



HF 2471 – Hunger Income Tax Checkoff (LSB 5872HV)

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Fiscal Note Version – New

Description

House File 2471 relates to voluntary checkoffs listed on the Iowa individual income tax form.

Division I provides for a new Iowa income tax checkoff. Individual income taxpayers will be allowed to contribute money through their income tax form to a new Iowa Checkoff Hunger Fund. The new Fund would be under the control of the Iowa Department on Aging. This Bill directs how the contributions will be utilized. The new checkoff is available only for tax year 2014 and is repealed January 1, 2015.

This Bill excludes the new checkoff from the four checkoff limit provided in [Iowa Code section 422.12E](#) and the new checkoff is not included in the provisions requiring the elimination every two years of the two lowest-generating tax checkoffs.

Divisions II and III relate to the current Iowa Election Campaign Checkoff. That checkoff allows taxpayers to direct \$1.50 of their income tax liability to election campaign finance. Current law does not include the election campaign checkoff in the four checkoff limit. This Bill ends the election campaign checkoff option after tax year 2013.

Division IV requests that the Legislative Council establish an Income Tax Checkoff Study Committee to meet during the 2014 interim and report to the General Assembly by January 1, 2015.

Background

Iowa currently allows no more than four voluntary contribution checkoffs, plus the election campaign checkoff, on the individual income tax form at any one time. There is a provision in place that provides that every two years the two existing checkoffs with the lowest contribution yield are repealed. For tax year 2013, the four checkoffs are:

- Fish and Wildlife
- State Fair
- Volunteer Firefighters/Veterans Trust Fund
- Child Abuse Prevention

The four voluntary checkoffs are contributions from the taxpayer and represent taxpayer donations of their own money. The election campaign checkoff is financed by the State General Fund at the discretion of the taxpayer. Iowans have directed approximately \$100,000 per year to the election campaign fund through the checkoff.

Fiscal Impact

The new income tax checkoff to support hunger programs is voluntary and the willingness of Iowa taxpayers to contribute to the programs using this method cannot be estimated. The money contributed on tax year 2014 tax returns will be transferred to the new Iowa Checkoff Hunger Fund in FY 2016.

Contribution totals for the four current checkoffs totaled \$327,000 for calendar year 2013, with the highest checkoff receiving \$134,000 and the lowest \$63,000. The introduction of a fifth checkoff could reduce the contributions received by any other checkoff on the tax form for that tax year.

Ending the election campaign checkoff will not change the tax liability of taxpayers, but it will eliminate an annual transfer from General Fund revenue to the election campaign fund. This will increase net General Fund revenue by \$95,000 per year, beginning in FY 2015.

Source

Department of Revenue

April 22, 2014

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
