

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4975-03  
Bill No.: Perfected SCS for SB Nos. 638 & 647  
Subject: Abortion; Tax Credits  
Type: Original  
Date: April 15, 2014

**Bill Summary:** This proposal raises the fiscal year cap on the Pregnancy Resource Center, Food Pantry and Maternity Home tax credit programs and modifies the Youth Opportunities tax credit program.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	\$0 to (\$2,000,000)	\$0 to (\$2,000,000)	\$0 to (\$2,000,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0 to (\$2,000,000)</b>	<b>\$0 to (\$2,000,000)</b>	<b>\$0 to (\$2,000,000)</b>

**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.

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

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 8 pages.

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §135.630 Pregnancy Resource Center tax credit

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 Social Services** assume this program already exists within the Department and any increase in donations can be handled with existing staff.

Officials at the **Department of Revenue** assume no impact on the Department; however, this proposal will reduce state revenues.

**Oversight** notes 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
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 part of the proposal raises the current cap on the Pregnancy Resource Center tax credit from \$2 million to \$2.5 million starting June 1, 2014 (FY 2015). Therefore, Oversight will show a loss to state revenue of \$0 (no additional redemptions ) to \$500,000 per year (additional redemptions up to the new cap).

#### §135.647 Food Pantry tax credit

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

**Oversight** assumes the Food Pantry tax credit began in 2008, and had a sunset of 2011. The program at that time had a \$2 million annual cap. In Fiscal Year 2013, the Food Pantry tax credit was reauthorized and given a cap of \$1.25 million annually. Due to the time period between

ASSUMPTION (continued)

which this credit did not exist and the reauthorization of the tax credit, Oversight does not have any recent redemption data to use to determine if this tax credit is being redeemed near its annual cap.

**Oversight** assumes this proposal raises the current cap on the Food Panty tax credit from \$1.25 million to \$1.75 million starting August 28, 2014 (FY 2015). Therefore, Oversight will show a loss to state revenue of \$0 (no additional redemptions ) to \$500,000 per year (additional redemptions up to the new cap).

§135.600 Maternity Home Tax Credit

In response to similar legislation filed this year, SB 953, officials at the **BAP** assume this proposal would not fiscally impact BAP. This proposal increases the cap on the Maternity Homes credit from \$2 million to \$2.5 million. Average issuances under this program were \$1.6 million over the last three years, but totaled \$2 million in FY 2013. This proposal could reduce General and Total State Revenues by \$0.5 million annually, beginning in FY 2015.

In response to similar legislation filed this year, SB 953, Officials at the **Department of Revenue** assume no impact from this proposal; however, it will reduce state revenues.

Officials at the **Department of Social Services** assume increasing the cap of this program would allow more donations to be processed. However, this program already exists, so the Department should be able to handle the potential increase in donations with current staff.

**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.

ASSUMPTION (continued)

§135.460 Youth Opportunities Tax Credit

Officials at the **Department of Economic Development (DED)** assume this proposal expands the Youth Opportunities Tax Credit to explicitly include (in statute) that programs providing food to elementary and secondary school age children to take home during non-school are eligible for the credit. §135.460 (12) also allows for up to \$500,000 in credits to be utilized for this program. As a result, DED will require 1 additional FTE to administer the program by approving applications, drafting guidelines and other administrative duties.

**Oversight** notes according to the Tax Credit Analysis submitted by the Department of Economic Development regarding this program, the Youth Opportunities tax credit program had the following activity;

	FY 2011	FY 2012	FY 2013
Amount Issued	\$4,917,600	\$4,152,311	\$5,571,555
Amount Redeemed	\$3,589,991	\$4,979,138	\$3,906,263

**Oversight** assumes this proposal expands the Youth Opportunities tax credit to be used by programs that supply supplemental meals to school age children. This proposal caps the amount of money to \$500,000 annually for the supplemental meals for school children. Oversight will show the fiscal impact as a loss to state revenue of \$0 (no credits claimed) to \$500,000 annually.

**Oversight** notes that the Department of Economic Development is responsible for the administration of Youth Opportunities tax credit and that the program currently has a \$6 million annual cap. Oversight assumes that the Department would be able to absorb the additional duties of this proposal with existing resources.

Bill as a Whole

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.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>GENERAL REVENUE</b>			
<u>Revenue Reduction</u> - increasing the cap on the Pregnancy Resource Center tax credit §135.630	\$0 to (\$500,000)	\$0 to (\$500,000)	\$0 to (\$500,000)
<u>Revenue Reduction</u> - increasing the cap on the Food Pantry tax credit §135.647	\$0 to (\$500,000)	\$0 to (\$500,000)	\$0 to (\$500,000)
<u>Revenue Reduction</u> - increasing the cap on the Maternity Home credit §135.600	\$0 to (\$500,000)	\$0 to (\$500,000)	\$0 to (\$500,000)
<u>Revenue Reduction</u> - increasing the cap on the Youth Opportunities credit §135.460	<u>\$0 to (\$500,000)</u>	<u>\$0 to (\$500,000)</u>	<u>\$0 to (\$500,000)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0 to (\$2,000,000)</u></b>	<b><u>\$0 to (\$2,000,000)</u></b>	<b><u>\$0 to (\$2,000,000)</u></b>

**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
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

Small businesses that can claim the tax credits may be impacted.

### FISCAL DESCRIPTION

Currently, taxpayers that make donations to a pregnancy resource center may be eligible for an income tax credit. The amount of tax credits that may be issued in a fiscal year is limited to \$2 million. This act raises the cap to \$2.5 million, beginning with the 2015 fiscal year.

Currently, taxpayers that make donations to food pantries may be eligible for an income tax credit. The amount of food pantry tax credits that may be issued in a fiscal year is limited to \$1.25 million. This act raises the cap to \$1.75 million, beginning with the 2015 fiscal year.

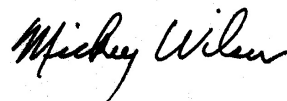
Currently, taxpayers may receive a tax credit for donations to maternity homes. The cumulative amount of tax credits that may be issued in a fiscal year is \$2 million. This act raises the cap to \$2.5 million per fiscal year, beginning with the 2015 fiscal year.

This proposal expands the Youth Opportunities tax credit to allow it to be used for supplemental meals for school age children.

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



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