

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4409-02
Bill No.: SB 674
Subject: Taxation and Revenue - Income
Type: Original
Date: January 4, 2018

Bill Summary: This proposal requires modification of the income tax tables when an income bracket is eliminated.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
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 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration Division of Budget and Planning** assume this proposal clarifies that the individual income tax will not be eliminated on incomes above \$9,000 once the top income tax rate reaches 5.5%. This proposal also defines the term "net general revenue collected".

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

Officials at the **University of Missouri's Economic and Policy Analysis Research Center (EPARC)** assume this proposal adds language to the modification of the income tax tables when an income bracket is eliminated. As well, it defines "Net general revenue collected" as "all revenue deposited into the general revenue fund, less refunds and revenues originally deposited into the general revenue fund but designated by law for a specific distribution or transfer to another state fund."

EPARC does not find that the language that modifies the income tax tables should have any impact on how individual income taxes are calculated. The new definition of "Net general revenue collected" may or may not expedite the revenue trigger used for determining a rate reduction and increased business income deduction within this section of individual income tax law. EPARC is unable to determine all of the state funds that draw their revenues from an initial deposit into the General Revenue Fund. Therefore, they are unable to provide an impact estimate of this bill.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<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 direct 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 Revenue
Office of Administration
Division of Budget and Planning
University of Missouri's Economic and Policy Analysis Research Center

Ross Strobe



Acting Director
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