COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0303S.06P
Bill No.: Perfected SS No.2 for SCS for SB 10
Subject: Agriculture; Aircraft And Airports; Ambulances And Ambulance Districts; Architects; Athletics; Children And Minors; Cities, Towns, And Villages; Construction And Building Codes; Construction And Building Codes; Contracts And Contractors; Counties; Crimes And Punishment; Disabilities; Economic Development; Education, Elementary And Secondary; Education, Proprietary; Emergencies; Entertainment, Sports And Amusements; Federal - State Relations; Fees; Health Care; Hospitals; Medicaid/Mo Healthnet; Motor Fuel; Newspapers And Publications; Nursing Homes And Long-Term Care Facilities; Pharmacy; Political Subdivisions; Property, Real And Personal; Public Buildings; Railroads; Retirement - Schools; Tax Credits; Teachers; Transportation; Urban Redevelopment; Utilities
Type: Original
Date: February 18, 2025

Bill Summary: This proposal modifies expiration dates of certain sections.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2026	FY 2027	FY 2028	Fully Implemented (FY 2034)
General Revenue	$0	($500,000)	(Less than $2,000,000)	(Less than $61,200,000)
Total Estimated Net Effect on General Revenue	**$0**	**($500,000)**	**(Less than $2,000,000)**	**(Less than $61,200,000)**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2026	FY 2027	FY 2028	Fully Implemented (FY 2034)
Mo Agricultural & Small Business Development Authority*******	$0	$0	$0	$0
University Funds	$0	$0	$0 or (Unknown)	$0 or (Unknown)
Chemical Emergency Preparedness	$834,508	$1,001,410	$1,001,410	$1,001,410
Basic Civil Legal Services Fund (0757)	($424,221)	($848,441)	($848,441)	($848,441)
Ambulance Services Reimbursement Allowance** (0958)	$0	$0	$0	$7,980,000
Nursing Facility Federal Reimbursement Allowance*** (0196)	$0	$0	$0	$168,200,000
Federal Reimbursement Allowance**** (0142)	$0	$0	$0	$1,220,000,000
Pharmacy Reimbursement Allowance***** (0144)	$0	$0	$0	$46,500,000
ICR/MR Reimbursement Allowance****** (0901)	$0	$0	$0	$5,880,000
Total Estimated Net Effect on <u>Other</u> State Funds	**$410,287**	**$152,969**	**$152,969**	**Less than $1,448,712,969**

*Oversight notes the Basic Civil Legal Services Fund provisions in §477.650 are currently set to expire December 31, 2025 (FY 2026). Oversight has reflected the average fee collection into the fund and the average expenditures out of the fund (a net negative). Oversight notes this is a **continuation** of current fund activity.
** Oversight assumes expenditure of approximately $7.98 million annually for a net of $0.
*** Oversight assumes expenditure of approximately $168.2 million annually for a net of $0.
**** Oversight assumes expenditure of approximately $1.22 billion annually for a net of $0.
***** Oversight assumes expenditure of approximately $46.5 million annually for a net of $0.
****** Oversight assumes expenditure of approximately $5.88 million annually for a net of $0.
*******Oversight notes the extensions of the federal reimbursement allowance taxes removes the expiration date of September 30, 2029.**
*******MASBDA fund nets to zero under sections 348.491 & 348.493

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2026	FY 2027	FY 2028	Fully Implemented (FY 2034)
Federal*	$0	$0	$0	$0
Total Estimated Net Effect on All Federal Funds**	**$0**	**$0**	**$0**	**$0**

* FRA Income and expenditures of approximately $2.8 billion annually and net to $0. ** **Oversight notes the extensions of the federal reimbursement allowance taxes expire September 30, 2029.**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2026	FY 2027	FY 2028	Fully Implemented (FY 2034)
Basic Civil Legal Services Fund*	0 FTE	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	**0 FTE**	**2 FTE**	**2 FTE**	**2 FTE**

*Oversight notes the Office of the State Courts Administrator notes the Basic Civil Legal Services Fund currently funds two (2) FTE. Oversight assumes the proposal (removing the expiration date) **continues** to fund the two OSCA employees.

☒ 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	Fully Implemented (FY 2034)
Local Government	**Unknown to (Unknown)**	**Unknown to (Unknown)**	**$0 or Unknown to (Unknown)**	**$0 or Unknown to (Unknown)**

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note.

§§67.5050 & 67.5060 – Management-At-Risk and Design-Build Methods of Construction

In response to a previous version, officials from the **Department of Health and Senior Services** deferred to the **Office of Administration** for the potential fiscal impact of this proposal.

In response to a previous version, officials from the **Office of Administration**, **Kansas City**, **McDonald County**, **Northwest Missouri State University**, the **Department of Commerce and Insurance**, the **Department of Economic Development**, the **Department of Higher Education and Workforce Development**, the **Department of Labor and Industrial Relations**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation**, the **City of Springfield** and the **Metropolitan St. Louis Sewer District** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Oversight assumes the local political subdivisions would not use the Management-At-Risk or the Design Build methods of construction unless it would either save money, provide some other benefit, or be absorbed within current budget appropriations. Therefore, Oversight will assume the proposal could have a positive fiscal impact to local political subdivisions from this proposal and will range the fiscal impact from $0 to an unknown amount of savings.

Section 135.305 Wood Energy Tax Credit

In response to the similar bill, SB 30 – 2025, officials from the **Department of Revenue (DOR)** assume this proposal is extending the sunset date of the Wood Energy Tax Credit program from June 30, 2028, to June 30, 2031. The Wood Energy tax credit program was created in 1985 to encourage the use of forest waste products (sawdust) to create new products. It is allowed an annual cap of $6 million but it is an appropriated credit. The General Assembly in FY 2025 appropriated $3,000,000. Here are the appropriations that have been made the last few years.

Fiscal Year	Appropriated	Action
2025	$3,000,000	

2024	$3,000,000	
2023	No appropriation given	
2022	$760,000	Vetoed by Governor
2021	$1,500,000	Governor withheld funding

There is no fiscal impact from the extension of the sunset date. However, should the program actually be allowed to be sunset this could result in an unknown savings to the State of up to the $6 million allowed to be appropriated.

Oversight notes, per the Tax Credit Analysis submitted to the Oversight by the **Department of Natural Resources** (**DNR**) the Wood Energy Tax Credit had the following activity:

Wood Energy Tax Credit	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual
Certificates Issued (#)	9	8	8	*0*	6	0
Projects/Participants (#)	9	8	8	*0*	6	0
Amount Authorized	$678,887	$1,455,000	$717,800	$0	$3,000,000	$2,358,276
Amount Issued	$678,887	$1,455,000	$717,800	$0	$3,000,000	$2,358,276
Amount Redeemed	$789,077	$1,105,678	$1,014,359	$557,144	$1,656,582	$1,982,009

Oversight notes that per DNR budget request book, DNR 2025 budget request, DNR notes that The Wood Energy Tax Credit sunset in FY 2023 and was extended by HB 3 in the First Extraordinary Session of 2022. FY 2023 appropriation language did not allow for tax credits to be issued in FY 2023. A FY 2023 Supplemental Bill passed, with language allowing expenditure for the tax credits, tied to an additional $3,000,000, for a total of $6,000,000 appropriated. To prevent exceeding $3,000,000 allowed for the credit, the department placed $3,000,000 of the appropriation in agency reserve. (FY 2025 DNR Budget Request)

Oversight notes the DNR average three-year authorization, as shown by DNR tax credit analysis above (2022-2024) total $1,786,092 (0+3,000,000+2,358,276) / 3)).

Since the cap for the Wood Energy Tax Credit is $6 million annually (subject to appropriation), for purposes of this fiscal note, **Oversight** will report the extension of the tax credit as a continuation of the current appropriation level $1,786,092 to the $6 million cap beginning in Fiscal Year 2030.

Section 135.341 Champion for Children Tax Credit Program

In response to the similar proposal, SB 83 -2025, officials from the **Department of Revenue (DOR)** noted:

This section is the Champion for Children tax credit program that gives a tax credit to donors who contribute to CASA's child advocacy centers or crisis care centers. The current cap on the program is $1,500,000. Should the number of donors redeeming the credit exceed the amount of the cap, the credits can be equally apportioned among all available donors.

When this program was created, DOR was named the administrator to oversee the program. This proposal names the Department of Social Services (DSS) as the administrator. DOR assumes that DSS will need to set up a system by which the donors wanting the tax credit will apply to DSS for the credit and are awarded a certificate to make sure they stay under the tax credit cap and that the donors would then submit the certificate with their tax return. This will not result in any additional impact to DOR as most credits are processed this way.

It should be noted that DSS would need to keep track of the amount of credits being applied for and do the apportionment on the awarding of the credits. Currently, the apportionment happens at the redemption stage.

For informational purposes only, DOR is providing the history of the redemptions of each of these credits.

Year	Total Redeemed
FY 2024	$961,385.26
FY 2023	$1,225,848.00
FY 2022	$884,965.00
FY 2021	$1,339,280.00
FY 2020	$827,942.00
FY 2019	$999,995.00
FY 2018	$999,986.00
FY 2017	$999,873.00
FY 2016	$999,987.00
FY 2015	$999,990.00
FY 2014	$930,769.00
FY 2013	$792,368.00
FY 2012	$629,456.00

Officials from the **Department of Social Services (DSS)** note:

Section 135.341 changes definition for "department" –the Department of Social Services and also Director changed from the Director of DOR to DSS. The Section goes on to provide for tax credits, up to 50% of verified contribution, to qualified agencies (such as CASA or child advocacy centers) – aka the "champion for children tax credit". DSS currently already verifies qualified agency status, but the rest of the tax credit administration would be new to DSS. There are pre-existing (but transferred) rulemaking provisions, and sunset provisions.

Officials from the **Office of Administration – Budget & Planning (B&P)** assume this proposal would move the administration of the Adoption tax credit from DOR to DSS. B&P defers to both agencies on potential administrative costs and impacts.

This proposal would also change the annual limit from "redeemed" to "issued". B&P notes that this credit is not currently issued only redeemed. Therefore, the new issuance limit will be $0. In addition, the changes moving the credit from DOR to DSS requires DSS to issue the credits before they are redeemed. The combined language changes will effectively end this program as of FY26.

The three-year average redemptions were $1,024,066 in FY22-FY24. Therefore, B&P estimates that provision could increase GR by $1,024,066 beginning in FY28.

