

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5225-01
Bill No.: SB 1098
Subject: Elections; Taxation and Revenue - Income
Type: Original
Date: April 12, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	\$0	(\$2,288,498)	(\$2,293,282)
Total Estimated Net Effect on General Revenue Fund	\$0	(\$2,288,498)	(\$2,293,282)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>Other</u> 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 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development (DED)** state the bill should have no fiscal or administrative impact on their agency. The bill does not say who is to administer the credit but says the "department" may file rules. This is directly after the part about claiming the credit on an income tax return. Based on the fact that this text seems to allude to the Department of Revenue, DED assumes the Department of Revenue will administer the credit. If this is correct, DED will have no impact. If this is incorrect and DED is to administer the credit, we would need to submit a revised fiscal note with impact.

Officials from the **Office of Secretary of State - Administrative Rules (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$1,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise

ASSUMPTION (continued)

based on a review of the finally approved bills signed by the governor.

Officials from the **Office of Secretary of State - Elections Division** assume the proposal will not impact their agency. There is an estimated 20,768 number of poll workers; however, there would be more during a general election.

Officials from the **Office of Administration - Budget and Planning** state this legislation authorizes tax credits for taxpayers who work the election polls. Each individual can qualify for up to \$100 per year. There are no maximum annual allowable restrictions. This legislation will have a negative impact to general revenue. Budget and Planning defers to the Secretary of State's Office for fiscal impact.

Officials from the **Department of Revenue (DOR)** state this legislation creates a tax credit beginning on or after January 1, 2007, for each taxpayer serving as a poll worker.

Assuming DOR will certify the credit and require verification, DOR's Personal Tax will require 1 Tax Processing Technician I for every 4,000 credits claimed. According to the Secretary of State's Office, there are an average of 18,000 poll workers in Missouri each election. Therefore, Personal Tax will require 5 FTE.

DOR assumes a cost of roughly \$190,000 annually to the General Revenue Fund.

The tax credits are for all years beginning on or after January 1, 2007, therefore, Oversight will assume the credits will be utilized starting in FY 2008. **Oversight** will also assume the Department of Revenue will not require the additional FTE until FY 2008.

Utilizing the Secretary of State's estimate of 21,000 poll workers, **Oversight** will assume this program will result in tax credits of \$2.1 million (21,000 x \$100 credit) annually. The actual amount of tax credits could vary significantly from this estimate. Some of the 21,000 poll workers will not apply for the credit, some poll workers may only work one election in a given year and only be eligible for \$50 in credits that year, more poll workers may work in even numbered years at General Elections, and this tax credit could entice additional persons to become poll workers, increasing the number of credits issued.

This proposal will reduce Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE FUND			
<u>Costs - Department of Revenue</u>			
Personal Service (5 FTE)	\$0	(\$120,780)	(\$123,799)
Fringe Benefits	\$0	(\$53,216)	(\$54,546)
Expense and Equipment	<u>\$0</u>	<u>(\$14,502)</u>	<u>(\$14,937)</u>
<u>Total Costs - DOR</u>	\$0	(\$188,498)	(\$193,282)
 <u>Loss - Tax credit for poll workers*</u>	 <u>\$0</u>	 <u>(\$2,100,000)</u>	 <u>(\$2,100,000)</u>
 ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	 <u>\$0</u>	 <u>(\$2,288,498)</u>	 <u>(\$2,293,282)</u>

* Actual number of credits utilized may vary substantially.

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<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

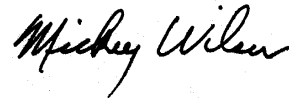
This proposal provides a tax credit for a taxpayer who serves as a poll worker for an election. The tax credit is fifty dollars per election in which the taxpayer serves as a poll worker, not to exceed one hundred dollars per taxpayer per year. The tax credit is non-refundable, but may be carried back three years or forward five years until used. The provisions of this act shall automatically sunset six years from the effective date of the act if not re-authorized.

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

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SOURCES OF INFORMATION

Department of Revenue
Office of Administration - Budget and Planning
Office of the Secretary of State
Department of Economic Development



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