

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5450-01
Bill No.: SB 804
Subject: Tax Credits
Type: Original
Date: January 26, 2018

Bill Summary: This proposal re-authorizes the Donated Food tax credit and expands such credit to include donations to soup kitchens and homeless shelters.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
General Revenue	(Up to \$150,000)	(Up to \$150,000)	(Up to \$1,750,000)
Total Estimated Net Effect on General Revenue	(Up to \$150,000)	(Up to \$150,000)	(Up to \$1,750,000)

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 5 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 (B&P)** assume this proposal would expand the donated food tax credit to include food donated to local soup kitchens and local homeless shelters. This proposal would also extend the sunset date from December 31, 2019 to December 31, 2026. This tax credit program has a cap of \$2,500 per taxpayer and an annual cap of \$1,750,000. This proposal does not change either cap.

This proposal will not impact Total State Revenue. This proposal will not impact the calculation under Article X, Section 18(e).

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

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

Oversight notes a portion of this proposal expands the tax credit from donations to food pantries to 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.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
GENERAL REVENUE			
<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	(Up to <u>\$150,000</u>)	(Up to <u>\$150,000</u>)	(Up to <u>\$1,750,000</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Up to <u>\$150,000</u>)	(Up to <u>\$150,000</u>)	(Up to <u>\$1,750,000</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

A small business that makes a qualified donation may be positively impacted.

FISCAL DESCRIPTION

This act re-authorizes the Donated Food tax credit until December 31, 2026. Additionally, this act expands such tax credit to include food or cash donated to local soup kitchens or local homeless shelters, as defined in the act, in the taxpayer's area of residence. (§135.647)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Revenue
Office of Administration
Division of Budget and Planning

Ross Strope

A handwritten signature in black ink, appearing to read "Ross Strope", with a stylized flourish at the end.

Acting Director
January 26, 2018