

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0110S.01I
 Bill No.: SB 102
 Subject: Taxation and Revenue - Income
 Type: Original
 Date: January 15, 2025

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	Could exceed (\$32,438)	Could exceed (\$31,748)	Could exceed (\$31,058)
Total Estimated Net Effect on General Revenue	Could exceed (\$32,438)	Could exceed (\$31,748)	Could exceed (\$31,058)

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

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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 2026	FY 2027	FY 2028
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

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

Officials from the **Department of Revenue (DOR)** note currently, a taxpayer is entitled to an income tax deduction equal to 100% of the contributions they make to a long-term dignity savings account. The program was created in HB 1682 in 2020 and contained sunset language that stops the 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
2023	221	\$690,168

This proposal would become effective on August 28, 2025, if adopted. The long-term dignity act will have sunset as of December 31, 2024. This proposal, therefore, is attempting to restart the program and provide a revised sunset date of December 31, 2030. DOR notes the language in existing statute (143.1160.6(2)) only allows the program to be extended an additional four years if reauthorized.

DOR notes the restarting of this program will result in additional impact to general revenue starting in FY 2026. DOR notes that deductions do not reduce revenue dollar for dollar but in proportion to the top rate of tax. This deduction would result in a loss of \$32,438 annually based on the 4.7% tax rate in tax year 2025.

DOR will show the loss equal to the tax year 2023 loss. Additionally, this will result in additional computer programming costing \$1,832.

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 and existing program. Therefore, this proposal does not impact:

- TSR

- The calculation under Article X, Section 18(e).

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:

In-Home Care	
Homemaker Services	\$ 57,200
Home Health Aide	\$ 57,200

Community and Assisted Living	
Adult Daycare	\$ 22,800
Assisted Living Facility	\$ 36,000

Nursing Home Facility	
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:

Nursing Home Costs by Region – 2021				
Region	Private Room Daily Cost	Private Room Annual Cost	Shared Room Daily Cost	Shared Room Annual Cost
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 for the purpose of the fiscal note, Oversight assumes a top income tax rate of 4.7% in tax year 2025 (FY 2026) and future income tax rate reductions from SB 3 (2022) will trigger consecutively (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 2023 (\$690,168) 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 as could exceed the figures estimated by DOR. Oversight does not anticipate the actual impact will reach the \$250,000 threshold.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE			
<u>Revenue Reduction</u> - §143.1160 - Extension of the Long-Term Dignity Act	Could exceed (\$32,438)	Could exceed (\$31,748)	Could exceed (\$31,058)
ESTIMATED NET EFFECT ON GENERAL REVENUE	Could exceed (\$32,438)	Could exceed (\$31,748)	Could exceed (\$31,058)

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<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

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, 2030.

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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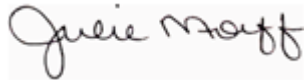
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SOURCES OF INFORMATION

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