

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1247-01
Bill No.: SB 224
Subject: Education, Higher; Taxation and Revenue - Income
Type: Original
Date: January 29, 2007

Bill Summary: Would allow married taxpayers filing joint returns to deduct a portion of contributions to the Missouri Higher Education Savings Program from income.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

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 4 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
Total Estimated Net Effect on FTE	0	0	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 **Office of the State Treasurer**, the **Office of Administration, Division of Budget and Planning**, and the **Department of Higher Education** assume this proposal would have no fiscal impact on their organizations.

Officials from the **Department of Revenue** (DOR) stated that the proposal would have no fiscal impact since it would allow married couples to take a full \$16,000 deduction for contributions to the Missouri Higher Education Savings Program without the current DOR requirement to segregate those contributions into separate accounts.

Officials from the **University of Missouri, Economic and Policy Research Center** (EPARC) stated that the proposal would, if enacted, permit individual taxpayers to deduct from their adjusted gross income up to \$16,000 if filing jointly, or \$8,000 if single, for contributions to the Missouri Higher Education Savings Program.

EPARC also stated that this proposal would have no fiscal impact if contributions to the savings program do not change. EPARC estimated the maximum impact of this proposal could be as much as \$398 million if every eligible taxpayer who also claims a dependent increases their contributions to the maximum deduction of \$16,000 for joint filers and \$8,000 for single filers.

Oversight assumes this proposal would have no fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	<u>FY 2008</u> <u>(10 Mo.)</u>	<u>FY 2009</u>	<u>FY 2010</u>
	<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.

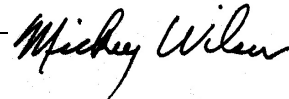
FISCAL DESCRIPTION

This proposal would appear to have no fiscal impact.

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 the State Treasurer
Office of Administration
 Division of Budget and Planning
Department of Higher Education
University of Missouri
 Economic and Policy Research Center



Mickey Wilson, CPA
Director
January 29, 2007