

# MINNESOTA • REVENUE

## INDIVIDUAL INCOME TAX Five New Checkoffs on Form

April 10, 2003

Department of Revenue

Analysis of H.F. 1105 (Dorman) /S.F. 1226 (Day)

	Yes	No
Separate Official Fiscal Note Requested	X	
<b>Fiscal Impact</b>		
DOR Administrative Costs/Savings	X	

	<b>Revenue Gain or (Loss)</b>			
	<b><u>F.Y. 2004</u></b>	<b><u>F.Y. 2005</u></b>	<b><u>F.Y. 2006</u></b>	<b><u>FY2007</u></b>
			(000's)	
Special Revenue Fund	\$1,268	\$1,394	\$1,465	\$1,538

Effective beginning with tax year 2003.

### EXPLANATION OF THE BILL

**Current Law:** Currently a state-funded campaign finance checkoff and a taxpayer-funded nongame wildlife checkoff are on the individual income tax form.

**Proposed Law:** This bill would create five new taxpayer-funded checkoffs on the individual income tax return allowing the taxpayer to designate \$1 or more to be added to the tax or deducted from the refund to be paid into separate accounts in the Special Revenue Fund for K-12 education, early childhood and family education, higher education, health care, and state parks.

### REVENUE ANALYSIS DETAIL

- According to the most recent survey by the Federation of Tax Administrators, in tax year 2000 there were 179 checkoff programs available to taxpayers in 41 states funding programs for senior citizens, child abuse prevention, combating homelessness and disease prevention. The most common checkoff is for nongame wildlife.
- Average participation rates were 1% and average contributions were \$10.
- In Minnesota, the nongame wildlife checkoff was used on 76,000 income tax returns in 2001, with an average contribution of \$13.43 for a total of \$1.0 million.
- The Minnesota participation rate of 3.1% is the highest in the country for a nonpolitical checkoff.
- It will be estimated for these new checkoffs that an overall participation rate of 3.5% and an average \$15 contribution will occur in the first year. This is in addition to the current checkoff.
- Annual growth is estimated to be 10% for the next year and 5% thereafter.

**Number of Taxpayers Affected:** about 84,500 returns.

Source: Minnesota Department of Revenue  
Tax Research Division