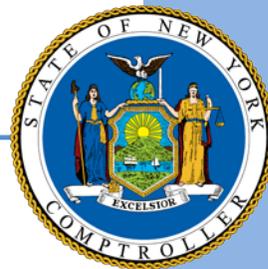


New York State's Personal Income Tax Check-Off Programs

OFFICE OF THE NEW YORK STATE COMPTROLLER

Thomas P. DiNapoli, State Comptroller



April 2018

Message from the Comptroller

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Each year, thousands of New Yorkers take the opportunity, while paying their State taxes, to support a variety of charitable purposes through the State's personal income tax check-off programs.

These programs allow taxpayers to make voluntary contributions through reductions in their refunds or additional amounts payable to the State at tax time. The first such initiative was the Return a Gift to Wildlife check-off, which supports fish and wildlife programs. Over the past 35 years, the State has created 16 programs in all, including five since 2014.

Unfortunately, the good intentions of generous taxpayers are not always fulfilled expeditiously.

From their inception through State Fiscal Year (SFY) 2016-17, New York's personal income tax check-off funds have collected nearly \$59 million in total donations. As of March 31, 2017, the 12 funds for which comparable data are available had accumulated more than \$15.7 million in receipts that had not yet been disbursed, including moneys received through personal income tax donations as well as those from certain other sources. This was despite the intent of reform legislation enacted in 2015, which required that such resources be spent in the year they are received, to the extent practicable, after a report by the Office of the State Comptroller had revealed that funds often were not disbursed in a timely manner.

We have seen some progress in recent years. For example, balances in the funds related to prostate cancer and Alzheimer's disease declined in SFY 2016-17, meaning more donor contributions were being spent on research, education, support services or other purposes.

While expanding the authorized purposes for check-offs may be desirable, creation of new funds may divide a relatively fixed amount of donations into smaller amounts for individual programs. Total contributions in each of the past 10 years have been in the range of \$1.8 million to just below \$2.2 million. With increasing numbers of options, dollars going to some purposes have declined over time. These results deserve consideration by policy makers and check-off advocates.

New Yorkers donate generously to important causes through tax check-offs. It's essential for State agencies to ensure that these resources are administered timely and effectively so that taxpayers can be confident their contributions provide the intended benefits.

Thomas P. DiNapoli
State Comptroller



I. Executive Summary

For more than three decades, New York's taxpayers have been able to make donations for various charitable purposes through check-offs on their State Personal Income Tax (PIT) returns.

A 2014 report by the Office of the State Comptroller reviewed the history of PIT check-off programs. It identified concerns regarding the timeliness of disbursements from dedicated check-off funds and increases in accumulated fund balances.¹ Legislation proposed by Comptroller DiNapoli was enacted in 2015 in an effort to improve the pace at which tax check-off contributions are put to use, requiring that such moneys be disbursed within the year they are received to the extent practicable. This provision was intended to provide greater assurance to taxpayers that their contributions were providing the benefit intended. The legislation also established standardized and comprehensive reporting requirements to improve transparency and accountability for the use of these funds.²

As of 2017, 16 tax check-off programs had been created in New York, including five since 2014. This report reviews data on those programs through State Fiscal Year (SFY) 2016-17. Its key findings include:

- For five programs which receive tax check-off donations, the proportion of receipts that were disbursed increased in the most recent five-year period analyzed, compared to the preceding period.
- The aggregate accumulated fund balance of 12 funds covered in this review or for which comparable data are available totaled \$15.7 million in State Fiscal Year 2016-17, reflecting a modest decline when compared to the previous year. All but two of the funds had higher balances than the prior year. The largest balance, for the Breast Cancer Research fund, rose 9.8 percent in SFY 2016-17 to reach more than \$8.2 million.
- Total annual donations to check-off funds have been relatively constant over the last 20 years, averaging \$1.7 million annually. As the number of PIT check-off options has grown the number of donations to each individual purpose has declined. For example, the number of taxpayers donating to the Missing and Exploited Children Fund totaled 15,828 in SFY 2016-17, down from a peak of 50,883 in SFY 1999-2000.
- Average annual check-off donations in the most recent year analyzed ranged from \$3 for the Lake Placid Olympic Training Center fund to \$27 for the Mental Illness Anti-Stigma fund. For most funds, average donations have increased when compared to the initial fiscal year, while average donations for the remainder of the funds are flat.