Oversight assumes by removing the sunset as of December 31, 2025 this tax credit will be ongoing. Therefore, Oversight will reflect ongoing redemption as of FY 2028 up to $1.5 million annually thereafter.

<u>Section 135.621 Diaper Bank Tax Credit</u>

In response to the similar proposal, SB 95 -2025, officials from the **Department of Revenue (DOR)** assume this proposal modifies the Diaper Bank tax credit program. The credit sunset December 31, 2024.

DOR notes this program was adopted in 2018 and had a cap of $500,000 annually. No changes have been made to the program since it started. For informational purposes, DOR is showing the issuances and redemptions over the course of the tax credit.

Year	Authorized	Issued
FY 2024	$173,152.90	$173,152.90
FY 2023	$136,018.86	$136,018.86
FY 2022	$182,018.00	$182,018.00
FY 2021	$189,453.90	$189,453.90
FY 2020	$189,628.19	$189,628.19
FY 2019	$0.00	$0.00
FY 2018	$0.00	$0.00

This proposal would be restarting the program which would result in a cost of $500,000 annually. Additionally, it would require them to update their computer program at a cost of $1,832.

Officials from the **Office of Administration – Budget & Planning (B&P)** note:

Section 135.621 – Diaper Bank Tax Credit

This proposal makes various definition changes but does not change the total amount of tax credits that may be redeemed. This proposal also extends the sunset beyond FY 2025.

B&P notes that this provision will not impact TSR.

Oversight notes this proposal extends the sunset date for this program. The average, based on the three-year tax credit redemption, was $149,382 ($175,525+$150,010 + $122,611) / 3) round to nearest dollar) for FY 2022 to FY 2024.

Oversight notes this section currently allows sunset as of December 31, 2025; however, this proposal extends the sunset beyond FY 2025. Therefore, Oversight will reflect the potential full impact of the tax credit cap, up to $500,000, in continued costs to general revenue in FY 2027 and thereafter.

Section 135.686 Meat Processing Tax Credit Program

In response to the SB 30 -2025, officials from the **Department of Revenue (DOR)** assumed this proposal is extending the stop date of the Meat Processing Tax Credit program from December 31, 2028, to December 31, 2031. The Meat Processing tax credit program was created in 2018 to provide reimbursement of expenses to owners of meat processing facilities that expanded or made improvements to their facilities. It originally shared a $2 million cap with the Qualified Beef program until HB 3 passed in the extraordinary session of 2022 gave it its own $2 million cap. DOR presents the issuances and redemptions over the life of the credit.

Year	Issued	Total Redeemed
FY 2024	$860,662.58	$388,194.44
FY 2023	$462,912.46	$562,925.24
FY 2022	$1,304,244.48	$493,224.61
FY 2021	$829,675.76	$573,398.04
FY 2020	$1,162,452.67	$380,371.14
FY 2019	$552,807.59	$214,777.94
FY 2018	$286,781.89	$5,561.00

There is no fiscal impact from the extension of the sunset date. However, should the program actually be allowed to be sunset this could result in an unknown savings to the State of up to its $2 million cap.

Therefore, for purposes of this fiscal note, **Oversight** will report the extension of this tax credit as a reduction to GR by an amount "up to" $875,940 (the three (3) year average amount of Meat Processing Facility Investment Tax Credits issued) to $2,000,000 beginning in Fiscal Year 2031.

<u>Section 135.750 Show Me Act</u>

Oversight notes that B&P officials, in response to the similar proposal HB 1007 – 2025, notes that this is a new program and there were no redemptions during FY24.

Oversight notes that according to the latest Tax Credit Analysis filed by the DED in FY 2024 the authorization, issuance, and redemption is as follows:

	FY 2024 Actual
Certificate Issued (#)	1
Projects/Participants (#)	4
Amount Authorized	$8,425,087
Amount Issued	$2,752,510
Amount Redeemed	n/a

Oversight notes this tax credit has a $16 million cap that includes $8 million for film productions and $8 million for series productions.

Oversight notes this proposal allows the tax credit to continue after the current sunset December 31, 2029. Therefore, **Oversight** will reflect continuance of the tax credit and show up to $16 million continuing impact, beginning FY2032.

<u>Section 135.753 Entertainment Industry Jobs Act</u>

In response to the Truly Agreed To and Finally Passed SS for SCS for SB Nos. 94, 52, 57, 58 & 67, officials from the **Office of Administration – Budget & Planning (B&P)** noted:

This proposal creates a tax credit for rehearsal expenses and tour expenses for all tax years beginning on or after January 1, 2024. The amount of the tax credit shall be equal to thirty percent of the taxpayer's base investment, subject to limitations as outlined in the proposal. This credit is not refundable, can be carried forward to any of the taxpayer's five subsequent taxable years. These credits can be transferred or sole in whole or in part, provided that the tax credit is transferred or sold to another Missouri taxpayer. The amount of tax credits available for this program is $8M. If the amount of tax credits applied for by taxpayers exceeds such amount, the

DED may authorize additional tax credits in an amount not to exceed $2M, provided that the maximum amount of tax credits that may be authorized during the subsequent fiscal year shall be reduced by the amount of additional tax credits authorized. Therefore, this proposal could lower general revenues by an average of up to $8M beginning in FY2025. However, in any given fiscal year, the amount could be up to or could exceed $10M. This provision could impact TSR and the calculation under Article X, Section 18(e).

This proposal could impact the calculation pursuant to Article X, Section 18(e).

In response to the Truly Agreed To and Finally Passed SS for SCS for SB Nos. 94, 52, 57, 58 & 67, officials from the **Department of Revenue (DOR)** noted:

This proposal creates the Entertainment Industry Jobs Act which provides tax credits for businesses in the entertainment industry.

For all tax years beginning on or after January 2024, a taxpayer shall be allowed a tax credit for rehearsal expenses and tour expenses incurred by the taxpayer. The amount of the tax credit is equal to thirty percent of the taxpayer's base investment. These tax credits are nonrefundable but may be carried forward to any of the taxpayer's five subsequent taxable years. These credits may be transferred or sold.

The Department notes the proposal becomes effective on January 1, 2024 and therefore, the credits will first be reported on the tax returns filed starting January 1, 2025 (FY 2025).

This proposal provides the method by why the taxpayer will apply with the department of economic development for the tax credit, and how this will be reported on the taxpayer's tax form. This proposal provides that the maximum amount of tax credits authorized under this section is eight million dollars ($8,000,000) per fiscal year. If this amount is exceeded, the department of economic development may, at its own discretion, increase this amount by up to two million additional dollars. If it does this, the amount it was increased by must be subtracted from the amount of credits authorized in the subsequent year. There are limits on the amount any one individual can receive in tax credits.

FY	Decrease to General Revenue
FY 2024	$0
FY 2025	($8,000,000)
FY 2026	($8,000,000)

This would be a new income tax credit and it would need to be added to the MO-TC form, and information about the credit would need to be added to their website. Plus the individual income tax system would need to have the credit added to it. DOR notes the costs to update these items is $7,193.

Since the maximum amount of tax credits a taxpayer can receive in a year is $3 million, DOR believes they can handle the redemption of these credits with existing resources. Should the number of additional redemptions from this proposal and any others that pass, exceed 6,000 they would need one Associate Customer Service Representative ($31,200). Should the number of redemptions justice additional FTE they will request that FTE through the appropriation process.

In response to the Truly Agreed To and Finally Passed SS for SCS for SB Nos. 94, 52, 57, 58 & 67, officials from the **Department of Economic Development (DED)** noted:

Section 135.753 creates the "Entertainment Industry Jobs Act". Allows a tax credit for rehearsal expenses and tour expenses equal to 30% of the base investment. Base investment is defined as the aggregate funds actually invested and expended by a MO taxpayer as a rehearsal expense or tour expense.

The total amount of tax credits that may be authorized shall not exceed $8M per fiscal year. DED, at its discretion may authorize additional tax credits up to $2M per fiscal year; however, the amount of tax credits that may be authorized during the subsequent fiscal year shall be reduced by the amount of additional tax credits DED authorizes.

The program will automatically be sunset on 12/31/2030 unless reauthorized.

Oversight notes that since this proposal removes the sunset expiration date the tax credit will continue as a cost to the general revenue totaling $8 million annually as of FY 2033 and thereafter.

In response to the Truly Agreed To and Finally Passed SS for SCS for SB Nos. 94, 52, 57, 58 & 67, officials from the **Department of Commerce and Insurance (DCI)** assume this proposal has a potential in an unknown decrease of premium tax revenues up to the tax credit limit established in the bill in FY2025 and FY2026, as a result of the creation of the Entertainment Industry Jobs Act tax credit. Premium tax revenue is split 50/50 between General Revenue and County Foreign Insurance Fund except for domestic Stock Property and Casualty Companies who pay premium tax to the County Stock Fund. The County Foreign Insurance Fund is later distributed to school districts throughout the state. County Stock Funds are later distributed to the school district and county treasurer of the county in which the principal office of the insurer is located. It is unknown how each of these funds may be impacted by tax credits each year and which insurers will qualify for the new tax credit.

The department will require minimal contract computer programming to add this new tax credit to the premium tax database and can do so under existing appropriation. However, should multiple bills pass that would require additional updates to the premium tax database, the department may need to request more expense and equipment appropriation through the budget process.

Oversight notes the officials from the DCI assumed the proposal will have no administrative impact on their organization. **Oversight** assumes DCI is provided with core funding to handle a certain amount of activity each year. Oversight assumes DCI could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DCI could request funding through the appropriation process. Therefore, **Oversight** will reflect a zero impact in the fiscal note for DCI. **Oversight** assumes, for purposes of simplifying the fiscal note, all credits will be taken against income tax liabilities.

Section 135.772 Ethanol Retailers Tax Credit Program

In response to the HB 1007 – 2025, officials from the **Department of Revenue (DOR)** assumed this proposal extends the sunset date on the Ethanol Retailers Tax Credit Program from December 31, 2028, to December 31, 2031. This tax credit program was created in HB 3 from the extraordinary session of 2022 and was modified again in SB 138 in the 2023 session. The program was given a $5 million annual cap. At this time, DOR does not have information on the usage of the program as it has just started.

There is no fiscal impact from the extension of the sunset date. However, should the program actually be allowed to be sunset this could result in an unknown savings to the State of up to its $5 million cap.

