



# Ohio Legislative Service Commission

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## Fiscal Note & Local Impact Statement

**Bill:** S.B. 231 of the 128th G.A.

**Date:** March 22, 2010

**Status:** As Introduced

**Sponsor:** Sens. Schaffer and Wilson

**Local Impact Statement Procedure Required:** No — No local cost

**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 2010	FY 2011	FUTURE YEARS
<b>American Red Cross Ohio Disaster Response Readiness and Preparedness Fund (created by the bill)</b>			
Revenues	- 0 -	Possible gain	Possible gain
Expenditures	- 0 -	Possible increase	Possible increase
<b>Income Tax Contribution Fund (Fund 4370)</b>			
Revenues	- 0 -	Possible gain	Possible gain
Expenditures	- 0 -	Possible increase	Possible increase
<b>Emergency Management Agency Service and Reimbursement Fund (Fund 4V30)</b>			
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 fourth 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 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 \$321,000 and \$597,000 annually in the most recent three years.
- The Executive Director of the State Emergency Management Agency would make grants for disaster preparedness and response, 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 Fund.

## Local Fiscal Highlights

- No direct fiscal effect on political subdivisions.

### Detailed Fiscal Analysis

S.B. 231 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. Contributions may also be made directly to the fund, independently of the income tax contribution system. 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 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 and, for the new fund, from additional payments by taxpayers. 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 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 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
2005	37,999	\$362,452	44,062	\$416,569	35,721	\$536,736	\$1,315,757
2006	39,774	\$347,371	43,117	\$390,348	40,688	\$596,560	\$1,334,279
2007	37,838	\$320,925	42,540	\$383,937	40,418	\$555,418	\$1,260,280

Whether the new fund established by the bill would raise more or less than the amounts raised for funds in the current check-off system is uncertain. Fewer than 1% of returns include contributions to any one of the funds in the current 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, 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.

The bill changes the name of the Litter Control and Natural Resource Tax Administration Fund to the Income Tax Contribution 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. This new name reflects the provision in the bill allowing a taxpayer not only to contribute part of the taxpayer's refund to the new fund, as is the case with the three funds currently part of this system, but also to increase the payment accompanying the return to cover not only the required payment but also a contribution.