

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4663-06  
Bill No.: SS#2 for SCS for HCS for HB Nos. 1288, 1377 & 2050  
Subject: Tax Credits, Tax Incentives, Department of Revenue, Taxation and Revenue -  
 Income, Charities  
Type: Original  
Date: May 8, 2018

Bill Summary: This proposal modifies provisions relating to tax credits for contributions to certain benevolent organizations.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	(Up to \$150,000)	(Could Exceed \$3,150,000)	(Could Exceed \$10,750,000)
<b>Total Estimated Net Effect on General Revenue</b>	<b>(Up to \$150,000)</b>	<b>(Could Exceed \$3,150,000)</b>	<b>(Could Exceed \$10,750,000)</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 2019	FY 2020	FY 2021
<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 16 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</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 2019</b>	<b>FY 2020</b>	<b>FY 2021</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 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

**§135.341 Champion for Children tax credit**

In response to the previous version, officials at the **B&P** assumed this section expands the definition for child advocacy centers and extends the final date to issue tax credits for contributions to qualified crisis child agencies to December 31, 2025.

This section increases the cap on the Champion for Children Tax Credit to \$1.5 million beginning July 1, 2019. The current cap is \$1.0 million; but B&P notes the average amount of redemptions over the last three fiscal years is \$999,950. B&P estimates this proposal could decrease Total State Revenue and General Revenue by \$500,000 annually beginning with FY 2020.

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

Officials at the **Department of Revenue (DOR)** assume this proposal states "Child Advocacy Centers", the regional child assessment centers listed in subsection 2 of Section 210.001, including an association based in this state, affiliated with a national association, and organized to provide support to entities listed in subsection 3 of Section 210.001. The cumulative amount of the tax credits redeemed shall not exceed one million dollars for all fiscal years ending on or before June 30, 2019, and one million five hundred thousand dollars for all fiscal years beginning on or after July 1, 2019. The program authorized under this section shall be re-authorized as of December 31, 2019, and shall expire on December 31, 2025, unless re-authorized by the general assembly.

**Oversight** notes according to the Tax Credit Analysis submitted by the Department of Revenue regarding this program, the Champion for Children tax credit program had the following activity;

	FY 2015	FY 2016	FY 2017	FY 2018 (projected)	FY 2019 (projected)
Amount Redeemed	\$999,990	\$999,987	\$999,873	\$999,999	\$999,999

Amount Outstanding - not declared      Amount Authorized but Unissued - not declared

**Oversight** notes this tax credit has a \$1 million annual cap. This proposal increases the annual cap to \$1.5 million and changes the stop date of this tax credit from December 31, 2019 (FY 2020) to December 31, 2025. The credit is given to a taxpayer up to 50% of the donation they made to a qualified agency.

ASSUMPTION (continued)

**Oversight** notes this tax credit has been near the \$1 million cap. Increasing cap could result in more taxpayers filing for the credit. This proposal expands the cap on the tax credit starting July 1, 2019 (FY 2020) and therefore, Oversight will reflect the increase in the cap starting in FY 2020.

§135.600 Maternity Home tax credit

In response to the previous version, officials at the **B&P** assumed this section would extend the sunset date on the Maternity Home tax credit from 6/30/2020 to 12/31/2024.

This section would increase the annual authorization cap from \$2.5 million to \$3.5 million beginning July 1, 2019. B&P notes that the three-year average authorizations amount is \$2.4 million. Therefore, B&P estimates that this provision could reduce Total State Revenue and General Revenue by \$1 million annually beginning with FY 2020.

Section 135.600.6 states that if the amount of tax credits redeemed in a fiscal year is less than the amount authorized, the difference shall be carried forward and shall be added to the cumulative amount of tax credits that may be authorized. B&P notes that the language appears to add the difference between authorizations and redemptions in year 1 and that difference is to be added to the authorization limit allowed in year 2. This could allow authorizations in subsequent fiscal years to exceed the cap set in statute. The three-year average authorizations amount is \$2.4 million, while the three-year average redemption amount is \$1.9 million. Based on that difference, B&P estimates that this provision could add approximately \$500,000 to the authorization cap every fiscal year. Therefore, B&P estimates that this provision could reduce Total State Revenue and General Revenue by \$500,000 in FY 2019, and compounding by \$500,000 every fiscal year thereafter.

