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FISCAL IMPACT REPORT

SPONSOR: Jennings DATE TYPED: 02/26/01 HB _____
 SHORT TITLE: Nonprofit Taxation & Income Tax Relief SB 779
 ANALYST: Williams

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ (4,700.0)	\$ 28,500.0	Recurring	General Fund
	\$ (13,000.0)	\$ (15,000.0)	Recurring	Municipal Govern- ments
	\$ 15,800.0	\$ 18,000.0	Recurring	County Govern- ments

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files
 Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

The bill would impose gross receipts tax on 501(c)(3), non-profit educational, religious and cultural, organizations. The existing deduction would be restricted to non-profits providing services to children and youth.

The bill authorizes a personal income tax deduction for the amount of charitable contributions made by a taxpayer.

The bill adjusts the distribution to municipalities; the distribution would drop from 1.225% to .835%. An adjustment is not made for county governments.

The bill authorizes a recurring personal income tax reduction of roughly \$240,000.0.

Effective date for the gross receipts components of the bill is July 1, 2001. The adjustment of municipal distributions occurs with August collections. The personal income tax components would be effective beginning tax year 2001.

Significant Issues

The reduction in distribution to the municipalities is not equal to the windfall from imposing gross receipts taxes.

FISCAL IMPLICATIONS

TRD estimates an initially loss of general fund revenues of \$4,700.0 in FY02, with a subsequent increase in general fund revenues of \$28,500.0 in FY03. Municipal governments would see a recurring revenue loss of \$13,000.0 in FY02 and \$15,000.0 in FY03. County governments are projects to see a revenue gain of \$15,800.0 in FY02 and \$18,000 in FY03.

ADMINISTRATIVE IMPLICATIONS

TRD estimates administrative impact as moderate.

TECHNICAL ISSUES

See attached TRD analysis.

OTHER SUBSTANTIVE ISSUES

See attached TRD analysis.

AW/ar