Total annual donations through PIT check-offs peaked at \$2.3 million in SFY 2008-09, a figure nearly reached again in SFY 2016-17 after several years of lower receipts.

¹ *New York's Tax Check-Off Funds: Good Intentions on Hold*, January 2014; available at: http://osc.state.ny.us/reports/budget/2014/tax_checkoff_2014.pdf.

² Chapter 453 of the Laws of 2015, as amended by Chapter 54, Laws of 2016, Part UU, Sections 27-a through 27-j.

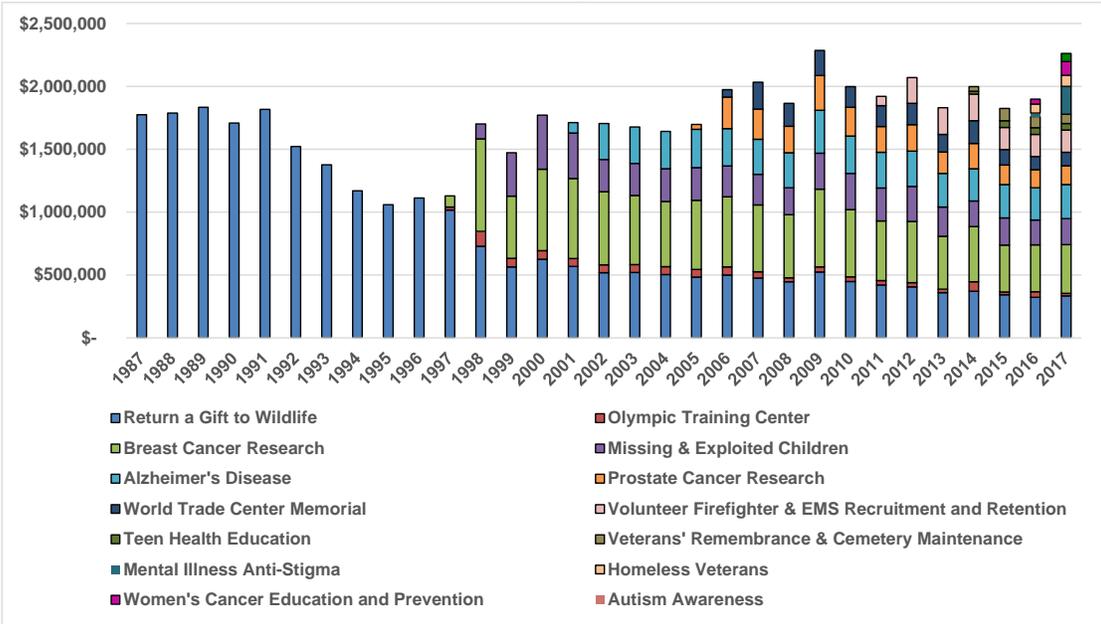
II. Personal Income Tax Check-Off Programs

New York State’s first PIT check-off program, Return a Gift to Wildlife, was created in 1982 to provide funds for fish and wildlife purposes through the Conservation Fund. Since then, 15 additional check-offs have been created (with five created since 2014) to provide funding for a variety of programs.³ The two most recently created check-offs, the Veterans’ Home Assistance Fund, which would provide funds for the care and maintenance of veterans’ homes operated by agencies of the State, and the Love Your Library Fund, which would provide funds for the statewide summer reading program, are in effect starting with tax years 2017 and 2018, respectively.