This section states that the Maternity Home tax credit may not be assigned, transferred, or sold. B&P estimates that this provision may have a minimal unknown positive impact on Total State Revenue and General Revenue.

This section also reduces the carry-forward allowance from four years to one year. B&P notes that while this provision will not impact Total State Revenue, there could be a cash flow impact to General Revenue as redemptions may occur sooner than they otherwise would have.

Officials at the **DOR** assume the cumulative amount of tax credits which may be claimed by all the taxpayers contributing to maternity homes in any one fiscal year shall not exceed two million dollars for all fiscal years ending on or before June 30, 2014, and two million five hundred thousand dollars for all fiscal years beginning on or after July 1, 2014 and ending on or before

ASSUMPTION (continued)

June 30, 2019, and three million five hundred thousand dollars for all fiscal years beginning on or after July 1, 2019. Tax credits shall be issued in the order contributions are received. If the amount of tax credits redeemed in a fiscal year is less than the cumulative amount authorized under this subsection, the difference shall be carried over to the subsequent fiscal year or years and shall be added to the cumulative amount of tax credits that may be authorized in that fiscal year or years.

The provisions of the program authorized under this section shall automatically sunset on December thirty-first six years after the effective date of this subsection unless re-authorized by an act of the general assembly; if such program is re-authorized, the program authorized under this section shall automatically sunset on December thirty-first six years after the effective date of the re-authorization of this section; this section shall terminate on September first of the calendar year immediately following the calendar year in which the program authorized under this section is sunset; and the provisions of this subsection shall not be construed to limit or in any way impair the Department's ability to issue tax credits authorized on or before the date the program authorized under this section expires or a taxpayer's ability to redeem such tax credits.

**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 2015	FY 2016	FY 2017	FY 2018 (projected)	FY 2019 (projected)
Certificates Issued	2,572	2,883	2,113	2,500	2,500
Amount Authorized	\$2,104,022	\$2,499,405	\$2,482,714	\$2,450,000	\$2,450,000
Amount Issued	\$2,104,022	\$2,499,405	\$2,482,714	\$2,450,000	\$2,450,000
Amount Redeemed	\$1,511,157	\$1,657,333	\$2,422,510	\$1,850,000	\$1,850,000

Amount Outstanding - \$2,115,891    Amount Authorized but Unissued - \$0

**Oversight** notes the Maternity Home tax credit has a \$2,500,000 annual cap. Currently, this tax credit is to stop on June 30, 2020. This proposal removes the stop date and replaces it with a six year sunset. This program would now sunset on December 31, 2024. Oversight notes this bill would extend the Maternity Home tax credit from FY 2020 to FY 2025. Additionally, this proposal raises the cap to \$3,500,000. Oversight will show the additional cap of \$1,000,000 in FY 2020 and the full amount of \$3,500,000 beginning in FY 2021.

ASSUMPTION (continued)

**Oversight** notes this proposal adds language allowing the cumulative cap to be increased in future years by the amount of credits redeemed below the limit annually. Oversight will show a potential unknown amount of tax credits issued because of this cap increase.

§135.621 Diaper Bank Tax Credit

In response to similar legislation filed this year, SCS for SB 1015, officials at the **B&P** assumed this proposal would create a tax credit for qualified contributions to a qualified diaper bank, beginning with tax year 2019. A taxpayer shall be allowed a credit up to 50 percent of the qualified contribution, but the credit shall not exceed \$50,000 per tax year. The tax credit shall not be refundable, does not allow for a carry-forward period, and may not be transferred, sold, or assigned. This program has a sunset date of December 31, 2024.

Section 135.621 places an annual cumulative cap of \$500,000 on the amount of tax credits that may be claimed per tax year. Therefore, B&P estimates that this proposal may reduce Total State Revenue and General Revenue by \$500,000 annually, beginning in FY 2020.

This proposal will reduce Total State Revenue by \$500,000 annually. This proposal will impact the calculation under Article X, Section 18(e).

