

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3508-02
Bill No.: SCS for SB 811
Subject: Energy; Environmental Protection; Motor Carriers; Motor Vehicles; Revenue Department; Taxation and Revenue - General; Taxation and Revenue - Income.
Type: Original
Date: March 4, 2008

Bill Summary: This proposal creates a tax credit for the use of idle reduction technology.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$36,726 to \$10,000,000)	(\$38,723 to \$10,000,000)	(\$39,884 to \$10,000,000)
Total Estimated Net Effect on General Revenue Fund	(\$36,726 to \$10,000,000)	(\$38,723 to \$10,000,000)	(\$39,884 to \$10,000,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
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 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

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 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Revenue** assume this proposal establishes a tax credit. Tax credits reduce the amount of tax due; therefore, reduce state revenues. Personal Tax requires 1 Tax Processing Technician I for every 4,000 tax credits claimed.

Officials at the **Missouri Department of Transportation** assume that there is no fiscal impact from this proposal.

Oversight assumes the proposal would create an unknown reduction in income tax collections in the General Revenue Fund beginning in FY 2009. Oversight assumes that if only 100 vehicles take advantage of the tax credit then the cost would be \$350,000. Oversight assumes that the loss to General Revenue would be Unknown but less than \$10,000,000 as the tax credit is capped at \$10,000,000 per year.

Officials from the **Office of the Secretary of State (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 \$2,500. 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 based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE			
<u>Cost - Department of Revenue</u>			
Tax credit for adoption of idle reduction technology on class 8 trucks	(\$0 to \$10,000,000)	(\$0 to \$10,000,000)	(\$0 to \$10,000,000)
<u>Cost - Department of Revenue</u>			
Personal Service	(\$21,146)	(\$26,136)	(\$26,920)
Fringe Benefits	(\$9,351)	(\$11,557)	(\$11,904)
Equipment and Expense	<u>(\$6,229)</u>	<u>(\$1,030)</u>	<u>(\$1,060)</u>
<u>Total Costs - DOR</u>	<u>(\$36,726)</u>	<u>(\$38,723)</u>	<u>(\$39,884)</u>
FTE Change -DOR	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$36,726 to \$10,000,000)</u>	<u>(\$38,723 to \$10,000,000)</u>	<u>(\$39,884 to \$10,000,000)</u>
Estimated Net FTE Change for General Revenue Fund	1 FTE	1 FTE	1 FTE
 <u>FISCAL IMPACT - Local Government</u>	 FY 2009 (10 Mo.)	 FY 2010	 FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This could impact businesses that apply for the tax credit.

FISCAL DESCRIPTION

This act creates an income tax credit equal to fifty percent of the amount a taxpayer paid to purchase and install idle reduction technology on a class 8 truck. The maximum amount of the tax credit is \$3,500 per truck. The tax credit is nontransferable and non-refundable, but may be carried forward up to three years until completely claimed.

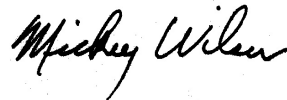
FISCAL DESCRIPTION (continued)

The provisions of the act automatically sunset two years after August 28, 2008, unless re-authorized.

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

Missouri Department of Transportation
Department of Revenue
Office of the Secretary of State



Mickey Wilson, CPA
Director
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