Oversight notes, for all tax years beginning on or after January 1, 2023, a retail dealer that sells higher ethanol blend at such retail dealer's service station is allowed a tax credit to be taken against the retail dealer's state income tax liability. The tax credit shall be equal to five cents ($0.05) per gallon of higher ethanol blend sold. The tax credits authorized shall not be transferred, sold, or assigned. The tax credits authorized shall not be refundable. Any amount of tax credits that exceeds a taxpayer's tax liability shall be permitted to be carried forward to any of the five (5) subsequent tax years.

Oversight notes the State of Iowa (Iowa) provides several tax credits for biofuel sales by retailers and blenders. Two (2) of Iowa's tax credits are the E15 Plus Gasoline Promotion Tax Credit and E85 Gasoline Promotion Tax Credit. Detailed information about Iowa's Biofuel Retailers Tax Credits can be found here.

Iowa's E15 Plus Gasoline Promotion Tax Credit is available to retail dealers of gasoline who sell blended gasoline that is classified as E15 Plus but not classified as E85 gasoline. Currently, Iowa's tax credit is considered seasonal; providing various amounts of credit(s) at different times of the year. From June 1 – September 15 of each year, the tax credit is awarded at $0.10 per gallon. At all other times, the tax credit is awarded at $0.03 per gallon.

Oversight, for informational purposes, provides distribution of E15 Tax Credit (2017-2022) in Iowa below:

Tax Year	Corporation	Individual	Pass-Through	Total
2017	$138,555	$446,045	$1,479,038	$2,063,638
2018	$205,875	$5,809	$1,905,902	$2,117,586
2019	$312,524	$18,218	$2,921,595	$3,252,337
2020	$461,434	$13,685	$3,615,495	$4,090,614
2021	$645,210	$18,024	$4,901,234	$5,564,468
2022	$1,409,135	$575,029	$1,883,047	$3,867,211

https://revenue.iowa.gov/resources/reports

Iowa's E85 Gasoline Promotion Tax Credit is available to retail dealers of motor fuel that sell E85. A tax credit can be claimed for each gallon of E85 sold by the retailer during the tax year. The current tax credit is calculated at $0.06 per gallon.

Oversight, for informational purposes, provides distribution of E85 Tax Credit (2017-2022) in Iowa below:

Tax Year	Corporation	Individual	Pass-Through	Total
2017	$648,105	$133,577	$1,906,343	$2,688,025
2018	$688,996	$27,732	$2,150,928	$2,867,656
2019	$797,094	$22,502	$2,003,071	$2,822,667
2020	$799,583	$23,879	$1,392,859	$2,216,321
2021	$921,888	$36,563	$2,058,399	$3,016,850
2022	$1,039,504	$52,668	$2,064,441	$3,156,613

https://revenue.iowa.gov/resources/reports

Using the 9 State Energy Consumption Estimates – 1960 through 2019, published by the U.S. Energy Information Administration, Oversight compared various energy consumption estimates for Iowa and Missouri. Oversight provides the comparison below:

2019 - State Energy Consumption Estimates - U.S. Energy Information Administration			
Iowa and Missouri	Iowa	Missouri	Iowa As a Percent of Missouri
Barrels of Fuel Ethanol	4,2733,000	7,378,000	58%
Total Motor Gasoline - Including Fuel Ethanol (btu)	186,900,000,000,000	376,200,000,000,000	50%
Total Fuel Ethanol (btu)	14,900,000,000,000	25,700,000,000,000	58%
Total Energy Consumption by End - Use Sector (Transportation)	303,100,000,000,000	555,100,000,000,000	55%
Iowa As a Percent of Missouri/Topic Average			55%

Oversight assumes, based on the Iowa and Missouri energy consumption comparison shown above, that Iowa's fuel ethanol operations (specific to end user consumption/transportation) could be operating at 55% capacity of Missouri's fuel ethanol operations.

Using information included in Iowa's Biofuel Retailers Tax Credits Program Evaluation Study (December 2019), Oversight reviewed the amount of tax credits claimed in 2016 for Iowa's E15 Plus and E85 Promotion Tax Credit(s) to <u>estimate</u> the number of gallons sold by tax credit claimants and compared such estimate to the *actual* number of gallons sold:

<table>
<tr><th colspan="7">State of Iowa Summary</th></tr>
<tr><th colspan="6">E85 Gasoline Promotion Tax Credit</th><th rowspan="2">Actual Total Number of E15-20 & E85 Gallons Sold In Iowa</th></tr>
<tr><td>Iowa Actuals (2016)</td><td>Amount Claimed</td><td colspan="2">Iowa Tax Credit %</td><td>Oversight Estimated Number of Gallons Claimed By Tax Credit Claimants</td><td>Actual Number of Gallons Sold</td></tr>
<tr><td>E85 is a blend of gasoline that contains between 70% and 85% ethanol.</td><td>$2,143,259</td><td colspan="2">$0.16 per gallon</td><td>13,395,368.75</td><td>13,471,861</td><td rowspan="5">22,506,449</td></tr>
<tr><th colspan="6">E15 Plus Gasoline Promotion Tax Credit</th></tr>
<tr><td>Iowa Actuals (2016)</td><td>Amount Claimed</td><td>Iowa Tax Credit %</td><td>Amount Claimed Per %</td><td rowspan="3">8,915,127.11</td><td rowspan="3">9,034,588</td></tr>
<tr><td rowspan="2">E15 Plus are blends of gasoline that contain between 15% and 69% ethanol</td><td rowspan="2">$426,788</td><td>June 1 - September 15 - $0.10 per gallon</td><td>$227,620</td></tr>
<tr><td>All Other Dates - $0.03 per gallon</td><td>$199,168</td></tr>
</table>

Oversight notes the amount of estimated gallons sold by tax credit claimants and the actual amount of gallons sold are very similar. Therefore, Oversight anticipates a near one hundred percent (100%) participation rate in Missouri for each gallon of qualifying fuel sold.

Oversight notes, based on the data reported above, the total amount of E-15 & 20 & E85 gallons sold in Iowa during 2016 totals 22,506,449.

If the assumption that Iowa's fuel ethanol operations are operating at 55% capacity of Missouri's fuel ethanol operations is accepted, Oversight estimates Missouri's total E15 Plus and E85 gallons sold could total 40,920,816 gallons (22,506,449 / 55%). Oversight notes, a tax credit equal to $0.05 per gallon would generate a total amount of tax credits equal to $2,046,041 (40,920,816 * $0.05).

Oversight notes the tax credit created would automatically be sunset on December 31, 2028; however, the proposal reauthorizes this Section.

Oversight notes the actual usage and impact of this proposed legislation is unknown. For purposes of this fiscal note, Oversight will report a revenue reduction to GR equal to a range beginning with an amount "Up to" $2,046,041 (as estimated by Oversight) to $5,000,000 beginning in Fiscal Year 2031.

Section 135.775 Biodiesel Retailers Tax Credit Program

In response to the HB 1007 -2025, officials from the **Department of Revenue (DOR)** assume this proposal extends the sunset date on the Biodiesel Retailers Tax Credit Program from December 31, 2028, to December 31, 2031. This tax credit program was created in HB 3 from the extraordinary session of 2022 and was modified again in SB 138 in the 2023 session. The program was given a $16 million annual cap. At this time, they do not have information on the usage of the program as it has just started.

There is no fiscal impact from the extension of the sunset date. However, should the program actually be allowed to be sunset this could result in an unknown savings to the State of up to its $16 million cap.

Oversight notes that Missouri ranked among the top one-third of states in biodiesel consumption of 30 million gallons in 2022. [per latest EIA data] (State by State Biodiesel Consumption EIA.GOV). Oversight agrees with the DOR's estimated impact of this tax credit; however, will show the lower estimated impact as average of the total sales between 2% & 5% because the actual sales information does not indicate the percent of mix of the fuel estimates. Oversight calculates the average of sales as follow:

Total Consumption 2022	30,000,000
2% credit per gallon	600,000
5% credit per gallon	1,500,000
Average of 2% & 5%	$1,050,000

Oversight, for informational purposes, provides distribution of Biodiesel Tax Credit (2017-2022) in Iowa below:

Tax Year	Corporation	Individual	Pass-Through	Total
2017	$3,448,447	$1,020,987	$14,997,231	$19,466,665
2018	$5,078,248	$199,403	$15,249,544	$20,527,195
2019	$7,401,473	$205,852	$15,743,068	$23,350,393
2020	$7,687,481	$189,448	$15,725,667	$23,602,596
2021	$7,248,109	$273,422	$14,444,740	$21,966,271
2022	$5,628,574	$4,010,792	$7,303,268	$16,942,634

https://revenue.iowa.gov/resources/reports

Oversight notes that the DOR reported the FY 2024 redemption amount total $1,238,009. Therefore, Oversight will reflect the estimated impact of reduction in general revenues beginning Fiscal Year 2031 ranging from $1,238,009 up to the available cap of $16,000,000.

Section 135.778 Biodiesel Producers Tax Credit Program

In response to the HB 1007 – 20025, officials from the **Department of Revenue (DOR)** assumed this proposal extends the sunset date on the Biodiesel Producers Tax Credit Program from December 31, 2028, to December 31, 2031. This tax credit program was created in HB 3 from the extraordinary session of 2022 and was modified again in SB 138 in the 2023 session. The program was given a $5.5 million annual cap. At this time, they do not have information on the usage of the program as it has just started.

There is no fiscal impact from the extension of the sunset date. However, should the program actually be allowed to be sunset this could result in an unknown savings to the State of up to its $5.5 million cap.
Oversight notes the section further clarifies & adds a language regarding distributors that sell biodiesel blend directly to final users located in the state. Oversight assumes the clarification will not have an additional fiscal impact.

Oversight notes that Missouri ranked among the top one-third of states in a biodiesel production of 247 million gallons in 2022. (State by State Biodiesel Consumption EIA.GOV). Oversight will assume that there is range of 50% and 100% participation rate in this program for purpose of this fiscal note.

Origination Type	**Tax Credit* Annual Consumption**	**Total**
Blend of at least eighty percent feedstock originates in Missouri	($0.02 * 247,000,000)*.8	$ 3,592,000
100% percent blend	($0.02 * 247,000,000)*1	$4,940,000
Average of both @ 100% participation rate		**$4,266,000**
Average of both @ 50% participation rate		**$2,133,000**

Oversight notes that the DOR reported the FY 2024 redemption amount total $2,265,248 Therefore, Oversight will reflect the estimated impact of reduction in general revenues beginning Fiscal Year 2030 ranging from $2,265,248 up to all available cap of $5,500,000.

