

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4530S.02C  
 Bill No.: SCS for SB 968  
 Subject: Charities  
 Type: Original  
 Date: March 17, 2022

Bill Summary: Modifies provisions relating to charitable organizations.

**FISCAL SUMMARY**

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

\*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.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
<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.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</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 2023</b>	<b>FY 2024</b>	<b>FY 2025</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 \$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.

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

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Attorney General's Office, Office of Administration - Budget and Planning, 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, Department of Transportation, Department of Commerce and Insurance, Department of Economic Development, Department of Social Services**, and the **Office of the State Courts Administrator** each assume the proposal would not fiscally impact their respective agencies.

In response to a previous version, officials from the **Department of Labor and Industrial Relations** assumed the proposal would not fiscally impact their agency.

**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., RSMo, would provide an exception 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 DOR 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
<b>GENERAL REVENUE</b>			
<u>Loss</u> – DOR – if, with this bill, charitable organizations are no longer required to file certain tax returns	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>	\$0 or <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT TO GENERAL REVENUE</b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>	<b>\$0 or <u>(Unknown)</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

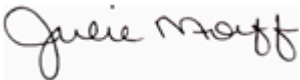
Under this act, the state shall not impose any additional annual filing or reporting requirements on a charitable organization that are more stringent, restrictive, or expansive than the report already required to be submitted to the Attorney General's office unless such filing or report is specifically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

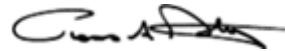
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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 Department of Transportation  
Office of the State Courts Administrator



Julie Morff  
Director  
March 17, 2022



Ross Strobe  
Assistant Director  
March 17, 2022