

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1626-01
Bill No.: Truly Agreed To and Finally Passed HB 802
Subject: Economic Development; Housing; Tax Credits
Type: Original
Date: June 2, 2009

Bill Summary: This proposal changes the adjusted gross income required for an owner-occupier to qualify for assistance from the Missouri Housing Development Commission.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development - Missouri Housing Development Commission (MHDC)** state the proposal has no fiscal impact. The bill would increase the income limits for the households served through the Affordable Housing Assistance Program (AHAP) for owner-occupied housing projects only. Because it only expands eligibility without increasing the cap, there is no fiscal impact. The MHDC assumes they will issue all \$11 million per year in tax credits in the immediate future.

According to the Tax Credit Analysis for the Affordable Housing Assistance Tax Credit program, the credit can be sold and can be carried forward for ten years. Also, it had the following amount of credits authorized, issued and redeemed in the past three years:

<u>Fiscal Year</u>	<u>Authorized</u>	<u>Issued</u>	<u>Redeemed</u>
FY 2008	\$ 8,763,010	\$8,455,594	\$11,392,097
FY 2007	\$11,000,000	\$7,985,100	\$10,497,793
FY 2006	\$11,000,000	\$8,131,705	\$ 4,080,564

Oversight assumes the proposal may increase the utilization of the program; however the MHDC assumes even without these changes, they will issue all \$11 million in tax credits under the Affordable Housing Assistance Tax Credit program each year. Oversight has already reflected the fiscal impact of this program up to the annual limit; therefore, Oversight will assume the proposal will not have an additional fiscal impact to the state.

<u>FISCAL IMPACT - State Government</u>	<u>FY 2010</u> <u>(10 Mo.)</u>	<u>FY 2011</u>	<u>FY 2012</u>
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<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 appears 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

Department of Economic Development



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Director
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