

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1961-01
Bill No.: SB 550
Subject: Tax Credits; Taxation and Revenue – Income; Social Services
Type: Original
Date: March 9, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	Up to (\$5,000,000)	Up to (\$5,000,000)	Up to (\$5,000,000)
Total Estimated Net Effect on General Revenue Fund	Up to (\$5,000,000)	Up to (\$5,000,000)	Up to (\$5,000,000)

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

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
Total Estimated Net Effect on <u>All</u> 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 with the **Department of Revenue (DOR)** assume this proposal would require additional systems programming and could require additional personnel to handle processing, errors, and correspondence. However, DOR assumes it can manage these costs at current appropriation levels unless there is a material change in its responsibilities.

Officials with the **Department of Social Services (DSS)** assume its responsibilities arising from this proposal are as follows:

- Establish the criteria for certification of eligibility to receive tax credit;
- Promulgate the rules and regulations;
- Compile and publish annually on its website the list of organizations eligible to issue tax credits.

Responsibility of monitoring and applying the tax credits will rest with the Department of Revenues. As a result, DSS assumes the above listed duties can be absorbed with existing resources.

ASSUMPTION (continued)

Officials with the **Office of Administration – Division of Budget and Planning (BAP)** assume this proposal creates a sellable tax credit that can be used to offset various Missouri tax obligations. BAP assumes this proposal would create a loss in General Revenue of up to \$5 million per year. BAP assumes no fiscal on its agency.

This proposal could decrease Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE			
<u>Loss</u> – Tax Credits Awarded	Up to (\$5,000,000)	Up to (\$5,000,000)	Up to (\$5,000,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>Up to</u> <u>(\$5,000,000)</u>	<u>Up to</u> <u>(\$5,000,000)</u>	<u>Up to</u> <u>(\$5,000,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This legislation creates a tax credit equal to thirty percent of the total donations made in a tax year to certain religious or charitable organizations that a significant part of whose activities consist of providing temporary housing or medical services. The Department of Social Services will promulgate rules and regulations to determine the eligibility requirements for an organization to qualify and issue such credits. The Department of Social Services must annually compile and post on its website a list of the organizations that qualify to issue tax credits under this act.

DESCRIPTION (continued)

The tax credit is fully transferrable, but it must be sold at or above seventy-five percent of actual value. A tax payer may carry forward a tax credit received under this section for five years. The total amount of tax credits issued or redeemed under this section will be limited to an aggregate amount of five million dollars.

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



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March 9, 2005