



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

**Bill:** S.B. 138 of the 129th G.A.

**Date:** June 24, 2011

**Status:** As Introduced

**Sponsor:** Sen. Hughes

**Local Impact Statement Procedure Required:** No

**Contents:** Allows taxpayers to contribute part of income tax refunds to Ohio-based chapters of the Alzheimer's Association

### State Fiscal Highlights

STATE FUND	FY 2012	FY 2013	FUTURE YEARS
<b>General Revenue Fund</b>			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	Possible increase	Possible increase	Possible increase
<b>Alzheimer's Association Income Tax Contribution Fund (created by the bill)</b>			
Revenues	Possible gain	Possible gain	Possible gain
Expenditures	Possible increase	Possible increase	Possible increase
<b>Income Tax Contribution Administration Fund (Fund 4370)</b>			
Possible gain	Possible gain	Possible gain	Possible gain
Possible increase	Possible increase	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 fourth income tax check-off for contributions to the Alzheimer's Association Income Tax Contribution 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-fourth of these administrative costs would be transferred to that fund from each of the four funds receiving contributions.
- Amounts that would be contributed to the new fund are uncertain. The three current funds each raised between about \$300,000 and \$670,000 annually in the most recent three years.
- The Director of Aging would distribute contributed funds to Ohio-based chapters of the Alzheimer's Association for Alzheimer's disease care, support, and research, and would report to the General Assembly on the effectiveness of this program. Any administrative costs to the Department would likely be paid from the GRF.
- 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

S.B. 138 adds a new income tax check-off, starting in tax year 2011, for contributions to the Alzheimer's Association Income Tax Contribution Fund, created by the bill. Contributions may also be made directly to the fund, independently of the income tax contribution system. The contributed funds would be used for Alzheimer's disease care, support, and research.

The income tax check-off for the Alzheimer's Association Income Tax Contribution Fund would become the fourth check-off on the state's personal income tax. These contributions do not reduce state or school district income taxes owed, but are made from taxpayers' refunds. One-fourth 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 four funds to the Income Tax Contribution Administration Fund (Fund 4370).

Current funds that derive revenue from the income tax check-off system include the Nongame and Endangered Wildlife Fund (Fund 8170), the Natural Areas and Preserves Fund (Fund 5220), and the Military Injury Relief Fund (Fund 5DB0). Money in Fund 8170 and Fund 5220 is disbursed within the Department of Natural Resources to the Division of Natural Areas and Preserves and the Division of Wildlife, respectively, for use by those divisions. Money in Fund 5DB0 is granted by the Department of Job and Family Services to qualifying individuals.

These three funds 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 Current Income Tax Refunds							
	Nongame and Endangered Wildlife Fund		Natural Areas and Preserves Fund		Military Injury Relief Fund		
Tax Year	Number of Returns	Amount	Number of Returns	Amount	Number of Returns	Amount	Total 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

Whether the new fund established by the bill would raise more or less than funds in the current check-off system is uncertain. Fewer than 1% of returns include contributions to any one of the current funds, with contributions on average of \$8 to \$15.

The Director of Aging is responsible for distributing contributions to the Alzheimer's Association Income Tax Contribution Fund to Ohio-based chapters of the Alzheimer's Association. The contributed funds are restricted to the following uses: Alzheimer's disease care, support, and research. In January of every odd-numbered year, the Director of Aging 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 Department would likely use the General Revenue Fund to pay for any costs associated with administration of this program.

The bill also 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.