

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4546-01
Bill No.: Perfected HB 1132
Subject: Tax Credits; Children and Minors; Charities
Type: Original
Date: March 12, 2014

Bill Summary: This proposal increases the amount of tax credits for contributions to pregnancy resource centers available in each fiscal year to two million five hundred thousand dollars.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	\$0 to (\$1,000,000)	\$0 to (\$1,000,000)	\$0 to (\$1,000,000)
Total Estimated Net Effect on General Revenue Fund	\$0 to (\$1,000,000)	\$0 to (\$1,000,000)	\$0 to (\$1,000,000)

Note: The fiscal note does not reflect the possibility that some of the tax credits could be utilized by insurance companies against insurance premium taxes. If this occurs, the loss in tax revenue would be split between the General Revenue Fund and the County Foreign Insurance Fund, which ultimately goes to local school districts.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§135.630 Pregnancy Resource Center

Officials at the **Office of Administration's Division of Budget and Planning (BAP)** assume there is no fiscal impact to BAP from this proposal. This proposal could reduce General and Total State Revenues by \$500,000 annually.

Officials at the **Department of Revenue** assume there is no fiscal impact to their agency from this proposal. However, this legislation will reduce Total State Revenue by an additional \$500,000 per year beginning in Fiscal Year 2015.

Officials at the **Department of Social Services (DOS)** assume increasing the cap on these credits by \$500,000 would allow for more donations to be processed. However, this program already exists, so DOS should be able to handle the potential increase in donations with current staff.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state an unknown reduction of premium tax revenues as a result of increasing the Pregnancy Resource Center tax credit is possible. Premium tax revenue is split 50/50 between General Revenue and County Foreign Insurance Fund except for domestic Stock Property and Casualty Companies who pay premium tax to the County Stock Fund. The County Foreign Insurance Fund is later distributed to school districts throughout the state. County Stock Funds are later distributed to the school district and county treasurer of the county in which the principal office of the insurer is located. It is unknown how each of these funds may be impacted by tax credits each year.

According to the Tax Credit Analysis submitted by the Department of Social Services regarding this program, the Pregnancy Resource Center tax credit program had the following activity;

	FY 2011	FY 2012	FY 2013
Certificates Issued (#)	3,729	3,827	2,316
Amount Authorized	\$1,795,230	\$1,844,684	\$1,621,951
Amount Issued	\$1,795,230	\$1,844,684	\$1,621,951
Amount Redeemed	\$1,103,384	\$1,892,183	\$1,194,477

Oversight assumes this proposal raises the cap on the pregnancy resource center tax credit from \$2 million to \$2.5 million annually. Oversight will show the fiscal impact as a loss to state revenue of \$0 (no additional credits claimed) to \$500,000 (additional credits claimed to new cap) annually.

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ASSUMPTION (continued)

§135.600 Maternity Home

Officials at the **Department of Social Services** assume there is no fiscal impact from this proposal.

Oversight notes according to the Tax Credit Analysis submitted by the Department of Social Services regarding this program, the Maternity Home tax credit program had the following activity;

	FY 2011	FY 2012	FY 2013
Certificates Issued (#)	1,877	2,270	2,637
Amount Authorized	\$1,269,595	\$1,471,340	\$1,999,958
Amount Issued	\$1,269,595	\$1,471,340	\$1,999,958
Amount Redeemed	\$726,355	\$1,354,431	\$1,138,969

Oversight assumes this proposal raises the cap on the maternity home tax credit from \$2 million to \$2.5 million annually. Oversight will show the fiscal impact as a loss to state revenue of \$0 (no additional credits claimed) to \$500,000 (additional credits claimed to new cap) annually.

<u>FISCAL IMPACT - State Government</u>	FY 2015	FY 2016	FY 2017
	(10 Mo.)		

GENERAL REVENUE

<u>Revenue Reduction</u> - increasing the pregnancy resource center tax credit cap	\$0 to (\$500,000)	\$0 to (\$500,000)	\$0 to (\$500,000)
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<u>Revenue Reduction</u> - increasing the maternity home tax credit cap	<u>\$0 to (\$500,000)</u>	<u>\$0 to (\$500,000)</u>	<u>\$0 to (\$500,000)</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 to <u>(\$1,000,000)</u>	\$0 to <u>(\$1,000,000)</u>	\$0 to <u>(\$1,000,000)</u>
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Note: The fiscal note does not reflect the possibility that some of the tax credits could be utilized by insurance companies against insurance premium taxes. If this occurs, the loss in tax revenue would be split between the General Revenue Fund and the County Foreign Insurance Fund, which ultimately goes to local school districts.

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<u>FISCAL IMPACT - Small Business</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Small businesses that claim the credit could be impacted.

FISCAL DESCRIPTION

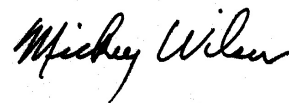
This bill specifies that the cumulative amount of tax credits that may be claimed by all the taxpayers contributing to pregnancy resource centers in any one fiscal year cannot exceed \$2 million for all fiscal years ending on or before June 30, 2014, and \$2.5 million for all fiscal years beginning on or after July 1, 2014.

This bill specifies that the cumulative amount of tax credits that may be claimed by all the taxpayers contributing to maternity homes in any one fiscal year cannot exceed \$2 million for all fiscal years ending on or before June 30, 2014, and \$2.5 million for all fiscal years beginning on or after July 1, 2014.

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 Insurance, Financial Institutions and Professional Registration
Department of Revenue
Department of Social Services
Office of Administration
Division of Budget and Planning



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Director
March 12, 2014

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