 4370)			
Revenues	- 0 -	Possible gain	Possible gain
Expenditures	- 0 -	Possible increase	Possible increase
Emergency Management Agency Service and Reimbursement Fund (Fund 4V30)			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Possible increase	Possible increase

Note: The state fiscal year is July 1 through June 30. For example, FY 2010 is July 1, 2009 – June 30, 2010.

- The bill adds a fifth income tax check-off for contributions to the American Red Cross Ohio Disaster Response Readiness and Preparedness Fund, created by the bill.
- Costs to the Department of Taxation to administer the income tax check-off system, up to 2.5% of contributions, would be paid from the Income Tax Contribution Administration Fund. One-fifth of these administrative costs would be transferred to that fund from each of the five funds receiving contributions.
- Amounts that would be contributed to the new fund are uncertain. The three funds for which figures are available each raised between about \$300,000 and \$670,000 annually in the most recent three years.
- The Executive Director of the State Emergency Management Agency would make grants for disaster preparedness and response from contributions to the new fund, and would report to the General Assembly on the effectiveness of this program.
- The bill changes the name of the Litter Control and Natural Resource Tax Administration Fund to the Income Tax Contribution Administration Fund.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

H.B. 350 adds a new income tax check-off for contributions to the American Red Cross Ohio Disaster Response Readiness and Preparedness Fund, created by the bill. Grants from the fund would be used by American Red Cross chapters in Ohio for disaster preparedness and response.

The income tax check-off for the American Red Cross Ohio Disaster Response Readiness and Preparedness Fund would become the fifth check-off on the state's personal income tax. These contributions do not reduce income taxes owed, but are made from taxpayers' refunds. Persons may also contribute directly to the funds. One-fifth of the costs to the Department of Taxation to administer the income tax check-off system, up to 2.5% of total contributions, would be transferred from each of the five funds to the Income Tax Contribution Administration Fund (Fund 4370).

Funds in the income tax check-off system raised the following amounts in the most recent three years for which records are posted on the Department of Taxation's web site:

Contributions from Income Tax Refunds							
Tax Year	Nongame and Endangered Wildlife Fund		Natural Areas and Preserves Fund		Military Injury Relief Fund		Total Amount
	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount	
2007	37,838	\$320,925	42,540	\$383,937	40,418	\$555,418	\$1,260,280
2008	44,236	\$417,489	41,561	\$351,973	44,216	\$670,513	\$1,439,975
2009	32,252	\$301,335	34,395	\$332,200	34,308	\$488,918	\$1,122,453

The fourth fund in current law, the Ohio Historical Society Income Tax Contribution Fund, was created by Am. Sub. H.B. 153 of the 129th General Assembly, so no comparable figures are available for contributions to it. Whether the new fund established by the bill would raise more or less than the amounts raised in the past for funds in the check-off system is uncertain. Fewer than 1% of returns include contributions to any one of the funds in the system, with contributions on average of \$8 to \$15.

The Executive Director of the State Emergency Management Agency is responsible for making grants to the American Red Cross Greater Columbus Chapter from the new fund, for use by American Red Cross chapters in Ohio for planning, for

disaster preparedness and response programs throughout Ohio, and for costs of administering those programs. Every two years, starting in January 2013, the Executive Director is to report to the General Assembly on the effectiveness of the income tax contribution system as it pertains to the new fund, revenues to the fund, and the purposes for which the money was spent. The Executive Director's costs for grant-making and preparation of a report would be paid out of the Emergency Management Agency Service and Reimbursement Fund (Fund 4V30).

Although the bill specifies that taxpayer refunds may be contributed to the new fund beginning with tax year 2011, such contributions are unlikely before tax year 2012 even if the bill is enacted promptly, since the tax year 2011 state income tax forms have already been published. Direct contributions could be made to the new fund as soon as it is created.

The bill changes the name of the Litter Control and Natural Resource Tax Administration Fund to the Income Tax Contribution Administration Fund. The new name reflects the current function of the fund. It changes the name of the income tax refund contribution system to the income tax contribution system.