<u>Section 135.1610 Urban Farm Tax Credit Program</u>

In response to the similar proposal, SB 30 - 2025, officials from the **Department of Revenue (DOR)** assumed this proposal extends the sunset date on the Urban Farm Tax Credit Program from December 31, 2028, to December 31, 2031. This tax credit program was created in 2022 to provide a credit to help people start urban farms in their neighborhoods. The program was given a $200,000 annual cap. At this time, DOR does not have information on the usage of the program as it has just started.

There is no fiscal impact from the extension of the sunset date. However, should the program actually be allowed to be sunset this could result in an unknown savings to the State of up to its $200,000 cap.

Oversight notes the Senate Substitute allows for the maximum of $25,000 award, to one of the potential applicants, and the total tax credit must not surpass $200,000 annually for the entire program. Therefore, there could potentially be a minimum of 8 ($200,000/$25,000) urban farms who could receive the tax credit.

Oversight notes this proposal allows for recapture of tax credits issued in circumstances where the use of the tax credit is deemed for the personal benefit of the taxpayer thus in violation of the act. Therefore, **Oversight** will reflect <u>an unknown saving to the General Revenue</u> in the fiscal note <u>beginning FY 2031.</u>

<u>Section 135.1670 Incentives for Interstate Business Relocation</u>

In response to the similar proposal, HB 1171 – 2025, officials from the **Department of Revenue (DOR)** assume that the current law contains language that a business relocating from a bordering county in Kansas to a bordering county in Missouri would not be eligible for certain tax credits and retention of withholding payments. The original language contained an expiration date of August 28, 2025, which would have allowed companies relocating to receive the incentives. This proposal removes the expiration date of this proposal, leaving in place the prohibition on these incentives indefinitely. DOR assumes no fiscal impact from this proposal.

In response to the similar proposal, HB 1175 – 2025, officials from the **Office of Administration – Budget & Planning**, the **Department of Economic Development**, the **Office of the Secretary of State**, the **Joint Committee on Administrative Rules**, the **Oversight Division,** and the **City of Kansas City** each assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight notes that officials from the above respective organizations assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

<u>Section 137.1018 Rolling Stock Tax Credit Program</u>

In response to the similar proposal, SB 30 - 2025, officials from the **Department of Revenue (DOR)** assume this proposal is removing the sunset date of the Rolling Stock Tax Credit program as of August 28, 2028. The Rolling Stock tax credit program was created in 1999. It is an appropriated credit with no limit as the amount that can be appropriated. The General Assembly in FY 2025 appropriated $500,000. Here are the appropriations that have been made the last few years.

Fiscal Year	Appropriated	Action
2025	$500,000	
2024	$200,000	
2023	$200,000	
2022	$0	
2021	$0	
2020	$0	
2019	$0	
2018	$0	

2017	$600,000	Governor withheld $300,000
2016	$300,000	
2015	$2,000,000	Governor vetoed
2014	$4,000,000	Governor vetoed

There is no fiscal impact from the extension of the sunset date. However, should the program actually be allowed to be sunset this could result in an unknown savings to the State of up to the $4 million the highest appropriated amount to date.

Oversight notes the Rolling Stock Tax Credit recognized the following history:

Rolling Stock Tax Credit							
Fiscal Year	2018	2019	2020	2021	2022	2023	2024
Amount Authorized	$0	$0	$0	$0	$0	$194,000	$194,000
Amount Issued	$0	$0	$0	$0	$0	$0	$0
Amount Redeemed	$0	$0	$0	$0	$0	$0	$0

For additional information regarding the Rolling Stock tax credit program, please refer to the Oversight Division's sunset review performed in 2019.
https://www.legislativeoversight.mo.gov/oversight/Sunset_Reviews/Rolling.pdf

Oversight notes that the current sunset is to be expired on September 1, 2029 and this proposal repeals the sunset language. Therefore, for purposes of this fiscal note, **Oversight** will report a costs to the General Revenue (GR) equal to a range, beginning at $0 (no appropriation is made for the Rolling Stock Program) "up to or could exceed" $200,000 (highest final approved budget authority to date, future appropriations could be larger) beginning in Fiscal Year 2032.

§163.048 – Student Participation in Athletic Contests Organized by Sex

In response to similar legislation from this year, HCS for HB Nos. 113, 624 & 36, officials from the **Department of Elementary and Secondary Education**, **Office of Administration**, and **Department of Higher Education and Workforce Development** each assumed the proposal will have no fiscal impact on their respective organizations.

In response to similar legislation from this year, HCS for HB Nos. 113, 624 & 36, officials from the **Office of Attorney General (AGO)** assumed any potential litigation costs arising from this proposal can be absorbed with existing resources. However, the AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

In response to similar legislation from this year, HCS for HB Nos. 113, 624 & 36, officials from the **University of Missouri System** assumed the proposal will have no fiscal impact on their organization.

In response to similar legislation from this year, HCS for HB Nos. 113, 624 & 36, officials from the **Northwest Missouri State University**, **University of Central Missouri**, and **Marquand-Zion R-VI School District** each assumed the proposal would have no fiscal impact on their organizations.

Oversight notes currently, schools are only allowed to let a student compete in an athletics competition designated for the biological sex of the student, as stated on the student's official birth certificate. Except, female students may participate in competitions designated for male students if there is no corresponding athletics competition designed for female students available. This provision is set to expire on August 28th, 2027. The proposal removes the expiration date. Entities that violate this proposal are not eligible for moneys appropriated by the general assembly.

Oversight notes the foundation formula payments for school districts is estimated at $3,664,831,194 for FY 2025 per the DESE Budget Request for FY 2025.

Oversight notes the following appropriations for FY 2024 to postsecondary institutions:

Institution	**Appropriation**
Community Colleges	$176,193,756
State Technical College of Missouri	$9,086,492
UCM	$64,945,087
Southeast Missouri State University	$53,881,399
Missouri State University	$110,434,978
Lincoln University	$33,352,465
Truman State University	$48,922,074
Northwest Missouri State University	$36,722,408
Missouri Southern State University	$30,560,286
Missouri Western State University	$26,342,755
Harris-Stowe State University	$12,934,527
University of Missouri System	$509,923,773

*Source: TAFP HB 3 (2024). Actual appropriation amounts may differ based on withholds.

Oversight notes the proposal is removing the expiration date of August 28, 2027.

Oversight assumes there could be a loss to public schools, colleges and universities that fail to comply with the requirements in the proposal after the removal of the expiration date. The penalty would be any moneys appropriated by the general assembly. Based on the amounts appropriated, Oversight assumes the loss could exceed $250,000 and will be reflected in FY 2028.

Additionally, **Oversight** notes that this provision may prompt a cause of action against colleges, universities, and public schools. Oversight notes, in rare circumstances, universities and community colleges can access the state Legal Expense Fund. However, for purposes of this fiscal note, Oversight assumes colleges and universities will bear the cost of any litigation or judgment. Oversight will range the fiscal impact to colleges, universities and public schools from $0 (does not increase litigation) to an unknown cost for damages and court costs in FY 2028.

Oversight received a limited number of responses from school districts, colleges and universities related to the fiscal impact of this proposal. Oversight has presented this fiscal note on the best current information available. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. Oversight only reflects the responses received from state agencies and political subdivisions; however, other school districts, colleges and universities were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the MOLIS database is available upon request.

<u>§168.036 - Granting Substitute Teacher Certificates</u>

In response to similar legislation from this year, HB 712, officials from **Public Education Employees' Retirement System (PSRS/PEERS)** assumed this bill, as currently drafted, extends the temporary provision allowing individuals who are receiving a retirement benefit from PSRS or PEERS to substitute teach on a part-time or temporary substitute basis in a covered school district without a discontinuance of the person's retirement benefit. The provisions in this bill only apply to part-time or temporary substitute teaching. As specified in this bill, if an individual chooses to work for a covered employer after retirement under this provision, they will not contribute to additional retirement benefits.

This provision was enacted in 2022 with an expiration of June 30, 2025. This bill extends the temporary provision through June 30, 2030.

The Systems have an actuary firm, PwC US (PwC), that prepares actuarial cost statements on any proposed legislation as well as the annual actuarial valuation reports for the Systems. As discussed in more detail below, the temporary suspension of the working after retirement limitations as proposed in this bill could have a fiscal impact on PSRS and PEERS.

<u>Analysis of impact on PSRS</u>

The 550-hour and 50% of compensation limitations applicable to retired PSRS members who return to work in substitute teaching positions is significantly less than half of the capacity worked by a fulltime teacher and therefore limits the work a rehired retiree can perform in a substitute teaching position without a suspension of their benefit. Suspending these limitations through June 30, 2030 could incentivize existing PSRS members to significantly change their retirement behavior and career planning. In addition, an extension of the working after retirement limits suspension would give employers a greater ability to replace full-time active employees with rehired retirees, allowing employers to save on the cost of contributions to PSRS (for part-time or temporary substitute teaching positions). Such behavior could have a significant impact on the cost of PSRS as earlier retirement by active members could increase the Actuarial Accrued Liability, and therefore the Unfunded Actuarial Accrued Liability, and result in a decrease in covered payroll which would increase the Actuarially Determined Contribution Rate.

However, this proposal does include some conditions that would limit the fiscal impact, including:

- The end date for suspension of the working after retirement limitations of June 30, 2030 would limit any changes in retirement behavior and any changes in employer hiring to a temporary period (absent further extensions).
- Retirees who return to work in substitute teaching positions would only be able to return on a part-time or temporary basis, not on a full-time basis.

In addition, current statistical data on retired PSRS members who have returned to work since the temporary suspension of the limits went into effect in 2022 has been reviewed. The COVID pandemic and other legislation affecting working after retirement make it difficult to conclude from the data whether retirement patterns have been affected by the current suspension. However, to date, it does not appear to indicate a significant change in retirement behavior by members or hiring practices by employers as the number of retirees working after retirement remains below pre-pandemic levels. However, there is a recent increase in the average hours worked and average earnings by retirees who have returned to work due to some rehired retirees working in a capacity that would have exceeded the limitations of RSMo 169.560 if not for the suspension of those limits for part-time or temporary substitute teaching in RSMo 168.036.

