Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: Am. H.B. 112 of the 130th G.A. **Date**: May 14, 2013

Status: As Passed by the House **Sponsor**: Reps. Schuring and Gonzales

Local Impact Statement Procedure Required: No

Contents: Allows contributions of income tax refunds to the Ohio Breast and Cervical Cancer Project and sets requirements for income tax refund contribution categories

State Fiscal Highlights

STATE FUND	FY 2014	FY 2015	FUTURE YEARS
Breast and Cervical Cancer Project Income Tax Contribution Fund (created by the bill)			
Revenues	Potential gain	Potential gain	Potential gain
Expenditures	Potential increase	Potential increase	Potential increase
Income Tax Contribution Fund (Fund 4370, renamed by the bill)			
Revenues	Potential gain	Potential gain	Potential gain
Expenditures	Potential increase	Potential increase	Potential increase

Note: The state fiscal year is July 1 through June 30. For example, FY 2014 is July 1, 2013 – June 30, 2014.

- The bill adds a fifth income tax check-off for contributions to the Breast and Cervical Cancer Project 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 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 current funds each raised between about $150,000 and $670,000 annually in the most recent five years.
- The Director of Health would make distributions from contributions to the new fund, and would report to the General Assembly on the effectiveness of this program.
- The bill also sets requirements for funds in the income tax check-off system, including limiting the number of check-offs at any one time to six, and dropping any that do not raise at least $250,000 per year.
- The name of the Litter Control and Natural Resource Tax Administration Fund (Fund 4370) is changed to the Income Tax Contribution Fund.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

Detailed Fiscal Analysis

The bill adds a new income tax check-off for contributions to the Breast and Cervical Cancer Project Income Tax Contribution Fund, created by the bill. It places requirements and restrictions on current and future funds to which contributions may be made through income tax check-offs. It renames the fund through which Department of Taxation costs to administer income tax check-offs are reimbursed.

Contributions to the Breast and Cervical Cancer Project Income Tax Contribution Fund

The income tax check-off for the Breast and Cervical Cancer Project Income Tax Contribution Fund, starting with returns for tax year 2013, 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. Distributions from the new fund by the Director of Health would be used for the Breast and Cervical Cancer Project funded by the National Breast and Cervical Cancer Early Detection Program established under the "Breast and Cervical Cancer Mortality Prevention Act of 1990," for breast and cervical cancer screening, diagnostic, and outreach services to uninsured and under-insured women.

One-fifth of the costs to the Department of Taxation to administer the income tax check-off system, up to a total of 2.5% of contributions, would be transferred from each of the five funds to the Income Tax Contribution Fund (Fund 4370). The new check-off would take effect for tax years beginning on or after January 1, 2013.

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

Contributions to Income Tax Refund Funds									
	Nongame and Endangered Wildlife		Natural Areas and Preserves		Military Injury Relief		Ohio Historical Society Income Tax Contribution		
Tax Year	Number of Returns	Amount	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	N/A	N/A	$1,260,280
2008	44,236	$417,489	41,561	$351,973	44,216	$670,513	N/A	N/A	$1,439,975
2009	32,252	$301,335	34,395	$332,200	34,308	$488,918	N/A	N/A	$1,122,453
2010	29,998	$269,821	31,123	$304,801	32,471	$471,652	N/A	N/A	$1,046,274
2011	30,216	$286,721	32,225	$336,676	32,692	$529,150	17,348	$153,177	$1,305,724

The Ohio Historical Society Income Tax Contribution Fund was created by Am. Sub. H.B. 153 of the 129th General Assembly, and figures are published for contributions to it only for tax year 2011. Fewer than 1% of the more than five million personal income tax returns in each of the past five years included contributions to any one of the funds in the system. Annual contributions to each fund averaged $8 to $16 during the past five years, though contributions on some tax returns were much larger than this.

Every two years, in January of odd-numbered years, the Director of Health would report to the General Assembly on the effectiveness of the income tax refund contribution system as it pertains to the new fund, revenues to the fund, and the purposes for which the money was spent.

Requirement and restrictions on funds that receive contributions from income tax check-offs

The bill adds requirements and restrictions on the funds in the personal income tax check-off system.

1. Each fund must raise at least $250,000 per year. If a fund raises less than this for two consecutive years, the Tax Commissioner is to remove it from the income tax form.
2. No more than six check-offs are to be listed on the tax return at any one time.
3. A sixth check-off, in addition to the current four plus the new check-off created by the bill, is to be authorized for only two years.
4. Check-offs are only to be used to raise money for state agencies as defined in R.C. 1.60. An exception to this requirement is specified for the current check-off for the Ohio Historical Society, which is a nonprofit organization funded in part by the state of Ohio.

Although a future General Assembly, in considering creation of new check-offs, might choose to abide by these restrictions, it would not be bound by them.

Fund name change

The bill changes the name of the Litter Control and Natural Resource Tax Administration Fund (Fund 4370) to the Income Tax Contribution Fund. The new name reflects the current function of the fund.

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