

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3963S.01I  
 Bill No.: SB 1010  
 Subject: Taxation and Revenue - Income  
 Type: Original  
 Date: January 7, 2024

Bill Summary: This proposal reauthorizes an income tax deduction for certain savings accounts.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue	\$0	Could exceed (\$31,215)	Could exceed (\$30,551)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>Could exceed (\$31,215)</b>	<b>Could exceed (\$30,551)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<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 2025</b>	<b>FY 2026</b>	<b>FY 2027</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 2025</b>	<b>FY 2026</b>	<b>FY 2027</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 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### **Section 143.1160 Long-Term Dignity Saving Account Income Tax Deduction**

Officials from the **Department of Revenue (DOR)** state currently, a taxpayer is entitled to an income tax deduction equal to 100% of the contribution's they make to a long-term dignity savings account. The program was created in HB 1682 in 2020 and contained sunset language that would stop this program on December 31, 2024.

For informational purposes only, the Department is presenting the activity of the program since its inception.

Tax Year	Returns Filed	Deduction Claimed
2021	233	\$137,799
2022	264	\$664,155

This proposal extends the sunset date on the program to December 31, 2029. The extension of the sunset date just continues the existing fiscal impact. Should the program be stopped in the future, it would result in a savings to the state.

**Oversight** assumes the Department of Revenue is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Officials from the **Office of Administration - Budget and Planning (B&P)** note this proposal extends an existing program. Therefore, this proposal does not impact: - TSR - The calculation under Article X, Section 18(e) - B&P

**Oversight** notes according to an online survey conducted by Genworth Financial, the median annual long-term care costs in Missouri in 2021 were as follows:

<b>In-Home Care</b>	
Homemaker Services	\$ 57,200
Home Health Aide	\$ 57,200

<b>Community and Assisted Living</b>	
Adult Daycare	\$ 22,800
Assisted Living Facility	\$ 36,000

<b>Nursing Home Facility</b>	
Semi-Private Room	\$ 63,145
Private Room	\$ 71,175

Source: <https://www.genworth.com/aging-and-you/finances/cost-of-care.html>

**Oversight** notes the cost of long-term care varies across the state. The American Council on Aging shows the average nursing home costs for Missouri in 2021:

<b>Nursing Home Costs by Region – 2021</b>				
<b>Region</b>	<b>Private Room Daily Cost</b>	<b>Private Room Annual Cost</b>	<b>Shared Room Daily Cost</b>	<b>Shared Room Annual Cost</b>
Statewide Average	\$195	\$71,175	\$173	\$63,145
Cape Girardeau	\$198	\$72,270	\$172	\$62,780
Columbia	\$191	\$69,715	\$168	\$61,138
Jefferson City	\$203	\$73,913	\$188	\$68,438
Joplin	\$215	\$78,293	\$186	\$67,890
Kansas City	\$260	\$94,900	\$213	\$77,563
Springfield	\$201	\$73,183	\$173	\$63,145
St Joseph	\$180	\$65,518	\$165	\$60,225
St Louis	\$222	\$80,848	\$185	\$67,525
Rest of State	\$178	\$64,970	\$163	\$59,495

Source: [American Council on Aging, Last updated: March 04, 2022](#)

**Oversight** notes that while this proposal’s extension begins in January 2025, it will not impact state revenue until January 2026 when the first tax returns are filed claiming the deduction. Deductions reduce revenue in proportion to the top tax rate applied.

**Oversight** notes for the purpose of the fiscal note, Oversight assumes a top income tax rate of 4.8% in tax year 2024 (FY 2025) and future income tax rate reductions from SB 3 (2022) will trigger consecutively (4.7% in FY 2026, 4.6% in FY 2027, and 4.5% in FY 2028+).

**Oversight** notes this is a relatively new program, therefore Oversight will use the deduction amounts from 2022 (\$664,155) as the baseline for future amounts claimed. Oversight assumes the actual future impacts could be higher as knowledge of this program spreads; therefore, Oversight will show the impact could exceed the estimated figures below. Oversight does not anticipate the actual impact will reach the \$250,000 threshold.

**Oversight** assumes this provision will reduce general revenue by \$31,215 (\$664,155 \* 4.7%) in FY2026 and by \$30,551 (\$664,155 \* 4.6%) in FY 2027.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>GENERAL REVENUE</b>			
<u>Revenue Reduction</u> - §143.1160 - Extension of the Long-Term Dignity Act - p. (4)	\$0	Could exceed (\$31,215)	Could exceed (\$30,551)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>\$0</b>	<b>Could exceed (\$31,215)</b>	<b>Could exceed (\$30,551)</b>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

FISCAL IMPACT – Small Business

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

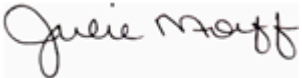
FISCAL DESCRIPTION

Current law authorizes an income tax deduction for one hundred percent of a participating taxpayer's contributions to a long-term dignity savings account, with such deduction scheduled to sunset on December 31, 2024. This act extends the sunset on the deduction until December 31, 2029.

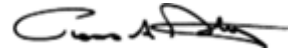
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue  
Office of Administration - Budget and Planning



Julie Morff  
Director  
January 7, 2024



Ross Strobe  
Assistant Director  
January 7, 2024