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Bill Analysis
Legislative Service Commission

S.B. 75

127th General Assembly
(As Introduced)

Sens. R. Miller, Smith, Mason

BILL SUMMARY

- Creates an income tax check-off so that taxpayers may make contributions to the American Diabetes Association through their income tax returns.

CONTENT AND OPERATION

American Diabetes Association income tax check-off

(R.C. 1517.11, 1531.26, 3701.032, 5101.98, and 5747.113(A)(2))

Under continuing law, a taxpayer who claims an income tax refund on the taxpayer's return may contribute any part of the refund to the Natural Areas and Preserves Fund, Nongame and Endangered Wildlife Fund, or Military Injury Relief Fund by designating on the return the fund or funds to which the taxpayer wishes to make a contribution, and by writing in the proper space on the return the refund amount to be contributed. The income tax law interchangeably designates this option the "income tax refund contribution system" or the "income tax contribution system."

The bill adds a check-off on the income tax return for the American Diabetes Association Fund (hereinafter the "Fund"). For taxable years beginning in or after 2007, a taxpayer who wishes to contribute to the American Diabetes Association may do so by contributing to the Fund any part of the taxpayer's refund. In addition, if the taxpayer owes income taxes with the return, the taxpayer may make a contribution to the Fund by increasing the payment that accompanies the return. In either case, the minimum contribution is \$1. If the taxpayer elects to increase an income tax payment, but fails to remit the full amount of the contribution the taxpayer designates on the return, the contribution amount will be reduced accordingly. The bill further provides that a contribution to the Fund cannot operate to reduce the combined amount of the state and school district income taxes shown to be due on the taxpayer's annual return.

The bill also refers to all the check-off designations collectively as the "income tax contribution system" instead of "income tax refund contribution system."

Use of the American Diabetes Association Fund

(R.C. 3701.032)

The bill creates the Fund in the state treasury, and specifies that the Fund must consist of money transferred to it under the income tax contribution system and of contributions made directly to it. The bill provides that any person may contribute directly to the Fund independently of the check-off procedure.

The bill requires the Director of the Department of Health to make at least one grant each year to the American Diabetes Association using money appropriated from the Fund.

If the American Diabetes Association ceases to exist, the Director of Health must use money in the Fund to make grants to nonprofit organizations that conduct diabetes research, disseminate information about diabetes, and advocate on behalf of diabetes research and assistance for those afflicted with the disease.

Administrative costs

(R.C. 5747.113(D))

The costs of administering the income tax contribution system, which under continuing law cannot exceed 2½% of the total amount contributed under the system during a year, must be certified by the Tax Commissioner to the Director of Budget and Management, who must then transfer one-fourth of the administrative costs from each of the four check-off funds to the Income Tax Contribution Administration Fund. (The bill revises from one-third to one-fourth the percentage amount that must be transferred from each of the funds, to acknowledge the addition of the American Diabetes Association Fund to the three funds that are already part of the income tax contribution system.)

Biennial report to be made to the General Assembly

(R.C. 5747.113(E)(3))

The bill requires that the Director of Health report to the General Assembly on the effectiveness of the American Diabetes Association income tax check-off in January of every odd-numbered year. The report must address the amount of money contributed to the Fund, and contributed directly to the Fund independent of the income tax contribution system, in each of the previous five years, and the

purposes for which Fund monies were expended. The other three funds that are part of the income tax contribution system are already required to make these reports to the General Assembly.

Technical revisions

(R.C. 5747.113(B) and (C))

The bill contains technical revisions in the income tax contribution system law to reflect the creation of the check-off for the American Diabetes Association.

HISTORY

ACTION	DATE
Introduced	02-20-07

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