

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4441-02
Bill No.: SB 989
Subject: Elections; Taxation and Revenue - Income
Type: Original
Date: February 15, 2008

Bill Summary: Would create an income tax credit for poll workers.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$2,160,008)	(\$166,140 to \$1,966,140)	(\$1,971,124)
Total Estimated Net Effect on General Revenue Fund	(\$2,160,008)	(\$166,140 to \$1,966,140)	(\$1,971,124)

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 6 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	5	5	5
Total Estimated Net Effect on FTE	5	5	5

- 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 from the **Office of the Secretary of State (SOS)** provided the following response.

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, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

SOS officials provided information as to the number of poll workers who might qualify for this tax credit. According to SOS records, there were 18,340 poll workers for the November 2006 elections. SOS officials also said that there would be likely be an insignificant number of poll workers for odd numbered years unless a special election was required.

Officials from the **Office of Administration, Division of Budget and Planning (BAP)** assume there would be no added cost to their organization as a result of this proposal. This proposal would create a \$50 income tax credit, per election per poll worker, up to \$100 per year. The credit is not refundable, but does have a five-year carryforward. According to the Secretary of State's Office, 18,340 poll workers were used during the November 7, 2006 election, but they expect an increase in 2008 due to the presidential race. BAP assumes 20,000 poll workers would be needed. Thus, general and total state revenues may be reduced up to \$2 million each fiscal year, depending on the election cycle and the growth in polling places.

Officials from the **Department of Revenue (DOR)** assume this proposal would create a new tax credit, which would reduce state tax revenues.

ASSUMPTION (continued)

DOR officials assume that any individual who serves as a poll worker temporarily employed by an election authority during that tax year would be eligible for the credit. Challengers or watchers would not be eligible for the tax credit. Beginning on or after January 1, 2008, a qualified poll worker would be allowed a tax credit equal to \$50 per election in which the taxpayer has served as a poll worker, not to exceed \$100 per tax year. The credit would not be refundable or transferable but could be carried forward for 5 subsequent tax years.

The Department of Revenue would promulgate the rules. Individual income tax form and instruction changes would be required, and MINITS system changes would be required. According to information received from the Secretary of State's office, in the November 2004 election there were 21,940 poll workers. In November 2006 there were 18,340 poll workers. Personal Tax would require one FTE Tax Processing Technician I for every 4,000 credits claimed. Therefore, the department would require five additional FTE.

The Office of Administration, Information Technology Services Division (ITSD/DOR) assumes that this legislation could be implemented utilizing two existing CIT III for one month for modifications to MINITS at a total estimated cost of \$8,372. ITSD/DOR assumes the IT portion of this request could be accomplished within existing resources, however; if priorities shift, additional FTE/overtime would be needed to implement the proposal.

Oversight assumes the IT portion of this proposal could be implemented with existing resources.

In summary, DOR submitted a cost estimate for this proposal including five additional FTE and totaling \$183,631 for FY 2009, \$193,620 for FY 2010, and \$199,427 for FY 2011.

Oversight has, for fiscal note purposes only, changed the starting salary for the new positions 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 adjusted the DOR estimate of cost for equipment and expenses in accordance with OA budget guidelines. Finally, Oversight assumes a limited number of additional employees could be accommodated in existing office space. If unanticipated costs are incurred or if multiple proposal are enacted resulting in additional costs, resources could be requested through the budget process.

ASSUMPTION (continued)

Oversight will assume this program would result in tax credits of \$2 million for 20,000 poll workers in presidential election years (November 2008, FY 2009) and \$1.8 million for 18,000 poll workers in congressional election years (November 2010, FY 2011). During years when there is no statewide election, there would local elections and poll workers for local elections would also qualify for this tax credit. Oversight will assume that tax credits for odd-numbered years would be less than \$1.8 million and will indicate a range from \$0 to \$1.8 million for those years.

The actual amount of tax credits could vary significantly from this estimate. Some poll workers will not apply for the credit, some poll workers may only work one election in a given year and thus be eligible for only \$50 in credits that year, and this tax credit could entice additional persons to become poll workers, increasing the number of credits issued.

This proposal could reduce total state revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
<u>Costs - Department of Revenue</u>			
Personal Service (5 FTE)	(\$91,750)	(\$113,403)	(\$116,805)
Fringe Benefits	(\$40,572)	(\$50,147)	(\$51,651)
Expense and Equipment	<u>(\$27,686)</u>	<u>(\$2,590)</u>	<u>(\$2,668)</u>
<u>Total Costs - DOR</u>	<u>(\$160,008)</u>	<u>(\$166,140)</u>	<u>(\$171,124)</u>
<u>Loss - Tax credit for poll workers</u>	<u>(\$2,000,000)</u>	<u>(\$0 to \$1,800,000)</u>	<u>(\$1,800,000)</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$2,160,008)</u>	<u>(\$166,140 to \$1,966,140)</u>	<u>(\$1,971,124)</u>
Estimated Net FTE Effect on General Revenue Fund	5	5	5
<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

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

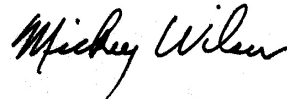
FISCAL DESCRIPTION

This proposal would create an income tax credit for poll workers.

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 Secretary of State
Office of Administration
 Division of Budget and Planning
Department of Revenue



Mickey Wilson, CPA
Director
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