COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1572-07
Bill No.: HCS for SS for SB 362
Subject: Social Services Department; Taxation and Revenue-Income
Type: Original
Date: May 3, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue*	$0	$0	$0
Total Estimated Net Effect on General Revenue Fund*	**$0**	**$0**	**$0**

*** Offsetting income and loss of $0 to $5 million.**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on Other State Funds	**$0**	**$0**	**$0**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development** assume this proposal would not fiscally impact their agency.

Officials from the **Department of Revenue (DOR)** state this proposal would require modifications to individual and corporate income tax systems. The Division of Taxation estimates these modifications, including programming changes, would require 1,384 hours of contract labor. COINS would need to be modified involving 692 hours of programming.

DOR states the number of taxpayers who will contribute and become eligible for this credit is unknown at this time. The Division of Taxation, Personal Tax Bureau would need one Tax Processing Technician I for every 4,000 new credits claimed per year.

The Division of Taxation estimates costs to be $92,247 and one FTE associated with the implementation of this legislation. However, the DOR plans to manage these costs at current appropriation levels unless there is a material change in the division’s other responsibilities.

ASSUMPTION (continued)

Officials from the **Department of Social Services (DOS)** assume the DOS can absorb costs of authorizing the issuance of tax credits with existing staff and appropriations.

DOS states approximately $67,000,000 of General Revenue and Federal funds were paid to residential treatment centers in FY 04.

Oversight has ranged the fiscal impact of the new tax credit from $0 (no taxpayer utilizing the program) to a $5,000,000 which is the maximum amount that may be issued in any one fiscal year.

Oversight assumes the General Revenue Fund would see an increase in funds (accompanying a valid tax credit application) as well as an offsetting decrease in funds (from the utilization of tax credits) in the same year. The timing difference between the purchasing of the tax credit by the agency and the utilization of the tax credit by the donor, could potentially result in a positive cash flow into the General Revenue Fund in one fiscal year and negative cash flow in the next fiscal year. However, Oversight will assume the purchase of the tax credits and the utilization of the tax credits will occur in the same fiscal year.

This proposal could result in an increase or decrease to Total State Revenues, depending upon the timing of the tax credit application versus the utilization of the tax credit.

FISCAL IMPACT - State Government	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE			
Income - money accompanying the application from residential treatment agencies to DOS for tax credit	$0 to $5,000,000	$0 to $5,000,000	$0 to $5,000,000
Loss-Tax credits for contributions made to qualifying residential treatment agencies	($0 to $5,000,000)	($0 to $5,000,000)	($0 to $5,000,000)
ESTIMATED NET EFFECT TO GENERAL REVENUE	**$0**	**$0**	**$0**

FISCAL IMPACT - Local Government	FY 2006 (10 Mo.)	FY 2007	FY 2008
	$0	**$0**	**$0**

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal creates an income tax credit in an amount equal to fifty percent of a donation made to an agency that places children and that is licensed under Section s 210.481 to 210.536 and is accredited by the council on accreditation for children and family services.

An agency may apply for tax credits. The cumulative amount of tax credits that may be issued by the department in any one fiscal year shall not exceed $5,000,000. The cumulative amount of tax credits shall be equally apportioned among all agencies based on the ratio of the number of children placed by each agency to the total number of children placed by all agencies.

For tax years beginning on or after January 1, 2006, the tax credits under this section may be used by the holder of the certificate to satisfy taxes owed under chapter 143, excluding sections 143.191 to 143.265 in the tax year the credit is certified or that was owed during the previous three years. Any unused portion of the tax credit authorized under this section may be carried forward for up to four years.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Social Services
Department of Revenue
Department of Economic Development

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