Officials at the **DOR** assume for all tax years beginning on or after January 1, 2019, a taxpayer shall be allowed to claim a tax credit against the taxpayer's state tax liability in an amount equal to fifty percent of the amount of such taxpayer's contributions to a diaper bank. The amount of the tax credit claimed shall not exceed the amount of the taxpayer's state tax liability for the tax year for which the credit is claimed, and such taxpayer shall not be allowed to claim a tax credit in excess of fifty thousand dollars per tax year. However, any tax credit that cannot be claimed in the tax year the contribution was made may be carried over only to the next succeeding tax year. No tax credit issued under this section shall be assigned, transferred, or sold.

DOR's Personal Tax Section will require one Revenue Processing Technician I (\$26,340) for every 6,000 tax credits redeemed. The Corporate Tax Section will require one Revenue Processing Technician I (\$26,340) for every 6,000 tax credits redeemed. The Financial Institutions Section requires one Revenue Processing Technician I (\$26,340) for every 4,000 tax credits redeemed.

**Oversight** notes this proposal allows a taxpayer to claim up to \$50,000 in credits. Therefore, the number of taxpayers receiving the credits could be as low as 10. Oversight assumes DOR will be able to handle this new tax credit with existing resources. Should DOR experience the number of additional tax credit redemptions to justify another FTE, they could seek that FTE through the appropriation process.

ASSUMPTION (continued)

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

**Oversight** found for informational purposes, the National Diaper Bank Network reports there are 224,469 children in Missouri under the age of 3. Currently, there are 10 diaper banks in Missouri that distribute 1,587,439 diapers annually. They are located in:

- Columbia
- Springfield
- Fenton
- Higginsville
- New Madrid
- Richmond
- St. Louis
- St. Joseph

In response to similar legislation filed this year, officials at the **Department of Insurance, Financial Institutions and Professional Registration** assumed a potential unknown decrease of premium tax revenues as a result of creating the diaper bank donation tax credit. 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.

The department will require minimal contract computer programming to add this new tax credit to the premium tax database and can do so under existing appropriation. However, should multiple bills pass that would require additional updates to the premium tax database, the department may need to request more expense and equipment appropriation through the budget process.

**Oversight** notes this proposal creates a tax credit for 50% of a contribution made to a diaper bank. This credit is to begin July 1, 2019, therefore Oversight will show the credit in the year in which tax returns would first be filed, FY 2020. This credit has a \$500,000 cap so Oversight will show the impact as Up to the \$500,000.

ASSUMPTION (continued)

§135.630 Pregnancy Resource Center tax credit

In response to the previous version, officials at **B&P** assumed this section would extend the sunset date on the Pregnancy Resource Center tax credit from 6/30/2020 to 12/31/2024.

This section would increase the annual authorization cap from \$2.5 million to \$3.5 million beginning July 1, 2019. B&P notes that the three-year average authorizations amount is \$2.4 million. Therefore, B&P estimates that this provision could reduce Total State Revenue and General Revenue by \$1 million annually beginning with FY 2020.

Section 135.630.6 states that if the amount of tax credits redeemed in a fiscal year is less than the amount authorized, the difference shall be carried forward and shall be added to the cumulative amount of tax credits that may be authorized. B&P notes that the language appears to add the difference between authorizations and redemptions in year 1 and that difference is to be added to the authorization limit allowed in year 2. This could allow authorizations in subsequent fiscal years to exceed the cap set in statute. The three-year average authorizations amount is \$2.4 million, while the three-year average redemption amount is \$1.9 million. Based on that difference, B&P estimates that this provision could add approximately \$500,000 to the authorization cap every fiscal year. Therefore, B&P estimates that this provision could reduce Total State Revenue and General Revenue by \$500,000 in FY 2019, and compounding by \$500,000 every fiscal year thereafter.

This section states that the Pregnancy Resource Center tax credit may not be assigned, transferred, or sold. B&P estimates that this provision may have a minimal unknown positive impact on Total State Revenue and General Revenue.

This section also reduces the carry-forward allowance from four years to one year. B&P notes that while this provision will not impact Total State Revenue, there could be a cash flow impact to General Revenue as redemptions may occur sooner than they otherwise would have.

Officials at the **DOR** assume the cumulative amount of tax credits which may be claimed by all the taxpayers contributing to pregnancy resource centers in any one fiscal year shall not exceed two million dollars for all fiscal years ending on or before June 30, 2014, and two million five hundred thousand dollars for all fiscal years beginning on or after July 1, 2014, and ending on or before June 30, 2019, and three million five hundred thousand dollars for all fiscal years beginning on or after July 1, 2019. If the amount of tax credits redeemed in a fiscal year is less than the cumulative amount authorized under this subsection, the difference shall be carried over to a subsequent fiscal year or years and shall be added to the cumulative amount of tax credits that may be authorized in that fiscal year or years.