Some funds supported by PIT check-offs are also supported by check-offs under the corporate franchise tax, fees for distinctive license plates, miscellaneous receipts, and transfers from other State funds. For example, the Conservation Fund, where contributions from the Return a Gift to Wildlife are deposited, also includes a variety of license and fee revenues and transfers from other funds.

Figure 1

**Total Donations to Personal Income Tax Check-offs,
SFY 1986-87 through SFY 2016-17**



Source: New York State Department of Taxation and Finance

³ Besides fish and wildlife purposes supported by Return a Gift to Wildlife, programs supported by tax check-offs include: the Lake Placid Olympic Training Center, breast cancer research and education, missing and exploited children, Alzheimer’s disease, prostate cancer research detection and education, the World Trade Center and Memorial, volunteer firefighting and volunteer emergency management services recruitment and retention, teen health education, veterans’ cemetery maintenance, mental illness anti-stigma, assistance for homeless veterans, women’s cancers education and prevention, autism awareness and research, veterans’ homes and the statewide summer reading program.

Since their inception through SFY 2016-17, PIT check-offs have collected nearly \$59 million in total donations.⁴ However, while the number of check-off authorizations has increased significantly over the past 30 years, annual contributions have not, as shown in Figure 1. In SFY 1988-89, the one check-off, Return a Gift to Wildlife, collected over \$1.8 million. In comparison, the 14 check-offs eligible for donations in SFY 2016-17 collected just under \$2.2 million. The relatively flat level of overall donations through the PIT check-offs is primarily due to declining numbers of taxpayers choosing to make donations.

As shown in Figure 2, the average donation made by taxpayers through most of the PIT check-offs has increased since the initial years in which contributions were authorized. However, the number of taxpayers making donations has decreased significantly, especially for the more established check-offs. For example, the number of taxpayers making a donation under the Return a Gift to Wildlife check-off decreased by over 93 percent from its first year to SFY 2016-17.

Figure 2

**Taxpayers Donating through Personal Income Tax Check-Offs
and Average Donations, Selected Years**

Program	Tax Year Created	Donating Taxpayers		Average Donation	
		Initial Fiscal Year	SFY 2016-17	Initial Fiscal Year	SFY 2016-17
Return a Gift to Wildlife	1982	344,732	22,376	\$5.00	\$15.00
Lake Placid Olympic Training Center	1996	118,482	20,015	\$3.00	\$3.00
Breast Cancer Research	1996	90,898	19,535	\$8.00	\$20.00
Missing & Exploited Children	1997	45,203	15,828	\$8.00	\$13.00
Alzheimer's Disease Support Services	2000	30,901	16,550	\$9.00	\$16.00
Prostate Cancer Research, Detection, and Education	2004	25,706	12,506	\$10.00	\$12.00
World Trade Center Memorial	2005	18,201	8,736	\$12.00	\$12.00
Volunteer Firefighter and EMS Recruitment and Retention	2010	15,028	10,883	\$14.00	\$16.00
NYS Teen Health Education	2013	6,902	6,205	\$8.00	\$8.00
Veterans' Remembrance and Cemetery Maintenance and Operation	2013	9,649	6,997	\$10.00	\$11.00
Mental Illness Anti-Stigma	2015	N/A	8,294	N/A	\$27.00
Homeless Veterans Assistance	2015	N/A	14,417	N/A	\$6.00
Women's Cancers Education and Prevention	2015	N/A	8,825	N/A	\$12.00

Source: New York State Department of Taxation and Finance

Note: Initial Fiscal Year reflects the number of taxpayers and average donations in the first full State fiscal year in which the tax check-off was authorized. The Initial Fiscal Year for the Mental Health Anti-Stigma, Homeless Veterans Assistance and Women's Cancers Education and Prevention Programs is listed in the table as N/A because SFY 2016-17 was the first full State Fiscal Year for which these programs were authorized.

