

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 1408 (First Edition)

SHORT TITLE: Tax Return Donations to Habitat

SPONSOR(S): Senator Wellons, et al.

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>
EXPENDITURES					
General Fund	\$42,809	\$3,859	\$3,859	\$3,859	\$3,859
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Revenue; Department of Commerce					
EFFECTIVE DATE: Effective for taxable years beginning on or after January 1, 1998.					

BILL SUMMARY: The bill provides space on the income tax return for individuals to make donations from their tax refunds to the North Carolina Office of the Habitat for Humanity International. The minimum contribution is \$5 for a joint return and \$3 for any other return. The Secretary of Revenue transmits the donations to the State Treasurer who will credit the funds to the Community Assistance Division in the Department of Commerce. The Department of Commerce will distribute the funds to the Habitat for Humanity for housing for North Carolina residents with low or moderate incomes.

BACKGROUND: North Carolina currently has two tax refund donation “checkoff” funds. In 1983, the General Assembly allowed taxpayers to contribute to the NC Nongame and Endangered Wildlife Fund. 75% of the donated funds are used for nongame, endangered and threatened species and urban wildlife programs, and 25% of the funds are for other wildlife programs chosen by the Wildlife Resources Commission. The other checkoff is the NC Candidates Financing Fund created in 1991. This fund offers financial assistance to gubernatorial candidates who agree to campaign expenditure limits and a post election audit.

Of the 2.1 million refund checks written in 1996, only 32,905 returns designated \$335,852 in contributions to the NC Nongame and Endangered Wildlife Fund. The average contribution was

\$10.21. Another 4,497 returns donated \$22,139 to the NC Candidates Financing Fund. The average contribution was \$4.92.

ASSUMPTIONS AND METHODOLOGY: The bill allows the Department of Revenue to recoup the cost of administering this program, “including costs of redesigning and expanding the tax forms and instructions, computer reprogramming, and accounting and administration”. The Department estimates a one-time cost of \$38,950 for computer programming changes. The Department anticipates an annual expense of \$3,859 to hire temporaries for data entry of the refund contributions.

FISCAL RESEARCH DIVISION

733-4910

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DATE: June 30, 1998



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