

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0909-04  
Bill No.: SCS for SB 217  
Subject: Food; Tax Credits; Taxation and Revenue - General; Taxation and Revenue - Income  
Type: Original  
Date: February 17, 2017

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Bill Summary: This proposal adds donations to soup kitchens or homeless shelters to current tax credit for donations to food pantries.

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
<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 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</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 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

In response to the previous version, officials at the **Office of Administration's Division of Budget and Planning (B&P)** assumed this proposal would allow donations to local soup kitchens or local homeless shelters made on or after January 1, 2017 to be eligible for the Food Pantry Tax Credit in an amount equal to fifty percent of the value of the donation. This could impact General and Total State Revenue as early as FY 2018.

The cap on the Food Pantry Tax Credit remains at \$1.75 million under this proposal. B&P notes that redemptions under the Food Pantry Tax Credit have averaged \$1,038,193 annually over the last three years. This proposal could therefore lower General and Total State Revenue by up to \$711,807 per year and could impact the calculation under Article X, Section 18(e).

Officials at the **Department of Revenue** assume that the Personal Tax Division will need one Revenue Processing Technician I (\$27,185) per 6,000 additional tax credits. The Collections and Tax Assistance Division will need two Tax Collection Technicians (\$27,185) to handle increased customer contacts.

**Oversight** notes this proposal expands the tax credit for donations to food pantries to soup kitchens and homeless shelters as well. However, this proposal does not change the current statutory \$1,750,000 cap on the food pantry tax credit. While more taxpayers may be eligible to claim the credit, this proposal will not have a fiscal impact as the cap has not changed.

Currently the average redemptions of the food pantry credit over the last three years has been \$1,038,193 leaving only \$711,807 that can be additionally redeemed. **Oversight** assumes that the Department of Revenue can absorb the processing of the rest of the cap of the food pantry credit with existing resources.

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Small Business</u>			

Small businesses that donate to soup kitchens and homeless shelters and receive the tax credit may be positively impacted.

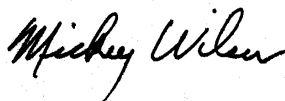
#### FISCAL DESCRIPTION

Under current law, taxpayers may receive a tax credit of up to \$2,500 for food or cash donated to a local food pantry in the taxpayer's area of residence. This act expands that tax credit to include food or cash donated to local soup kitchens or homeless shelters in the taxpayer's area of residence.

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 Revenue  
Office of Administration  
Division of Budget and Planning



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Director  
February 17, 2017

Ross Strobe  
Assistant Director  
February 17, 2017