

FISCAL NOTE TO
SENATE, No. 1646

STATE OF NEW JERSEY

DATED: JANUARY 31, 1997

Senate Bill No. 1646 of 1996 establishes the Drug Abuse Resistance Education (DARE) program account within the Department of the Treasury and provides for a tax refund checkoff to appear on State gross income tax returns to permit taxpayers to make voluntary contributions to support the activities of DARE New Jersey, Inc. The bill also permits contributions by taxpayers who are not due refunds through the enclosure of a donation when the tax return is filed. Contributions may be made in amounts of \$5, \$10, or "other amount."

In response to a request for a fiscal note on the Assembly version of this legislation (A-264 [1R]), the Department of the Treasury estimated that this bill will have no impact on the General Fund. Also, the department was unable to estimate the amount of annual taxpayer contributions that will be donated to this program.

The Office of Legislative Services (OLS) is also unable to reliably estimate the amount of taxpayer contributions to this new checkoff program account and concurs that this legislation will have no impact on the General Fund because all donations made as a result of this legislation are voluntary and will not reduce or increase an individual's gross income tax liability. The Division of Taxation may incur some administrative expenses; however, these expenses may be recouped under the bill.

The OLS notes, however, that the other checkoff funds already present on the State gross income tax return may receive fewer contributions due to an additional choice vying for the money. At present, the law provides for a checkoff for the Endangered Wildlife Conservation Fund, the Children's Trust Fund, the Vietnam Veterans' Memorial Fund, the Breast Cancer Research Fund and the Battleship New Jersey Memorial Fund. According to the Division of Taxation, the checkoff provisions resulted in the following amounts of contributions from tax returns filed in 1996 for tax year 1995: \$380,879 to the Endangered Wildlife Conservation Fund; \$310,052 to the Children's Trust Fund; and \$164,323 to the Vietnam Veterans' Memorial Fund. These collections constitute the bulk of tax year 1995 checkoff contributions; however, the division notes that it has not completed a final tally. Therefore, total collections may be somewhat higher. The Breast Cancer Research Fund and the Battleship New Jersey Memorial Fund checkoffs will appear for the first time on the 1996 gross income tax return.

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This fiscal note has been prepared pursuant to P.L.1980, c.67.