



# House of Representatives

General Assembly

**File No. 503**

February Session, 2002

House Bill No. 5388

*House of Representatives, April 16, 2002*

The Committee on Appropriations reported through REP. DYSON of the 94th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

## **AN ACT AUTHORIZING THE CONTRIBUTION OF INCOME TAX REFUNDS TO THE ARTS.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-743 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective July 1, 2002*):

3 (a) Any taxpayer filing a return under this chapter may contribute  
4 any part of a refund under this chapter to (1) the organ transplant  
5 account established pursuant to section 17b-288, (2) the AIDS research  
6 education account established pursuant to section 19a-32a, (3) the  
7 endangered species, natural area preserves and watchable wildlife  
8 account established pursuant to section 22a-271, (4) the breast cancer  
9 research and education account established pursuant to section 19a-  
10 32b, [or] (5) the safety net services account established pursuant to  
11 section 17b-112f, or (6) the arts account established pursuant to section  
12 2 of this act, by indicating on the tax return, in a manner provided for  
13 by the Commissioner of Revenue Services pursuant to subsection (b) of

14 this section, the amount to be contributed to the account.

15 (b) The Commissioner of Revenue Services shall revise the tax  
16 return form to implement the provisions of subsection (a) of this  
17 section which form shall include spaces on the return in which  
18 taxpayers may indicate their intention to make a contribution in  
19 accordance with this section. The spaces shall include three boxes for  
20 each account with suggested whole dollar amounts, with the lowest  
21 suggested contribution being at least two dollars, and one additional  
22 box for other whole dollar amounts. The commissioner shall include in  
23 the instructions accompanying the tax return a description of the  
24 purposes for which the organ transplant account, the AIDS research  
25 education account, the endangered species, natural area preserves and  
26 watchable wildlife account, the breast cancer research and education  
27 account, and the safety net account and the arts account were created.

28 (c) A designated contribution of all or part of any refund shall be  
29 irrevocable upon the filing of the return and shall be made in the full  
30 amount designated if the refund found due the taxpayer upon the  
31 initial processing of the return, and after any deductions required by  
32 this chapter, is greater than or equal to the designated contribution. If  
33 the refund due, as determined upon initial processing, and after any  
34 deductions required by this chapter, is less than the designated  
35 contribution, the contribution shall be made in the full amount of the  
36 refund. The Commissioner of Revenue Services shall subtract the  
37 amount of any contribution of all or part of any refund from the  
38 amount of the refund initially found due the taxpayer and shall certify  
39 the difference to the Secretary of the Office of Policy and Management  
40 and the Treasurer for payment to the taxpayer in accordance with this  
41 chapter. For the purposes of any subsequent determination of the  
42 taxpayer's net tax payment, such contribution shall be considered a  
43 part of the refund paid to the taxpayer.

44 (d) The Commissioner of Revenue Services, after notification of and  
45 approval by the Secretary of the Office of Policy and Management,  
46 may deduct and retain from the funds so collected an amount equal to

47 the costs of implementing this section, [and] sections 17b-288, 19a-32a,  
 48 22a-271, 19a-32b and 17b-112f and section 2 of this act, [but] not to  
 49 exceed seven and one-half per cent of the funds contributed in any  
 50 fiscal year. [and in] In no event shall such amount exceed the total cost  
 51 of implementation of said sections.

52 Sec. 2. (NEW) (*Effective July 1, 2002*) (a) There is established an arts  
 53 account which shall be a separate, nonlapsing account within the  
 54 General Fund. Funds in the account shall be used by the State  
 55 Commission on the Arts to provide financial assistance for artistic and  
 56 cultural programs and activities pursuant to subdivision (2) of section  
 57 10-370 of the general statutes. Any moneys collected under the  
 58 contribution system established under section 12-743 of the general  
 59 statutes, as amended by this act, shall be deposited by the  
 60 Commissioner of Revenue Services into the account. The account may  
 61 also receive moneys from public and private sources or from the  
 62 federal government. No funds in the account may be used for the  
 63 promotion of the contribution system or the account.

64 (b) The State Commission on the Arts shall adopt regulations, in  
 65 accordance with the provisions of chapter 54 of the general statutes, to  
 66 provide for the distribution of funds in the account.

This act shall take effect as follows:	
Section 1	<i>July 1, 2002</i>
Sec. 2	<i>July 1, 2002</i>

**APP**      *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:**

<b>Fund-Type</b>	<b>Agency Affected</b>	<b>FY 03 \$</b>	<b>FY 04 \$ and thereafter</b>
GF - Cost	Department of Revenue Services	\$95,000	\$20,000 Ongoing

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

There is an administrative cost to the Department of Revenue Services for providing an additional “check off” box on the personal income tax return for taxpayers who choose to donate all or part of their tax refund to the Arts Account for use by the State Commission on the Arts. There is a one-time cost of \$95,000 in FY 03 (\$75,000 for initial development and computer programming and \$20,000 computer and form design changes. There is an ongoing cost of \$20,000 annually beginning in FY 04 and thereafter for computer and form design changes.

**OFA Bill Analysis**

HB 5388

**AN ACT AUTHORIZING THE CONTRIBUTION OF INCOME TAX REFUNDS TO THE ARTS.**

**SUMMARY:**

The bill creates an Arts Account as a separate, nonlapsing account within the General Fund funded primarily by voluntary state income tax refund contributions. The fund must be used by the State Commission on the Arts to provide financial assistance for artistic and cultural programs and activities. The fund can also receive money from public and private sources, including the federal government.

The following table presents the latest data available on income tax refund contributions made via the “check off” for the 2000 income year.

<b>2000 Income Year "Check Off" Contributions(1)</b>		
<u>Fund</u>	<u>Contributions(1)</u>	
	<u>Number</u>	<u>Amount</u>
Aids Research	9,657	\$64,451
Breast Cancer	12,939	\$106,508
Organ Transplant	7,601	\$50,111
Safety Net	4,469	\$29,104
Wildlife	<u>9,779</u>	<u>\$77,532</u>
Total "Check Offs"	44,445	\$327,706
	<u>Income Year</u>	
<u>Income Tax Returns Filed(1)</u>	<u>Number</u>	<u>Amount</u>
Contributing Income Tax Filer	20,230	\$327,706
Returns Receiving Refunds	1,026,783	\$476.2 M
Total Number of Returns Filed	1,635,688	

(1) Includes S-Corp, Trust & Estates and Group Filers as well as individuals

EFFECTIVE DATE: July 1, 2002

**COMMITTEE ACTION**

Appropriations Committee

Joint Favorable Report

Yea 46    Nay 4