

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1948-01  
Bill No.: SB 526  
Subject: Education, Higher; Boards, Commissions, Committees, Councils; Treasurer, State  
Type: Original  
Date: March 11, 2005

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
General Revenue	(Unknown - Expected to be Less than \$100,000)	(Unknown - Expected to be Less than \$100,000)	(Unknown - Expected to be Less than \$100,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(Unknown - Expected to be Less than \$100,000)</b>	<b>(Unknown - Expected to be Less than \$100,000)</b>	<b>(Unknown - Expected to be Less than \$100,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE 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>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.

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

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

### FISCAL ANALYSIS

#### ASSUMPTION

Officials from the **Department of Economic Development - Division of Finance** and **Division of Credit Unions**, the **Coordinating Board for Higher Education**, and the **Office of Administration - Division of Accounting** stated this proposed legislation would have no fiscal impact on their respective agencies.

According to officials from the **Office of State Treasurer (STO)**, this proposal subjects contributions to MOST that are withdrawn prior to 12 months to a penalty. The amount of the penalty can be up to 10%, per current law. It is unknown how many of the current contributions to MOST are held for less than a year, so the amount of potential penalties cannot be estimated at this time, but would likely be less than \$100,000 a year.

STO also indicated that the State might need an additional line on the state's tax form (Form MO-A) or possibly a new form for the taxpayer to declare withdrawals less than 12 months and to compute the penalty. **Oversight** assumes, based on another response from **Department of Revenue - Division of Taxation** on a related proposal (SCS for SB 324), that the division could manage these costs at current appropriation levels unless there is a material change in the division's other responsibilities.

**This proposal could increase total state income.**

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
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**GENERAL REVENUE**

Income - Penalties for early withdrawals  
 from MOST program

(Unknown - Expected to be Less than \$100,000)	(Unknown - Expected to be Less than \$100,000)	(Unknown - Expected to be Less than \$100,000)
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**ESTIMATED NET EFFECT ON  
 GENERAL REVENUE**

<u>(Unknown -</u> <u>Expected to be</u> <u>Less than</u> <u>\$100,000)</u>	<u>(Unknown -</u> <u>Expected to be</u> <u>Less than</u> <u>\$100,000)</u>	<u>(Unknown -</u> <u>Expected to be</u> <u>Less than</u> <u>\$100,000)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposed legislation requires that any contribution to the Missouri Higher Education Savings Program must be held in the program for at least twelve months in order to avoid penalties provided in current law.

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

Office of State Treasurer  
Coordinating Board for Higher Education  
Office of Administration  
    Division of Accounting  
Department of Economic Development  
    Division of Finance  
    Division of Credit Unions  
Department of Revenue  
    Division of Taxation

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
March 11, 2005