



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 426 of the 129th G.A.

Date: May 18, 2012

Status: As Reported by House Ways & Means

Sponsor: Rep. Schuring

Local Impact Statement Procedure Required: No

Contents: Allows taxpayers to contribute a portion of their income tax refunds to the Ohio Breast and Cervical Cancer Project

State Fiscal Highlights

| STATE FUND | FY 2013 | FY 2014 | FUTURE YEARS |
|--|-------------------|-------------------|-------------------|
| Breast and Cervical Cancer Project Income Tax Contribution Fund (created by the bill) | | | |
| Revenues | Possible gain | Possible gain | Possible gain |
| Expenditures | Possible increase | Possible increase | Possible increase |
| Income Tax Contribution Administration Fund (Fund 4370) | | | |
| Revenues | Possible gain | Possible gain | Possible gain |
| Expenditures | 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 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 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 \$270,000 and \$670,000 annually in the most recent four 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 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. 426 adds a new income tax check-off for contributions to the Breast and Cervical Cancer Project Income Tax Contribution Fund, created by the bill. Distributions from the fund would be used by the Director of Health 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.

The income tax check-off for the Breast and Cervical Cancer Project Income Tax Contribution 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). The new check-off would take effect for tax years beginning on or after January 1, 2012.

Funds in the income tax check-off system raised the following amounts in the most recent four 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 |
| 2010 | 29,998 | \$269,821 | 31,123 | \$304,801 | 32,471 | \$471,652 | \$1,046,274 |

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 \$9 to \$15.

Every two years, starting in January 2013, the Director of Health 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 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.

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