

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0055-01
Bill No.: Truly Agreed To and Finally Passed SB 162
Subject: Revenue Dept.; Taxation and Revenue - Income
Type: Original
Date: June 18, 2007

Bill Summary: Would add housing authorities to the definition of "state agency" for purposes of income tax offsets.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(\$31,788)	(\$32,248)	(\$33,216)
Total Estimated Net Effect on General Revenue Fund	(\$31,788)	(\$32,248)	(\$33,216)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
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 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	1.0	1.0	1.0
Total Estimated Net Effect on FTE	1.0	1.0	1.0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development, Missouri Housing Development Commission** (MHDC) assumed that the proposal would have no direct fiscal impact on their agency. MHDC officials advised us that there were 121 housing authorities in Missouri.

Officials from the **Department of Revenue** (DOR) stated that there are 1.5 FTE who process tax offset information for the 28 agencies currently using the program, and assume that this proposal would add 121 new agencies to the tax offset program. DOR estimates that Personal Tax would require 1.0 FTE Tax Processing Technician I to review and process the additional correspondence.

The Office of Administration Information Technology (ITSD/DOR) estimated that this change could be implemented utilizing 2 existing CIT III for 3 months at a rate of \$25,116. ITSD/DOR assumes the IT portion of this request could be accomplished within existing resources, however; if priorities shift, additional FTE or overtime would be needed to implement.

DOR submitted an estimated cost to implement this program including 1.0 FTE and the related equipment and expense; the total estimated cost was \$37,233 for FY 2008, \$39,085 for FY 2009, and \$40,076 for FY 2010.

Oversight has, for fiscal note purposes only, changed the starting salary for the new position to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research. Oversight has also reduced certain equipment and expense items in the DOR cost estimate in accordance with OA budget guidelines, and assumes that one new FTE could be located in existing office space.

Oversight assumes the IT portion of the program could be completed with existing IT staff. If multiple proposals are enacted requiring additional staff, or if unanticipated costs are incurred, DOR could request resources through the budget process.

Oversight assumes the proposal would not result in a significant direct fiscal impact to the state or local governments other than the DOR processing costs.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE			
<u>Costs - Department of Revenue</u>			
Personal Service (3 FTE)	(\$17,820)	(\$22,026)	(\$22,686)
Fringe Benefits	(\$7,851)	(\$9,704)	(\$9,996)
Expense and Equipment	(\$6,117)	(\$518)	(\$534)
<u>Total Costs - DOR</u>	<u>(\$31,788)</u>	<u>(\$32,248)</u>	<u>(\$33,216)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$31,788)</u>	<u>(\$32,248)</u>	<u>(\$33,216)</u>
Estimated Net FTE Change for General Revenue Fund	1.0	1.0	1.0
<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<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.

FISCAL DESCRIPTION

The proposed legislation would add housing authorities to the definition of "state agency" for purposes of income tax offsets.

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
Department of Economic Development
Missouri Housing Development Commission

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

Mickey Wilson, CPA
Director
June 18, 2007