COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2212-01
Bill No.: Truly Agreed To and Finally Passed SB 463
Subject: Charities; Disabilities; Tax Credits
Type: Original
Date: June 9, 2015

Bill Summary: This proposal removes the sunset dates for the Residential Treatment Agency Tax Credit Act and the Developmental Disability Care Provider Tax Credit Program.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue*	$0	$0	$0
Total Estimated Net Effect on General Revenue	**$0**	**$0**	**$0**

* Tax credit purchases and issuances net to $0.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on Other State Funds	**$0**	**$0**	**$0**

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.

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	**0**	**0**	**0**

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed $100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration's Division of Budget and Planning (BAP)** state this proposal would extend the Residential Treatment Agency Tax Credit and Developmental Disability Care Provider Tax Credit programs through 2027. Because agencies are required to remit payments for these credits, this proposal has no direct impact on general and total state revenues.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** stated an unknown reduction in premium tax revenue as a result of changes to these tax credits 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.

Oversight notes the Residential Treatment Agency Tax Credit and the Developmental Disability Care Provider Tax Credit Program allows a donor a tax credit of 50% of the eligible donation. Of the donation, the agency keeps 50%, and writes a check to the state for the other 50%. The donor gets a tax credit in the amount of 50% of their donation. There is no cost to the state for the tax credit.

Oversight notes, according to the Tax Credit Analysis submitted by the Department of Social Services (DSS) regarding this program, the Residential Treatment Agency Tax Credit program had the following activity:

	FY 2012	FY 2013	FY 2014
Certificates Issued (#)	148	197	242
Amount Issued	$373,588	$513,212	$348,604
Amount Redeemed	$283,501	$292,396	$490,033

ASSUMPTION (continued)

Oversight notes, according to the Tax Credit Analysis submitted by the Department of Social Services regarding this program, the Developmental Disability Care Provider Tax Credit Program had the following activity:

	FY 2012	FY 2013	FY 2014
Certificates Issued (#)	0	15	18
Amount Issued	$0	$62,292	$49,588
Amount Redeemed	$0	$7,819	$92,993

Oversight assumes this proposal would prohibit the issuance of any additional tax credits for these programs after December 31, 2027. Any income to the state from tax credits not issued and taxes being collected would be outside the fiscal note period.

For fiscal note purposes, **Oversight** is using DSS' projected amounts issued for the Residential Treatment Agency Tax Credit and the Developmental Disability Care Provider Tax Credit Program.

Officials from the **Joint Committee on Administrative Rules**, the **Department of Economic Development**, the **Department of Revenue**, the **Office of the Secretary of State**, and the **Department of Social Services** each assume the proposal would not fiscally impact their respective agencies.

FISCAL IMPACT - State Government	FY 2016 (6 Mo.)	FY 2017	FY 2018
GENERAL REVENUE FUND			
Revenue - DSS (§135.1150)			
Revenue for tax credit	$200,000	$400,000	$400,000
Revenue - DSS (§135.1180)			
Revenue for tax credit	$0	$50,000	$100,000
Cost - DSS (§135.1150)			
Tax credit issued	($200,000)	($400,000)	($400,000)
Cost - DSS (§135.1180)			
Tax credit issued	$0	($50,000)	($100,000)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	**$0**	**$0**	**$0**

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.

FISCAL IMPACT - Local Government	FY 2016 (6 Mo.)	FY 2017	FY 2018
	$0	**$0**	**$0**

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Currently, the Residential Treatment Agency Tax Credit is set to expire on December 31, 2015, and the Developmental Disability Care Provider Tax Credit is set to expire on December 31, 2016. This act removes the sunset for both programs.

FISCAL DESCRIPTION (continued)

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

Joint Committee on Administrative Rules
Office of Administration's Division of Budget and Planning
Department of Economic Development
Department of Social Services
Department of Insurance, Financial Institutions and Professional Registration
Department of Revenue
Office of the Secretary of State

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SJ:LR:OD