Figure 3 shows spending from the funds supported by PIT check-offs and other resources, by five-year period beginning in SFY 1997-98.⁵ The table also provides the spending rate, or disbursements as a percentage of receipts, for each five-year period. In the aggregate, total disbursements and the spending rate of resources in the funds accelerated in the five years ending in SFY 2016-17, when compared to each of the previous five-year periods.

⁴ NYS Department of Taxation and Finance (T&F), 2016-17 New York State Tax Collections, Statistical Summaries and Historical Tables, August 2017.

⁵ The Conservation Fund is excluded from this Figure and Figure 4 due to the broader scope of receipts in the fund and the integral role it plays in support of the Department of Environmental Conservation operations. The World Trade Center Memorial Fund is excluded from such Figures as it exists in the sole custody of T&F and its receipts and disbursements are not included in the State's accounting system.

However, for funds created within the four years ending in SFY 2016-17, there were no disbursements even though donations had been made.⁶

Figure 3

**Spending and Spending Rate by Check-Off Fund,
Five-Year Periods from SFY 1997-98 through SFY 2016-17**

Program	State Fiscal Year							
	1998-2002		2003-2007		2008-2012		2013-2017	
	Spending	Spending Rate	Spending	Spending Rate	Spending	Spending Rate	Spending	Spending Rate
Lake Placid Olympic Training Center	\$392,235	97.9%	\$324,781	98.9%	\$177,757	96.5%	\$100,000	69.2%
Breast Cancer Research	\$1,088,249	26.7%	\$3,437,465	51.8%	\$3,586,410	62.4%	\$4,572,277	102.6%
Missing & Exploited Children	\$467,598	28.6%	\$2,327,934	172.4%	\$723,219	50.7%	\$1,644,029	148.0%
Alzheimer's Disease Support Services	\$0	0.0%	\$1,385,175	67.2%	\$2,048,705	73.9%	\$2,676,892	98.7%
Prostate Cancer Research, Detection, and Education	N/A	N/A	\$87,180	10.8%	\$7,926	0.3%	\$2,170,318	94.4%
Volunteer Firefighter and EMS Recruitment and Retention	N/A	N/A	N/A	N/A	\$0	0.0%	\$471,661	47.8%
NYS Teen Health Education	N/A	N/A	N/A	N/A	N/A	N/A	\$0	0.0%
Veterans' Remembrance and Cemetery Maintenance and Operation	N/A	N/A	N/A	N/A	N/A	N/A	\$0	0.0%
Mental Illness Anti-Stigma	N/A	N/A	N/A	N/A	N/A	N/A	\$0	0.0%
Homeless Veterans Assistance	N/A	N/A	N/A	N/A	N/A	N/A	\$0	0.0%
Prevention	N/A	N/A	N/A	N/A	N/A	N/A	\$0	0.0%
Autism Awareness and Research	N/A	N/A	N/A	N/A	\$17,936	33.1%	\$20,005	16.8%
Total Disbursements	\$1,948,082	47.7%	\$7,562,535	67.7%	\$6,561,953	51.4%	\$11,655,182	90.5%

Source: Office of the New York State Comptroller

As shown in Figure 4, through SFY 2016-17, cumulative spending from these funds totaled \$27.7 million, less than two-thirds of the cumulative funds collected. Even with the accelerated spending in the five-year period ending in SFY 2016-17, the total accumulated balance of these funds was over \$15.7 million, only slightly less than the total balance at the end of SFY 2015-16. While the Alzheimer's Disease Support Fund and the Prostate Cancer Research Fund had significant declines in their balances, the other 10 funds all had higher balances than in the prior year. The more than \$15.7 million sitting in the tax check-off funds reviewed is made up of contributions from taxpayers, transfers from the state's General Fund, dedicated fees, interest and other revenues.