ASSUMPTION (continued)

The provisions of the program authorized under this section shall automatically sunset December thirty-first six years after the effective date of this section, unless re-authorized by an act of the general assembly; if such program is re-authorized, the program authorized under this section shall automatically sunset on December thirty-first six years after the effective date of the re-authorization of this section.

**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 2015	FY 2016	FY 2017	FY 2018 (projected)	FY 2019 (projected)
Certificates Issued	4,245	4,363	4,628	4,400	4,400
Amount Authorized	\$2,326,435	\$2,499,442	\$2,443,386	\$2,450,000	\$2,450,000
Amount Issued	\$2,326,435	\$2,499,442	\$2,443,386	\$2,450,000	\$2,450,000
Amount Redeemed	\$1,581,045	\$1,845,875	\$2,183,505	\$1,900,000	\$1,900,000

Amount Outstanding - \$2,369,413 Amount Authorized but Unissued - \$0

**Oversight** notes the Pregnancy Resource Center tax credit has a \$2,500,000 annual cap. Currently, this tax credit is to sunset on December 31, 2019 (FY 2020). This proposal extends the sunset date until December 31, 2024. Oversight notes the bill would extend the Pregnancy Resource Center tax credit from FY 2020 to FY 2025. Additionally, this proposal raises the cap to \$3,500,000. Oversight will show the additional cap of \$1,000,000 in FY 2020 and the full amount of \$3,500,000 beginning in FY 2021.

**Oversight** notes additionally, this proposal adds language allowing the cumulative cap to be increased in future years by the amount of credits not redeemed annually. Oversight will show a potential unknown amount of tax credits issued because of this cap increase.

This tax credit allows a taxpayer a credit up to 50% of their donation to a pregnancy resource center.

§135.647 Food Pantry Tax Credit

In response to the previous version of this proposal, officials at the **B&P** assumed this proposal amends the Food Pantry tax credit and extends the sunset date from 12/31/2019 to 12/31/2026. This provision would also add food donations to homeless shelters and soup kitchens. **B&P** estimates that this provision will not impact Total State Revenue or the calculation under Article X, Section 18(e).

ASSUMPTION (continued)

Officials at the **DOR** assume there is no fiscal impact from this portion of the proposal.

**Oversight** notes according to the Tax Credit Analysis submitted by the Department of Revenue regarding this program, the Food Pantry tax credit program had the following activity;

	FY 2015	FY 2016	FY 2017	FY 2018 (projected)	FY 2019 (projected)
Amount Redeemed	\$1,118,866	\$1,155,480	\$1,584,566	\$1,585,000	\$1,585,000

**Oversight** notes this tax credit has a \$1,750,000 annual cap. A portion of this proposal changes the sunset date of this tax credit from December 31, 2019 (FY 2020) to December 31, 2026. The credit is given to a taxpayer up to 50% of the donation they made to a qualified food pantry.

**Oversight** notes a portion of this proposal expands the tax credit from donations to food pantries to include soup kitchens and homeless shelters as well. Oversight notes the FY 2017 redemptions (and projections for FY 2018 and FY 2019) were approximately \$1.6 million; about \$150,000 less than its current cap. This proposal would expand the taxpayers that may be eligible to claim the credit starting in FY 2019 and could increase participation in the program. Oversight will show the possibility of increased redemptions in FY 2019 and 2020 of Up to \$150,000.

§135.1125 Unmet Health Needs Tax Credit

In response to the previous version, officials at the **B&P** assumed this section would create a new tax credit for donations to organizations that provide funding for unmet health, hunger, and hygiene needs of children in school, beginning with tax year 2019. The tax credit shall be worth 50% of the donation made. The organization receiving the donation shall remit 50% of the donation to the Department of Social Services before a tax credit is granted. There is no cap on this tax credit; it shall be non-refundable and may be carried forward for four tax years. The tax credit includes a sunset provision with a 12/31/2024 date. Since the organization receiving the donation is required to remit 50% of that donation before a tax credit is granted, B&P estimates that this section will not impact Total State Revenue or the calculation under Article X, Section 18(e).

