

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4530S.01I
 Bill No.: SB 968
 Subject: Charities
 Type: Original
 Date: February 24, 2022

Bill Summary: This proposal modifies provisions relating to charitable organizations.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue*	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on General Revenue	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)

*Department of Revenue officials' state if charitable organizations are no longer required to report and file tax returns on unrelated business taxable income as a result of this proposal, the state may see a reduction in tax revenue of an unknown amount. DOR requested clarity in the bill.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Attorney General's Office, Office of Administration - Budget and Planning, Department of Commerce and Insurance, Department of Economic Development, Department of Natural Resources, Department of Corrections, Department of Labor and Industrial Relations, Department of Elementary and Secondary Education, Department of Higher Education and Workforce Development, Department of Health and Senior Services, Department of Mental Health, Department of Public Safety, Department of Social Services, Missouri Department of Agriculture, Missouri Department of Conservation, Missouri Ethics Commission, Missouri Department of Transportation, Missouri State Employee's Retirement System, MoDOT & Patrol Employees' Retirement System, Office of Administration, Office of the State Public Defender, Missouri Lottery Commission, the University of Missouri and the Office of the State Courts Administrator** each assume the proposal would not fiscally impact their respective agencies.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

Officials from the **Department of Revenue (DOR)** state the proposed legislation would prohibit a state agency or official from imposing an annual filing/reporting requirement on an organization regulated or specifically exempted from regulation under sections 407.450 to 407.478, if those annual filing/reporting requirements are more stringent, restrictive, or expansive than the requirements of section 407.462 (Section 407.475.1). This is except for filing/reporting requirements specifically required or authorized by federal law.

Depending on whether this proposal applies to state tax filing and tax reporting requirements, this proposal may impact DOR as it pertains to tax administration. If we could no longer require tax returns of certain organizations this could result in a significant but unknown loss to general revenue and total state revenue.

Oversight will reflect the possible scenario described by DOR in the fiscal note as a \$0 or (Unknown) potential loss of general revenue funds.

Officials from the **Office of the Secretary of State (SOS)** notes 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 \$5,000. 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 its 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.

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE			
<u>Loss – DOR – if, with this bill, charitable organizations are no longer required to file certain tax returns</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
ESTIMATED NET EFFECT TO GENERAL REVENUE	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<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

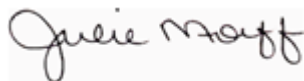
Under this act, the state shall not impose any annual filing or reporting requirements on a charitable organization that are more stringent, restrictive, or expansive than the report already required to be submitted to the Attorney General's office unless such filing or report is specifically required by federal law.

This act shall not apply to labor organizations, state grants or contracts, or investigations by the Attorney General of charitable organizations as set forth in state statute.

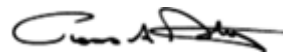
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Attorney General's Office
Office of Administration - Budget and Planning
Department of Commerce and Insurance
Department of Economic Development
Department of Natural Resources
Department of Corrections
Department of Labor and Industrial Relations
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Department of Health and Senior Services
Department of Mental Health
Department of Public Safety
Department of Social Services
Missouri Department of Agriculture
Missouri Department of Conservation
Missouri Ethics Commission
Missouri Department of Transportation
Missouri State Employee's Retirement System
MoDOT & Patrol Employees' Retirement System
Office of Administration
Office of the State Public Defender
Missouri Lottery Commission
Missouri Consolidated Health Care
University of Missouri
Office of the State Courts Administrator



Julie Morff
Director
February 24, 2022



Ross Strobe
Assistant Director
February 24, 2022