

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1613-01  
Bill No.: SB 352  
Subject: Children and Minors; Public Assistance; Revenue Dept.; Taxation and Revenue –  
Income Tax  
Type: Original  
Date: March 2, 2005

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	Up to (\$70,000,000)	Up to (\$70,000,000)	Up to (\$70,000,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>Up to (\$70,000,000)</b>	<b>Up to (\$70,000,000)</b>	<b>Up to (\$70,000,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### FISCAL ANALYSIS

#### ASSUMPTION

Officials with the **Department of Social Services** assume this proposal would have no fiscal impact on their agency.

Officials with the **Department of Revenue (DOR)** assume this proposal would require them to add a line to each of their "1040" forms. DOR assumes it would have internal costs estimated to be \$103,556 and 2 FTE needed to implement this legislation. However, DOR believes it can manage these costs at current appropriation levels unless there is a material change in the division's other responsibilities.

Officials with the **Office of Administration – Division of Budget and Planning (BAP)** assume this proposal creates a \$1,250 tax credit for child care services provided to qualifying children by qualifying spouses. According to the State Census Data Center, approximately 56,000 households might qualify for this tax credit. Therefore, BAP estimates this proposal could negatively impact General Revenue and Total State Revenue by up to \$70 million.

Officials from the **Office of Secretary of State (SOS)** assume the proposal may result in DOR rescinding, amending, or promulgating rules to implement the provisions of this act. These rules would be published in the Missouri Register and the Code of State Regulations. These rules

ASSUMPTION (continued)

could require as many as 6 pages in the Code of State Regulations and half again as many pages in the Missouri Register, as cost statements, fiscal notes, and the like are not repeated in the Code. The estimated cost of a page in the Missouri Register is \$23 and the estimated cost of a page in the Code of State Regulations is \$27. Based on these costs, the estimated cost of the proposal is \$369 in FY 06 and unknown in subsequent years. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded, or withdrawn.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which would require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

**This proposal could reduce Total State Revenues.**

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<b>GENERAL REVENUE</b>			
<u>Loss – Tax Credits Claimed</u>	\$0	Up to (\$70,000,000)	Up to (\$70,000,000)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0</u></b>	<b><u>Up to (\$70,000,000)</u></b>	<b><u>Up to (\$70,000,000)</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

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

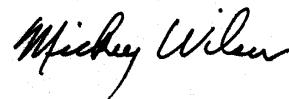
DESCRIPTION

This act creates an income tax credit for child care services performed by a qualified spouse in an amount equal to one thousand two hundred and fifty dollars. The tax credit must be claimed in the same tax year as the services are performed and may not be carried forward or back. The credit is refundable in the amount the credit exceeds actual tax liability.

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 Revenue  
Department of Social Services  
Office of Administration  
    Division of Budget and Planning  
Office of Secretary of State



Mickey Wilson, CPA  
Director  
March 2, 2005