For the reasons noted above and discussed in the actuarial cost estimate, PwC estimates the impact of extending the suspension of limitations on working after retirement for parttime or temporary substitute teaching positions through June 30, 2030 to be **an insignificant fiscal impact if retirement behavior remains unchanged**. However, there would be a fiscal cost if there is a change in active member retirement behavior to retire earlier, resulting in fewer full-time teachers participating in, and contributing to, PSRS, and they continue to caution that the fiscal impact could be significant if the suspension of the limitations continues to be extended and effectively becomes a permanent provision.

Analysis of impact on PEERS

The 550-hour limitation applicable to retired PEERS members who return to work in substitute teaching positions is significantly less than half of the capacity worked by a full-time employee and therefore limits the work a rehired retiree can perform without a suspension of their benefit. Suspending these limitations through June 30, 2030 for part-time or temporary substitute teaching positions could incentivize existing PEERS members to significantly change their retirement behavior and career planning. In addition, an extension of the working after retirement limits suspension would give employers a greater ability to replace full-time active employees with rehired retirees, allowing employers to save on the cost of contributions to PEERS (for part-time or temporary substitute teaching positions). Such behavior could have a significant impact on the cost of PEERS as earlier retirement by active members could increase the Actuarial Accrued Liability, and therefore the Unfunded Actuarial Accrued Liability, and result in a decrease in covered payroll which would increase the Actuarially Determined Contribution Rate.

However, this proposal does include some conditions that would limit the fiscal impact, including:

- The end date for suspension of the working after retirement limitations of June 30, 2030 would limit any changes in retirement behavior and any changes in employer hiring to a temporary period (absent further extensions).
- Retirees who return to work in substitute teaching positions would only be able to return on a part-time or temporary basis, not on a full-time basis.
- The number of PEERS retirees who are certificated and eligible to fill substitute teaching positions has historically been very few.

In addition, current statistical data on retired PEERS members who have returned to work since the temporary suspension of the limits went into effect in 2022 has been reviewed. The COVID pandemic and other legislation affecting working after retirement make it difficult to conclude from the data whether retirement patterns have been affected. However, to date, it does not appear to indicate a significant change in retirement behavior by members or hiring practices by employers, or an increase in the number of PEERS retirees being hired to fill part-time or temporary substitute teaching positions.

For the reasons noted above and discussed in the actuarial cost estimate, PwC estimates the impact of extending the suspension of limitations on working after retirement for parttime or temporary substitute teaching positions through June 30, 2030 to be **an insignificant fiscal impact to PEERS**. However, they continue to caution that the fiscal impact could be significant if the suspension of the limitations continues to be extended and effectively becomes a permanent provision.

PSRS/PEERS provide retirement benefits to approximately 132,000 active members and over 110,000 retired Missouri public school teachers, school employees, and their families. The total invested assets of both PSRS and PEERS were $58.7 billion as of June 30, 2024.

Oversight notes this provision was enacted in 2022 with an expiration of June 30, 2025. This proposal extends the temporary provision through June 30, 2030. Therefore, Oversight assumes the temporary change will result in an insignificant fiscal impact to PSRS/PEERS and therefore, no impact to member employers.

In response to similar legislation from this year, HB 712, officials from the **Joint Committee on Public Employee Retirement** assume the provision will have no fiscal impact on their organization.

§§190.839, 198.439, 208.437, 208.480, 338.550, and 633.401 - Provider reimbursement allowance taxes

In response to similar legislation from 2024, TAFP SS for SB 748, officials from the **Department of Social Services (DSS)** stated the passage of the proposed legislation would not fiscally impact DSS for §§190.839, 198.439, 208.437, 208.480, 338.550 and 633.401. However, if the proposed legislation does not pass, additional funding will be needed to maintain the current level of services. The numbers provided are based on an annual total for each program.

§190.839 - Ambulance Provider Tax: The proposed legislation allows the MO HealthNet Division (MHD) to collect approximately $7.98 million in Ambulance Tax annually which will allow MHD to draw in federal funds of approximately $18.7 million each year. The FY25 budget submitted by the DSS assumes the ambulance tax would continue through fiscal year 2025 and beyond. If this proposed legislation does not pass, additional General Revenue (GR) funds of $7.98 million per year would be needed to continue the current level of services.

§198.439 - Nursing Facility Reimbursement Allowance Tax: **DSS** states the proposed legislation allows the MHD to collect $168.2 million annually in Nursing Facility Tax which will allow MHD to draw in federal funds of $326.7 million each year. The FY25 budget submitted by the DSS, and all future budgets that will be submitted, assumes the nursing facility tax would continue through fiscal year 2025 and beyond. If this proposed legislation does not pass, additional GR funds of $168.2 million per year would be needed to continue the current level of services.

§208.437 - Medicaid Managed Care Provider Tax: The MHD is not currently collecting the Managed Care Provider Tax. The federal sunset for the managed care organization reimbursement allowance was September 30, 2009. This section of the proposed legislation will not have an impact on MO HealthNet.

As the MHD is not currently collecting the Managed Care Provider Tax, **Oversight** is not including this tax in the fiscal note tables.

§208.480 - Hospital Federal Reimbursement Allowance: **DSS** states the proposed legislation allows the MHD to collect approximately $1.22 billion in Hospital Tax which will allow MHD to draw in federal funds of approximately $2.37 billion each year. The FY25 budget submitted by the DSS, and all future budgets that will be submitted, assumes the hospital tax would continue through fiscal year 2025 and beyond. If this proposed legislation does not pass, additional GR funds of $1.22 billion would be needed per year to continue the current level of services.

§338.550 - Pharmacy Provider Tax: The proposed legislation allows the MHD to collect $46.5 million in pharmacy tax which will allow MHD to draw in federal funds of $90.5 million each year. The FY25 budget submitted by the DSS, and all future budges that will be submitted, assumes the pharmacy tax would continue through fiscal year 2025 and beyond. If this proposed legislation does not pass, additional GR funds of $46.5 million per year would be needed to continue the current level of services.

§633.401 - Intermediate Care Facility for the Intellectually Disabled Provider Tax (ICF/ID): **DSS** states the proposed legislation allows the MHD to collect approximately $5.88 million in intermediate care facilities for the intellectually disabled tax which will allow MHD to draw in federal funds of $4.5 million. The FY25 budget submitted by the Department of Mental Health, and all future budgets that will be submitted, assumes the ICF/ID tax would continue through fiscal year 2025 and beyond. If this proposed legislation does not pass, additional General Revenue funds of $5.88 million per year would be needed to continue the current level of services.

Oversight notes the ICF/ID provider tax name has been changed from the ICF/Mentally Retarded (MR) provider tax. As of FY 2020, the fund name appears on the State Treasurer's Fund Balance Report as the ICF/ID Reimbursement Allowance Fund.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the provider taxes needed to draw down federal matching funds as provided by DSS for fiscal note purposes.

In response to similar legislation from 2024, TAFP SS for SB 748, officials from the **Department of Mental Health (DMH)** stated this legislation extends the sunset on certain healthcare provider reimbursement allowance taxes to September 30, 2029. DMH assumes no fiscal impact with the extension of the healthcare provider reimbursement allowance taxes to September 30, 2029. If provider reimbursement allowances end, DMH would have a fiscal impact of approximately $5 million GR. DMH defers any additional anticipated fiscal impact to DMH for Comprehensive Psychiatric Rehab (CPR), Comprehensive Substance Treatment and Rehabilitation (CSTAR), Certified Community Behavioral Health Clinics (CCBHO) and Developmental Disabilities (DD) waiver services to DSS.

Oversight notes the DSS is the designated state agency that works with the federal government on Medicaid programs. Therefore, Oversight will use the DSS provider tax numbers for the ICF/ID and hospital provider tax programs.

DSS states that failure to pass an extension on the FRA could cost the state approximately $1.5 billion in FY25.

For fiscal note purposes, **Oversight** is presenting the provider taxes collected under each of the reimbursement allowance tax categories. However, Oversight assumes expenses equal to the amount of provider taxes collected would be spent on services and the net effect would be $0.

Oversight notes the provisions of this proposal removes the expiration date of September 30, 2029. Oversight will reflect the full amount (12 months) beginning in FY 2031.

In response to similar legislation from 2024, TAFP SS for SB 748, officials from the **Department of Commerce and Insurance**, the **Office of Administration, Budget and Planning (B&P)** and the **Department of Public Safety - Missouri Veterans Commission** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

§191.1720 – Missouri Save Adolescents from Experimentation (SAFE) Act

In response to similar legislation from this year, HB 35, officials from the **Attorney General's Office**, the **Office of Administration - Administrative Hearing Commission**, the **Department of Commerce and Insurance**, the **Department of Elementary and Secondary Education**, the **Department of Social Services**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation**, the **Office of the State Courts Administrator**, the **Missouri Office of Prosecution Services** and the **Missouri Consolidated Health Care Plan** each assumed the proposal will have no fiscal impact on their respective organizations.

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.

In response to similar legislation from this year, HB 35, officials from the **Department of Public Safety - Missouri Highway Patrol** deferred to the Missouri Department of Transportation for the potential fiscal impact of this proposal.

§292.606 – Fees paid to the Missouri Emergency Response Commission

In response to similar legislation from this year, HB 70, officials from the **Department of Public Safety (DPS) – State Emergency Management Agency (SEMA)** state that currently, authorization for the collection of fees for hazardous chemicals in the workplace, which funds the Missouri Emergency Response Commission (MERC), was not reauthorized under HB 1870 (2024) and was allowed to expire on August 28, 2024. HB 1870 (2024) would have extended the authorization for six years to August 28, 2030.

The mission of the MERC is to protect public health and the environment by assisting communities with chemical incident prevention, preparedness, response, and recovery; and by receiving, processing, and reporting on chemical information under the community right-toknow laws. The program has been in existence since the late 1980s and has provided training and assistance to local communities to be compliant with the federal EPCRA laws.

Current law allowed for the collection of data and fees. In fiscal year 2023, the amount collected was approximately $1,001,410 with $598,495 of this fund being redistributed to the locals, $92,076 distributed to the Missouri Division of Fire Safety for hazardous materials training and the remaining $230,190 was retained by the MERC to operate the program and to provide a match for federal funds that allow additional hazardous materials planning and training for local first responders. The chemical storage facility owners and gas station owners must pay an annual fee based on the type and amount of chemicals they store at their facility.

Since HB 1870 was not reauthorized, the Local Emergency Planning Committees and/or Districts will lose approximately $650,000 in eligible funds. In many communities, these were the only funds available to remain compliant with federal law and most preparedness activities will no longer continue. Approximately $80,000 in training money to the Missouri Division of Fire Safety will also be lost, and the match for the $400,000 dollars for the Missouri Department of Transportation grant will not be met. Without this grant, approximately 1,000 first responders will not receive any hazmat preparedness or response training.