Officials at the **DOR** assume for all taxable years beginning on or after January 1, 2019, any taxpayer shall be allowed a credit against the taxes otherwise due under Chapter 143 or 148, excluding withholding tax under Sections 143.191 to 143.265, in an amount equal to fifty percent of the amount of an eligible donation. The amount of the tax credit claimed shall not exceed the amount of the taxpayer's state income tax liability in the tax year for which the credit is claimed. Any amount of credit that the taxpayer is prohibited by this section from claiming in a tax year shall not be refundable, but may be carried forward to any of the taxpayer's four subsequent taxable years.

ASSUMPTION (continued)

The Department shall verify that the provider has submitted the following items accurately and completely: a valid application in the form and format required by the Department; a statement attesting to the eligible donation received, which shall include the name and taxpayer identification number of the individual making the eligible donation, the amount of the eligible donation, and the date the eligible donation was received by the provider; and a payment from the eligible provider in an amount equal to fifty percent of the eligible donation. If the provider applying for the tax credit meets all criteria required by this subsection, the Department shall issue a certificate in the appropriate amount.

Tax credits issued under this section may be assigned, transferred, sold, or otherwise conveyed.

Pursuant to Section 23.253 of the Missouri Sunset Act; the provisions of this section shall automatically sunset six years after the effective date of this section, unless re-authorized by an act of the general assembly; and if such program is re-authorized, the program authorized under this section shall automatically sunset twelve years after the effective date of the re-authorization of this section; and this section shall terminate on September first of the calendar year immediately following the calendar year in which the program authorized under this section is sunset.

DOR's Personal Tax Section requires one Revenue Processing Technician I (\$26,340) for every 6,000 tax credits redeemed. Personal Tax requires one Revenue Processing Technician I (\$26,340) for every 5,700 additional pieces of correspondence created. The Corporate Tax Section requires one Revenue Processing Technician I (\$26,340) for every 6,000 tax credits redeemed.

**Oversight** notes that based on other pre-pay tax credits (such as the Development Disability and Residential Treatment Agency tax credits), redemptions have been minimal. Therefore, Oversight assumes DOR could implement the responsibilities in this proposal with current staff. Should DOR experience the number of additional tax credit redemptions to justify other FTE, they could seek those FTE through the appropriation process.

**Oversight** assumes that §135.1125.3(3) requires payment from the provider equal to the amount of the value of the tax credit. **Oversight** assumes that receipt of payment and the application of the tax credits could affect various state funds, so for the simplicity of this note Oversight is showing all the payments and costs to General Revenue. However, the overall result of this proposal is no impact to Total State Revenue.

ASSUMPTION (continued)

**Oversight** notes this proposal begins with tax year January 1, 2019, and therefore the first year in which those tax forms would be filed would be FY 2020. Oversight notes there is no annual cap to this program; therefore, we will assume an Unknown amount of tax credit application checks and issuances.

Bill as a Whole

Officials at the **Department of Social Services** and the **Joint Committee on Administrative Rules** each assume there is no fiscal impact from this proposal.

In response to the previous version, officials at the **Department of Insurance, Financial Institutions and Professional Registration** assumed a potential unknown reduction to premium tax revenues may occur as a result of continuing Maternity Homes Contribution and the Pregnancy Resource Center and the creation of a tax credit for donations to certain benevolent organizations 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 through out 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.

The department will require minimal contract computer programming to add the new tax credit for donations to certain benevolent organizations to the premium tax database and can do so under existing appropriation. However, should multiple bills pass that would require additional updates to the premium tax database, the department may need to request more expense and equipment appropriation through the budget process.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

ASSUMPTION (continued)

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

**Oversight** notes that several of the tax credits have language added that no longer allow the credits to be assigned, transferred or sold. Oversight will show an unknown savings from these provisions.