⁶ While the tax check-off for Autism Awareness first appeared on tax year 2016 PIT returns, distinctive license plate fees related to this cause have been collected since SFY 2005-06. The receipts and disbursements for this fund primarily reflect the collection of those fees. Receipts, disbursements and fund balance figures presented in this report for Prostate Cancer Research, Detection and Education reflect a combined history from SFY 2000-01 through SFY 2016-17 for the Prostate and Testicular Cancer Research and Education Fund established pursuant to Section 97-CCC of the State Finance Law (SFL) and repealed in 2014, and the New York State Prostate and Testicular Cancer Research and Education Fund established pursuant to Section 95-E of the SFL. Upon repeal of the fund established pursuant to Section 97-CCC of the SFL, its remaining balance was combined with the fund created pursuant to Section 95-E of the SFL.

Figure 4

**Cumulative Receipts and Disbursements and Accumulated Fund Balance by
Check-Off Fund, SFY 2016-17 and SFY 2015-16**

Program	Cumulative Total Receipts	Cumulative Total Disbursements	FY 2017 Accumulated Fund Balance	FY 2016 Accumulated Fund Balance
Lake Placid Olympic Training Center	1,050,406	(994,773)	55,633	35,372
Breast Cancer Research	20,941,285	(12,684,402)	8,256,883	7,521,053
Missing and Exploited Children	5,549,905	(5,164,034)	385,871	340,130
Alzheimer's Disease Support Services	7,871,983	(6,110,773)	1,761,211	2,139,858
Prostate Cancer Research, Detection and Education	5,525,751	(2,265,424)	3,260,327	4,531,962
Volunteer Firefighting and EMS Recruitment and Retention	1,267,460	(471,662)	795,799	789,992
Veteran's Remembrance and Cemetery Maintenance and Operation	300,599	-	300,599	224,699
NYS Teen Health Education	182,944	-	182,944	130,997
Homeless Veterans Assistance	296,891	-	296,891	74,403
Mental Illness Anti-Stigma	116,925	-	116,925	28,033
Women's Cancers Education and Prevention	148,022	-	148,022	38,995
Autism Awareness and Research	187,643	(37,941)	149,702	73,885
Total	\$ 43,439,816	\$ (27,729,009)	\$ 15,710,807	\$ 15,929,377

Source: Office of the New York State Comptroller

Note: Cumulative Receipts and Cumulative Disbursement figures are from inception of each fund through SFY 2016-17.

The legislation enacted in 2015 also generally requires each of the entities administering the tax check-off funds to submit a report annually to certain members of the Legislature, the Comptroller and the public relating to the disbursements of money in the check-off funds.⁷ These reports are required to include: the total amount of funds disbursed; the process for the awarding of funds; the recipients of awards and the associated amounts awarded; the purpose for which the award would be used; and a summary of the receipts and disbursements, including actual amounts from the prior fiscal year and estimated and projected amounts for the current and succeeding fiscal years, within the check-off fund.

Of the entities required to submit the annual reports, it appears that only the Department of Health (DOH) has publicly posted an annual report on its website. However, it has only posted one (the Alzheimer's Disease Assistance Fund Annual Report) of the multiple reports it is required to complete.⁸ Other entities required to submit reports are: the New York State Olympic Regional Development Authority, the World Trade Center Memorial Foundation, the Division of Criminal Justice Services, the Division of Veterans' Affairs, the Office of Fire Prevention and Control, the Department of Education, and the Office of Mental Health.

⁷ The reports are required to be distributed to the Temporary President of the Senate, the Speaker of the Assembly, the Chair of the Senate Finance Committee, the Chair of the Assembly Ways and Means Committee and the Chairs of other appropriate committees in the Senate and Assembly.

⁸https://www.health.ny.gov/diseases/conditions/dementia/reports/docs/20152016_alzheimers_disease_assist_fund_report.pdf.

III. Conclusion

New York taxpayers have a history of generously donating to a variety of charitable purposes through check-offs on their State personal income tax returns. In recent years the number of check-off options available has significantly increased, while total contributions have remained relatively flat. As these programs grow in number, it is essential for State agencies to ensure that donations are administered timely and effectively so that taxpayers can be confident their contributions are used as intended.

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