Oversight has no information to the contrary. Therefore, Oversight will present the fiscal impact of this proposal as revenue coming into the Chemical Emergency Preparedness Fund of $834,508 in FY 2026 and $1,001,410 in FY 2027 and subsequent years.

Oversight notes the Chemical Emergency Preparedness Fund (0587) had a fund balance of $698,599 on December 31, 2024.

In response to similar legislation from this year, HB 70, officials from the **Department of Commerce and Insurance**, the **Department of Economic Development**, the **Department of Health and Senior Services**, the **Department of Natural Resources**, the **Department of Public Safety (DPS)**, **Divisions of: Fire Safety** and the **Director's Office**, the **Office of the Governor**, the **Phelps County Sheriff**, the **Kansas City Police Department**, the **St. Louis County Police Department** and the **Fruitland Area Fire Protection District** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

<u>Section 348.491 & 348.493 Specialty Agricultural Crops Tax Credit Program</u>

In response to the similar proposal, SB 30 - 2025, officials from the **Department of Revenue (DOR)** assumed this proposal extends the sunset date on the Specialty Agricultural Crops Tax Credit Program from December 31, 2028, to December 31, 2031. This tax credit program was created in 2022 to provide credit to farmers to help them get started in farming. The program was given a $300,000 annual cap. At this time, DOR does not have information on the usage of the program as it has just started.

There is no fiscal impact from the extension of the sunset date. However, should the program actually be allowed to be sunset this could result in an unknown savings to the State of up to its $300,000 cap.

Oversight notes that according to the nass.usda.gov - Missouri 2022 data, regarding Special Crops, there were 3,654 existing farms involved in cultivation of such a harvest. The breakdown is shown below:

Vegetables	1,388
Orchards	1,559
Berries	853
Total	3,800

Oversight notes the proposal limits this loan opportunity only to those farms with annual gross sales below $100,000. According to the MDA website there are currently 90,000 farms in Missouri. https://agriculture.mo.gov/aboutMDA.php

Oversight notes, using nass.usda.gov - Missouri 2022 data for Missouri (see table 1), that there are currently about 74,135 farms which would potentially qualify for this program. The data regarding Special Crop Farms, above, does not specify the annual sales produced by each farm (above or below $100,000).

Table 1.

Market Value Sold (product in $)	**Farm(s)**
Less than ,1000	20,473
1,000 to 2,499	7,021
2,500 to 4,999	7,148
5,000 to 9,999	9,623
10,000 to 19,999	9,673
20,000 to 24,999	3,337
25,000 to 39,999	6,772
40,000 to 49,999	3,353
50,000 to 99,999	6,735
Total	**74,135**

However; Oversight notes that using MDA and U.S. Census for Agriculture, there could be potentially about 82.4% (74,135 / 90,000) of all Special Crop Farms (from 3,800) making below the $100,000 limit. This would represent about 3,131 farms currently harvesting special crops and potentially eligible for up to $35,000 loan.

Oversight notes Section 348.491 allows for one-time maximum loan of $35,000 per such a farm. The lender is then required to forgive the first year's interest on such a loan.

Oversight notes Section 348.491 allows for one-time maximum loan of $35,000 per such a farm. The lender is then required to forgive first year interest on such a loan.

Oversight notes the total amount of loans is not restricted, however the lender tax credits proposed in Section 348.493 below are restricted to $300K. According to MASBDA (see HB 1720 – 2022), agriculture loans are typically made at higher interest rates than a home mortgage or vehicle. They estimate interest rates for the loans associated with this program could be from 5% - 10%.

- 5% rate: The potential loans would be up to $6M ($300,000 = .05x; x = $300,000/.05) and potential <u>fees would be up to $60K</u> ($6M x 1%).

- 10% rate: The potential loans would be up to $3M ($300,000 = .10x; x = $300,000/.10) and potential fees would be up to $30K ($3M x 1%).

MDA, in further conversations with Oversight via e-mail, in response to the similar proposal, SB 30 - 2025, notes that MASBDA currently does not receive any General Revenue or Federal funds to administer any programs. All revenues are fee based and used to pay for administrative costs. The assumption is that a nonrefundable application fee of $100 will be charged to each applicant. Section 348.080 gives MASBDA the authority to collect fees and charges, as the authority determines to be reasonable, in connection with its loans, advances, insurance, commitments, and servicing.

Oversight notes that MDA noted, via phone-call with Oversight, the fee is deposited to the MASBDA account that is used to pay for the necessary FTEs to run the program.

Therefore, **Oversight** will show the potential gain in revenue, in FY 2030 from the collection of the 1% in fees to the MDA Fund, as a range from less or more of higher amount of $60,000 if the lender applies 5% interest for the loans.

Lastly, this bill ensures that "specialty crops" do not include medical marijuana or industrial hemp and the eligible purchases do not include nonchemical pesticides and herbicides

In response to the similar proposal, SB 30 - 2025, officials from the **Department of Commerce and Insurance (DCI)** note:

<u>Section 348.493</u>:

A potential unknown decrease of premium tax revenues (up to the tax credit limit established in the bill) in FY2026, FY2027, and FY2028 as a result of the modification of the Specialty Agricultural Crops Act tax credit. Premium tax revenue is split 50/50 between General Revenue and County Foreign Insurance Fund except for domestic Stock Property and Casualty Companies who pay premium tax to the County Stock Fund. The County Foreign Insurance Fund is later distributed to school districts throughout the state. County Stock Funds are later distributed to the school district and county treasurer of the county in which the principal office of the insurer is located. It is unknown how each of these funds may be impacted by tax credits each year and which insurers will qualify for the tax credit.

Oversight notes, for purposes of this fiscal note, the fiscal note does not reflect the possibility that some of the tax credits could be utilized against insurance premium taxes. If this occurs, the loss in tax revenue would be split between the General Revenue Fund and the County Foreign Insurance Fund, which ultimately goes to local school districts.

Oversight notes that the current sunset is to be expired on September 1, 2029, and this proposal repeals the sunset language. Therefore, for purposes of this fiscal note, Oversight will report a costs to the General Revenue (GR) equal to a range, beginning at $0 (no appropriation is made) “up to or could exceed” $300,000 (highest final approved budget authority to date, future appropriations could be larger) beginning in Fiscal Year 2031

§455.095 – Repeals Sunset Regarding Electronic Monitoring

In response to similar legislation from this year, SB 603, officials from the **Department of Corrections** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

§477.650 – Basic Civil Legal Services Fund

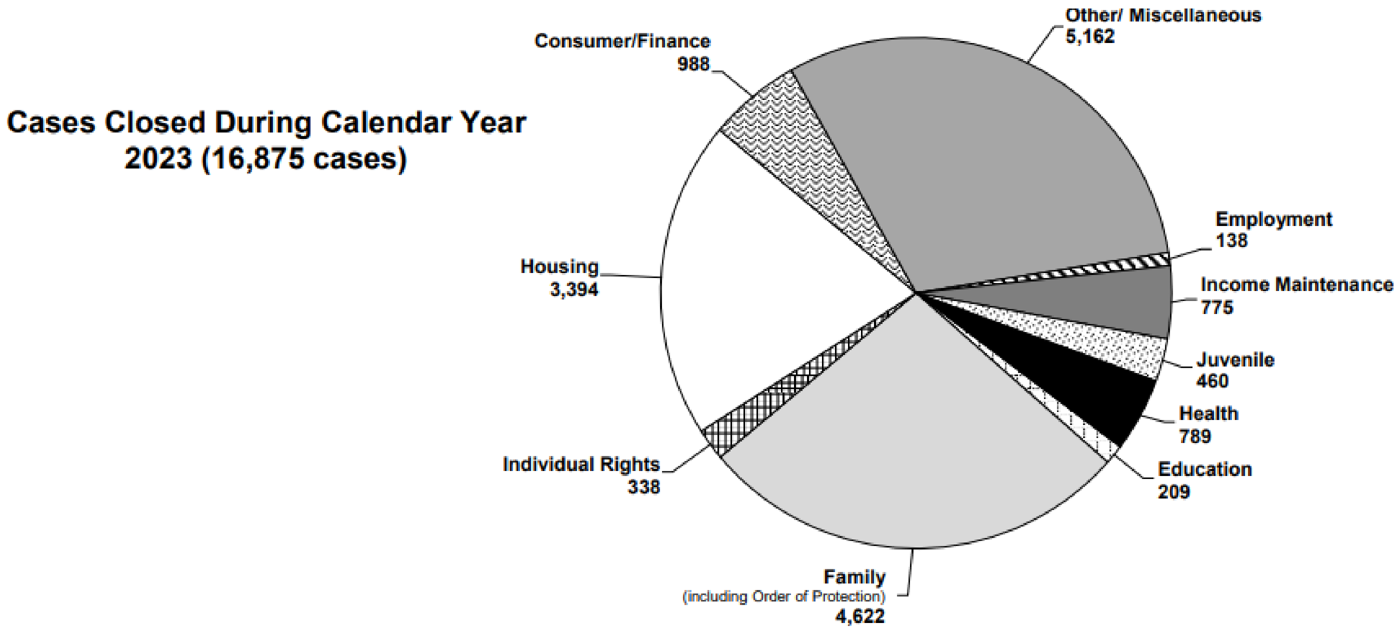
In response to similar legislation from this year, HB 124, officials from the **Office of the State Courts Administrator (OSCA)** assumed this proposal would repeal the expiration date of the Basic Civil Legal Services Fund. The Basic Civil Legal Services Fund annual appropriations are approximately $5.1 million and 2 FTE.

Oversight notes the Basic Civil Legal Services Fund (BCLS) is a statutorily created fund (SB 447 in 2003) and was created to fund the work of Missouri’s four Legal Aid programs, which provide access to the civil justice system to low-income Missourians (who live at or below 125% of the Federal Poverty Level) to protect their fundamental legal rights. The fund is set to expire December 31, 2025.

One of the focuses of the Legal Aid programs is to ensure that adults and children have access to medical care through the MoHealthNet system.
Legal Aid staff bring cases to obtain access to medical care for their clients. There are four regional Legal Aid offices: Kansas City, St. Louis, Columbia and Springfield. In FY22, over $125 million from punitive damages awarded in talc litigation in Missouri was transferred from

the Tort Victims Compensation Fund into the BCLS. This represents the largest single payment into the BCLS, and this funding was paid to legal service organizations.