Per **Oversight** fiscal note policy, the fiscal note will reflect the extension of these tax credits starting in FY 2021.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
<b>GENERAL REVENUE</b>			
<u>Savings</u> - change in the ability to assign, transfer or sell some tax credits	Unknown	Unknown	Unknown
<u>Revenue Reduction</u> - expanding cap from \$1M to \$1.5 M and extension of the Champion for Children tax credit sunset date §135.341 p. 3-4	\$0	(Up to \$500,000)	(Up to \$1,500,000)
<u>Revenue Reduction</u> - extension of the Maternity Home tax credit tax credit sunset date from 12/31/19 to 12/31/24 and increase in cap from \$2.5M to \$3.5M §135.600 p. 4-5	\$0	(Up to \$1,000,000)	(Up to \$3,500,000)
<u>Revenue Reduction</u> - potential increase in the Maternity Homes tax credit cumulative cap §135.600.6 from difference in redemptions and amounts authorized - increases amounts authorized in future years p. 4	\$0	(Unknown)	(Unknown)
<u>Revenue Reduction</u> - tax credit for 50% of a contributions to a diaper bank §135.621 p. 6-7	\$0	(Up to \$500,000)	(Up to \$500,000)

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2019 (10 Mo.)	FY 2020	FY 2021
<b>GENERAL REVENUE</b> (continued)			
<u>Revenue Reduction</u> - extension of the Pregnancy Resource Center tax credit sunset date from 12/31/19 to 12/31/24 and increase in cap from \$2.5M to \$3.5M §135.630 p. 8-9	\$0	(Up to \$1,000,000)	(Up to \$3,500,000)
<u>Revenue Reduction</u> - potential increase in the Pregnancy Resource Center cumulative cap §135.630.6 from difference in redemptions and amounts authorized - increases amounts authorized in future years p. 9	\$0	(Unknown)	(Unknown)
<u>Revenue Reduction</u> - extension of the sunset date on the Food Pantry Tax Credit from 12/31/2019 to 12/31/2026 - and expansion of the program §135.647 p. 9-10	(Up to \$150,000)	(Up to \$150,000)	(Up to \$1,750,000)
<u>Revenue</u> - Department of Social Services payment for the tax credits filed with the application §135.1125.3(3) (offsets costs below) p. 10-12	\$0	Unknown	Unknown
<u>Cost</u> - Department of Social Services needs of children tax credit §135.1125 p. 10-12	<u>\$0</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(Up to \$150,000)</u></b>	<b><u>(Could exceed \$3,150,000)</u></b>	<b><u>(Could exceed \$10,750,000)</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 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses that make donations and receive the tax credits may be positively impacted.

FISCAL DESCRIPTION

The Champion for Children tax credit is currently scheduled to expire on December 31, 2019. This bill re-authorizes the credit until December 31, 2025. The cumulative amount of tax credits redeemed cannot exceed \$1.5 million (changed from \$1.0 million effective July 1, 2019) in any tax year. (§135.241)

This proposal removes the expiration date of June 30, 2020 on the maternity home tax credit and replaces it with sunset language. The new sunset date is December 31, 2024. Additionally, this proposal increases the annual cap from \$2.5 million to \$3.5 million and adds language that the credits can not be transferred or assigned. (§135.600)

For all tax years beginning on or after January 1, 2019, this act authorizes a tax credit in the amount of fifty percent of a contribution to a qualified diaper bank, as defined in the act. The tax credit shall not be refundable or transferrable, and shall not be carried forward to any other tax year. No tax credit shall be issued in excess of \$50,000, and the total amount of tax credits issued under this act shall not exceed \$500,000 in a given tax year. The Department of Social Services shall annually determine which facilities in the state may be classified as a qualified diaper bank, and the Department shall publish a list of such qualified diaper banks. The Department shall submit an annual report to the General Assembly which shall list all qualified diaper banks that received contributions in the previous year, along with the number of taxpayers that received tax credit certificates. (§135.621)

This proposal changes the sunset date on the pregnancy resource center tax credit to December 31, 2024. Additionally, this proposal increases the annual cap from \$2.5 million to \$3.5 million and adds language that the credits can not be transferred or assigned. (§135.630)

This proposal expands the Food Pantry tax credit to allow donations to local homeless shelters and local soup kitchens. Additionally this credit was to sunset on December 31, 2019 and this proposal extends it until December 31, 2026. (§135.647)

This proposal creates a tax credit for unmet health needs. This credit is a prepay credit and sunsets on August 28, 2024. (§135.1125)

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

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

Ross Strope



Acting Director  
May 8, 2018