

FISCAL NOTE

Bill #: SB350

Title: Income tax credit for contributions to housing trust fund

Primary

Sponsor: Jon Ellingson

Status: House 2nd Reading

Sponsor signature

Date

Chuck Swysgood, Budget Director

Date

Fiscal Summary

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
Expenditures:		
General Fund	\$20,177	\$0
Revenue:		
General Fund	\$(7,840)	\$(7,840)
Net Impact on General Fund Balance:	\$(28,017)	\$(7,840)

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
	X	Significant Local Gov. Impact		X	Technical Concerns
	X	Included in the Executive Budget		X	Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached		X	Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

1. This proposal applies retroactively to tax years beginning after December 31, 2000 (TY2001).
2. This proposal provides for a credit against individual income tax ("charitable gift") equal to 20% of any contribution (up to a maximum credit of \$10,000) and corporation license tax ("outright gift") equal to 10% of any contribution (up to a maximum credit of \$10,000) to the affordable housing revolving loan account established in 90-6-133. Contributions by certain pass-through entities, including small business corporations, partnerships, and limited liability companies, qualify for the credit. The credit is nonrefundable, and cannot be carried forward or backward. The bill also identifies the affordable housing revolving loan account to be considered a qualified endowment for the purposes of the current law qualified endowment tax credit.
3. In 1998, under the charitable endowment credit, a total of 170 charitable organizations received a total of 972 separate charitable donations totaling \$9,545,475. On average, this represents 6 donations per charity and an average gift of \$9,800. The affordable housing loan account will each year receive the average

(continued)

number of gifts received by all charities under the charitable endowment credit (6 gifts) at the average gift amount for each donation (\$9,800). Two of the six gifts will be charitable gifts with the credit against individual income tax, and four of the gifts will be outright gifts with the credit against corporation license tax. The total credit given each year will be \$7,840 (2 X \$9,800 X 20%) plus (4 X \$9,800 X 10%) = \$7,840.

4. The Department of Revenue has identified \$20,177 of additional administrative expense associated with implementation of this credit. This additional expense is associated with development of new income tax forms, and associated programming.

FISCAL IMPACT:

	<u>FY2002 Difference</u>	<u>FY2003 Difference</u>
<u>Expenditures:</u>		
Operating Expenses	\$20,177	\$0
<u>Funding:</u>		
General Fund (01)	\$20,177	\$0
<u>Revenues:</u>		
General Fund (01)	\$(7,840)	\$(7,840)
<u>Net Impact to Fund Balance (Revenue minus Expenditure):</u>		
General Fund (01)	\$(28,017)	\$(7,840)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

None.