Below is a chart of the number of cases closed during CY 2023 representing the BCLS Fund:



The fund has a court filing fee on certain civil and criminal actions of $20 in the Missouri Supreme Court and Court of Appeals, $10 in the circuit courts and $8 in the associate circuit courts. The fund has received the following receipts during FY 2020 to FY 2024:

Basic Civil Legal Services Fund (0757)	
FY 20	$ 4,290,667
FY 21	$ 3,868,347
FY 22	$ 3,865,619
FY 23	$ 4,047,390
FY 24	$ 4,281,742
Total	$20,353,765
5 year avg	$ 4,070,753
Source: State Treasurer Fund Activity Reports	

Below is a history of the expended funds for the last 5 years:

Basic Civil Legal Services Fund (0757)

	Appropriation	Actual Expenditures	Unexpended Funds
FY 20	$5,099,958	$4,467,368	$ 632,590
FY 21	$7,701,418	$7,559,124	$ 142,294
FY 22	$5,102,383	$3,903,651	$1,198,732
FY 23	$5,108,764	$3,997,430	$1,111,334
FY 24	$5,117,803	$4,668,397	$ 449,406
FY 25	$5,127,681	N/A	N/A
Last 5 yr avg.	$5,626,065	$4,919,194	$ 706,871

Source: OSCA Budget Requests Books

Oversight notes the balance of the BCLS (0757) at December 31, 2024 was $264,070.

Oversight notes this proposal removes the expiration date of these provisions. If the proposal is extended, Oversight assumes revenue and expenditure activity will continue for the fund. Since the fund does not expire until December 31, 2025, Oversight assumes only half of the average receipts and expenditures would be shown for FY26. Therefore, Oversight will use the average amounts from the table above to reflect the fiscal impact.

The appropriations for the BCLS Fund includes 2 FTEs according to OSCA. **Oversight** assumes should this proposal be extended, the 2 FTEs will also continue to be funded through the BCLS Fund.

In response to similar legislation from this year, HB 124, officials from the **Office of Attorney General (AGO)** assumed any additional litigation costs arising from this proposal can be absorbed with existing personnel and resources. However, the AGO may seek additional appropriations if there is a significant increase in litigation.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

In response to similar legislation from this year, HB 124, officials from the **Office of the State Public Defender** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.
In response to similar legislation from the prior year (HB 1838), officials from the **Missouri Office of Prosecution Services** assumed the proposal would have no fiscal impact on their organization.

Oversight notes the balance of the BCLS (0757) at December 31, 2024 was $264,070.

§620.2010 - MO Works Program

The Missouri Works program was created in 2013 and allows large companies that invest the delineated amount of money into their factories outlined in this statute or retain a certain number of jobs to receive a tax credit and/or retain employee withholding tax. The program has a cap of $126 million, of which $10 million is reserved for car manufacturers, and another $10 million is reserved for infrastructure projects.

For fiscal note purposes, DOR is providing the authorization, issuances and redemption of the credits for this program since it began. DOR is also showing how much of the withholding tax is being retained by the participating companies.

Year	Authorized	Issued	Withholding	Total Redeemed
FY 2024	$80,281,795.00	$101,742,273.72	$55,467,750.68	$114,459,428.58
FY 2023	$58,234,898.00	$139,364,971.66	$59,039,193.29	$100,419,077.97
FY 2022	$80,498,453.00	$131,465,595.90	$81,460,659.34	$134,716,930.11
FY 2021	$230,661,649.74	$112,293,173.91	$51,694,704.48	$100,393,655.20
FY 2020	$153,823,786.33	$134,393,278.36	$81,074,270.49	$113,472,125.29
FY 2019	$100,482,945.49	$82,326,471.67	$39,414,426.91	$64,786,980.04
FY 2018	$185,732,973.08	$45,830,250.31	$36,394,962.32	$56,398,908.94
FY 2017	$155,506,188.16	$35,547,214.37	$20,546,348.51	$35,065,682.60
FY 2016	$114,719,436.24	$23,741,677.22	$12,010,486.07	$12,075,788.82
FY 2015	$289,578,581.00	$3,588,784.56	$3,588,784.56	$3,588,784.56
FY 2014	$116,445,144.00	$146,923.00	$146,923.00	$146,923.00

The MO Works program is scheduled to end June 30, 2025. This proposal changes its scheduled stop day to June 30, 2031. DOR notes this proposal would become effective August 28, 2025, after the program has been terminated. DOR assumes this would result in a loss to general revenue of up to the $126 million cap on the program until fiscal year 2031.

In response to similar legislation from this year, SB 103, officials from the **Department of Economic Development**, the **Office of the Secretary of State**, the **Joint Committee on Administrative Rules**, the **Office of Administration – Budget & Planning**, and the **Office of the Secretary of State** each assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight notes DED, in response to the further questions regarding this proposal, assume this legislation is not an extension of the whole program, Missouri Works. It is only extending the section about the Deal Closing Fund. The 21.5% that can be utilized for Deal Closing Fund falls into the $126M cap for MO Works. By extending this section, it is just allowing the Deal Closing Fund to use up to 21.5% of the MO Works tax credit cap instead of pulling additional money out of GR.

Oversight notes Section 620.2010.7 is modified to combine the Deal Closing Fund (DCF) sunset date with the overall Missouri Works (MO Works) program sunset date which simplifies the overall program, since they work in conjunction.

DED provides breakdown of MO Works as follows:

$100 M – zone works, rural works, statewide works, mega 140 works, mega 120 works
$6 M – Retention projects
$10 M – Infrastructure Projects
$10 M – Retention - Auto Manufacturing

Deal Closing Fund 21.5% of $126M

Oversight notes that the overall maximum cap for MO Works will not change, instead allows DED to draw up to $27,090,000 (126 M x 21.5%) money from the overall MO Works program available beyond June 30, 2025, to the Deal Making Fund. Therefore, **Oversight** will reflect zero impact in the fiscal note, stemming from the Sunset Extension for this Section.

<u>Responses regarding the proposed legislation as a whole</u>

Officials from the **Office of Administration - Administrative Hearing Commission**, the **Department of Elementary and Secondary Education**, the **Department of Natural Resources**, the **Department of Corrections**, the **Department of Public Safety (Fire Safety, Office of the Director, Missouri Highway Patrol, State Emergency Management Agency)**, the **Office of the Governor**, the **Missouri Department of Agriculture**, the **Missouri Department of Conservation**, the Office of the **State Public Defender**, the **Phelps County Sheriff's Office**, the **Kansas City Police Department**, the **St. Louis County Police Department**, **University of Central Missouri**, the **Joint Committee on Administrative Rules**, the **Joint Committee on Public Employee Retirement** and the **Oversight Division** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from the **Office of the Secretary of State (SOS)** note 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.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities, counties, county collectors, county treasurers, local law enforcement agencies, fire protection districts, school districts and universities were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

FISCAL IMPACT – State Government	FY 2026	FY 2027	FY 2028	Fully Implemented FY 2034
GENERAL REVENUE				
Revenue Gain - from funding withheld from school districts and charter schools for violating section §163.048 p.21-22	$0	$0	$0 or Unknown	$0 or Unknown
Revenue Gain - from funding withheld from colleges and universities for violating section §163.048 p. 21-22	$0	$0	$0 or Unknown	$0 or Unknown
Revenue Gain - from funding withheld from community colleges for violating section §163.048 p. 21-22	$0	$0	$0 or Unknown	$0 or Unknown
Cost – Section 135.305 – Extension of the Wood Energy Tax as of July 1, 2028 p.5-6	$0	$0	$0	($1,786,092) or up to ($6,000,000) depending on appropriation

FISCAL IMPACT – State Government	FY 2026	FY 2027	FY 2028	Fully Implemented FY 2034
Costs – §135.341 – CASA Tax Credits – Max Cap p. 6-7	$0	$0	Up to ($1,500,000)	Up to ($1,500,000)
Costs - §§135.621 – Diaper Bank Tax Credit p. 8	$0	($500,000)	($500,000)	($500,000)
Costs – Section 135.686 - Extension of Meat Processing Facility Investment Tax Credit p.9	$0	$0	$0	($875,940) Up to ($2,000,000)
Costs – Section 135.750 – Show MO Tax Credit p. 10	$0	$0	$0	Up to ($16,000,000)
Costs - Section 135.753 - Tax Credit For Expenses For Entertainment Industry (p. 10-12)	$0	$0	$0	Up to ($8,000,000)
Costs – Section 135.772 – Tax Credit For Ethanol Blended Fuel Sales - p. 13-16	$0	$0	$0	($2,046,041) Up to ($5,000,000)
Cost – Section 135.775 – Tax Credit for Retail Sellers of Biodiesel - p.16-17	$0	$0	$0	($1,238,009) Up to ($16,000,000)
Cost - Section 135.778 – Tax Credit for Producers of Biodiesel - p.18	$0	$0	$0	($2,265,248) Up to ($5,500,000)

FISCAL IMPACT – State Government	FY 2026	FY 2027	FY 2028	Fully Implemented FY 2034
Cost – Section 135.1610 Urban Tax Credits - p.18-19	$0	$0	$0	Up to ($200,000)
Cost – Section 135.1610 Urban Tax Credits – savings from recapture p.18-19	$0	$0	$0	Unknown
Cost – Section 137.1018 - Rolling Stock Tax Credits - p.19-21	$0	$0	$0	Up to ($200,000)
Cost – Section 348.493.2 – Special Crop Lenders Tax Credit - p. 31	$0	$0	$0	Up to ($300,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	**$0**	**($500,000)**	**(Less than $2,000,000)**	**(Less than $61,200,000)**
MISSOURI AGRICULTURAL AND SMALL BUSINESS DEVELOPMENT AUTHORITY ACCOUNT				
Revenue Gain – 1% Application review fee -	$0	$0	$0	($60,000)
Cost – MDA FTE – to maintain and comply with the program	$0	$0	$0	(Unknown)

FISCAL IMPACT – State Government	FY 2026	FY 2027	FY 2028	Fully Implemented FY 2034
ESTIMATED NET EFFECT ON THE MISSOURI AGRICULTURAL AND SMALL BUSINESS DEVELOPMENT AUTHORITY ACCOUNT	**$0**	**$0**	**$0**	**$0****
UNIVERSITY FUNDS				
Costs - legal costs - §163.048 p. 21-22	$0	$0	$0 or (Unknown)	$0 or (Unknown)
Loss - funding withheld for violating section §163.048	$0	$0	$0 or (Unknown)	$0 or (Unknown)
ESTIMATED NET EFFECT ON UNIVERSITY FUNDS	**$0**	**$0**	**$0 or (Unknown)**	**$0 or (Unknown)**
AMBULANCE SERVICE REIMBURSEMENT ALLOWANCE FUND (Provider tax) (0958)				
Income - DSS (§190.839) Assessment on ambulance organizations p.25-27	$0	$0	$0	$7,980,000

<u>FISCAL IMPACT – State Government</u>	FY 2026	FY 2027	FY 2028	Fully Implemented FY 2034
ESTIMATED NET EFFECT ON THE AMBULANCE SERVICE REIMBURSEMENT ALLOWANCE FUND*	**<u>$0</u>**	**<u>$0</u>**	**<u>$0</u>**	**<u>$7,980,000</u>**
NURSING FACILITY FEDERAL REIMBURSEMENT ALLOWANCE FUND (Provider tax) (0196)				
<u>Income</u> - DSS (§198.439) Assessment on nursing facility organizations p.25-27	<u>$0</u>	<u>$0</u>	<u>$0</u>	<u>$168,200,000</u>
ESTIMATED NET EFFECT ON THE NURSING FACILITY FEDERAL REIMBURSEMENT ALLOWANCE FUND*	**<u>$0</u>**	**<u>$0</u>**	**<u>$0</u>**	**<u>$168,200,000</u>**
FEDERAL REIMBURSEMENT ALLOWANCE FUND (Hospital provider tax) (0142)				
<u>Income</u> - DSS p. 25-27 (§208.480)				

FISCAL IMPACT – State Government	FY 2026	FY 2027	FY 2028	Fully Implemented FY 2034
Assessment on hospital organizations	$0	$0	$0	$1,220,000,000
ESTIMATED NET EFFECT ON THE FEDERAL REIMBURSEMENT ALLOWANCE FUND*	**$0**	**$0**	**$0**	**$1,220,000,000**
CHEMICAL EMERGENCY PREPAREDNESS FUND (0587)				
Income – SEMA (§292.606) – renewal of annual fees p. 28	$834,508	$1,001,410	$1,001,410	$1,001,410
ESTIMATED NET EFFECT ON THE CHEMICAL EMERGENCY PREPAREDNESS FUND	**$834,508**	**$1,001,410**	**$1,001,410**	**$1,001,410**
PHARMACY REIMBURSEMENT ALLOWANCE FUND (Provider tax) (0144)				
Income - DSS (§338.550) Assessment on pharmacy organizations p. 25-27	$0	$0	$0	$46,500,000

FISCAL IMPACT – State Government	FY 2026	FY 2027	FY 2028	Fully Implemented FY 2034
ESTIMATED NET EFFECT ON THE PHARMACY REIMBURSEMENT ALLOWANCE FUND*	**$0**	**$0**	**$0**	**$46,500,000**
BASIC CIVIL LEGAL SERVICES FUND (0757)				
Revenue – OSCA – continuation of receipts received from court fee (§477.650) p. 32-34	$2,035,376	$4,070,753	$4,070,753	$4,070,753
Cost – OSCA – continuation of expenditures (§477.650) p. 32-34	($2,459,597)	($4,919,194)	($4,919,194)	($4,919,194)
ESTIMATED NET EFFECT ON THE BASIC CIVIL LEGAL SERVICES FUND	**($424,221)**	**($848,441)**	**($848,441)**	**($848,441)**
Estimated Net FTE Change for the Basic Civil Legal Services Fund	0 FTE	2 FTE	2 FTE	2 FTE
ICF/ID REIMBURSEMENT ALLOWANCE FUND (Provider tax) (0901)				

FISCAL IMPACT – State Government	FY 2026	FY 2027	FY 2028	Fully Implemented FY 2034
Income - DSS p. 25-27 (§633.401) Assessment on ICF/ID organizations	$0	$0	$0	$5,880,000
ESTIMATED NET EFFECT ON THE ICF/ID REIMBURSEMENT ALLOWANCE FUND*	**$0**	**$0**	**$0**	**$5,880,000**
FEDERAL FUNDS				
Income - DSS				
Assessment on ambulance organizations (§190.839)* p. 25-27	$0	$0	$0	$18,700,000
Assessment on nursing facility organizations (§198.439)* p.25-27	$0	$0	$0	$326,700,000
Assessment on hospital organizations (§208.480)* p.25-27	$0	$0	$0	$2,370,000,000
Assessment on pharmacy organizations (§338.550)* p.25-27	$0	$0	$0	$90,500,000
Assessment on ICF/ID organizations (§633.401)* p.25-27	$0	$0	$0	$4,500,000
Total Income – DSS*	$0	$0	$0	$2,810,400,000
Costs - DSS				
Medicaid program expenditures*	$0	$0	$0	($2,810,400,000)

FISCAL IMPACT – State Government	FY 2026	FY 2027	FY 2028	Fully Implemented FY 2034
ESTIMATED NET EFFECT ON FEDERAL FUNDS*	**$0**	**$0**	**$0**	**$0**

*Oversight notes the provisions of this proposal removes the expiration date of September 30, 2029.
**MASBDA Fund Nets to Zero under_sections 348.491 & 348.493

FISCAL IMPACT – Local Government	FY 2026	FY 2027	FY 2028	Fully Implemented FY 2034
LOCAL POLITICAL SUBDIVISIONS				
Savings – on Construction Management practices §§67.5050 & 67.5060 p. 4-5	$0 to Unknown	$0 to Unknown	$0 to Unknown	$0 to Unknown
Costs - School Districts & Charter Schools - legal costs §163.048 p. 21-22	$0	$0	$0 or (Unknown)	$0 or (Unknown)
Loss - School Districts & Charter Schools - funding withheld for violating section §163.048 p. 21-22	$0	$0	$0 or (Unknown)	$0 or (Unknown)
Costs - Community Colleges - legal costs §163.048 p. 21-22	$0	$0	$0 or (Unknown)	$0 or (Unknown)
Loss - Community Colleges - funding withheld for violating section §163.048 p.21-22	$0	$0	$0 or (Unknown)	$0 or (Unknown)

FISCAL IMPACT – Local Government	FY 2026	FY 2027	FY 2028	Fully Implemented FY 2034
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	**Unknown to (Unknown)**	**Unknown to (Unknown)**	**$0 or Unknown to (Unknown)**	**$0 or Unknown to (Unknown)**

FISCAL IMPACT – Small Business

There could be a direct fiscal impact to small businesses who utilize either of these construction management practices on projects as a result of this proposal.

Small health care businesses could be impacted by this proposal.

A direct fiscal impact to small businesses that are allowed to participate in the Works program would be expected as a result of this proposal.

FISCAL DESCRIPTION

This act modifies expiration dates of certain sections.

CONSTRUCTION BY POLITICAL SUBDIVISIONS (Sections 67.5050 and 67.5060)
This act repeals the September 1, 2026, expiration dates of the authority for political subdivisions to use the construction manager-at-risk and design-build methods for certain construction projects.

WOOD ENERGY PRODUCERS TAX CREDIT (Section 135.305)
This act repeals the June 30, 2028, sunset date of the Wood Energy Producers Tax Credit.

CHAMPION FOR CHILDREN TAX CREDIT (Section 135.341)
This act repeals the December 31, 2025, sunset date of the Champion for Children Tax Credit.

CONTRIBUTIONS TO DIAPER BANKS TAX CREDIT (Section 135.621)
This act repeals the December 31, 2024, sunset date of the tax credit for contributions to diaper banks.

MEAT PROCESSING FACILITIES TAX CREDIT (Section 135.686)
This act repeals the December 31, 2028, expiration date of the Meat Processing Facility Investment Tax Credit.

MOTION MEDIA PRODUCTION PROJECT TAX CREDIT (SHOW MO ACT) (Section 135.750)

This act repeals the December 31, 2029, sunset date of a tax credit for qualified motion media production projects, the "Show MO Act".

ENTERTAINMENT INDUSTRY JOBS ACT (Section 135.753)
This act repeals the December 31, 2030, sunset date of the "Entertainment Industry Jobs Act".

HIGHER ETHANOL FUEL TAX CREDIT (Section 135.772)
This act repeals the December 31, 2028, expiration date of a tax credit for the sale of higher ethanol blend fuels.

BIODIESEL RETAIL SALE TAX CREDIT (Section 135.775)
This act repeals the December 31, 2028, sunset date of a tax credit for the retail sale of biodiesel fuels.

BIODIESEL PRODUCTION TAX CREDIT (Section 135.778)
This act repeals the December 31, 2028, sunset date of a tax credit for the production of biodiesel fuels.

URBAN FARMS TAX CREDIT (Section 135.1610)
This act repeals the December 31, 2028, sunset date of a tax credit for the establishment or improvement of urban farms.

FINANCIAL INCENTIVES FOR RELOCATED JOBS (Section 135.1670)
This act repeals the August 28, 2021, and August 28, 2025, expiration dates of provisions relating to financial incentives for relocated jobs.

ROLLING STOCK TAX CREDIT (Section 137.1018)
This act repeals the August 28, 2028, sunset date of a tax credit for eligible expenses of a freight line's rolling stock.

PARTICIPATION IN ATHLETIC COMPETITIONS DESIGNATED FOR THE OPPOSITE SEX (Section 163.048)
This act repeals the August 28, 2027, expiration date of a prohibition against schools allowing students to compete in an athletic competition designated for the biological sex opposite that of the student.

RETIREMENT BENEFITS OF SUBSTITUTE TEACHERS (Section 168.036)
This act extends, from June 30, 2025, to June 30, 2030, the expiration date of a provision allowing retired teachers to be employed as a part-time or temporary substitute teacher without discontinuance of the person's retirement benefits.

MISSOURI SAVE ADOLESCENTS FROM EXPERIMENTATION (SAFE) ACT (Section 191.1720)

This act repeals the August 28, 2027, expiration date of the "Missouri Save Adolescents from Experimentation (SAFE) Act".

MEDICAID MANAGED CARE ORGANIZATION REIMBURSEMENT ALLOWANCE (Section 208.437)
This act repeals the September 30, 2029, expiration date of the Medicaid Managed Care Organization Reimbursement Allowance.
MISSOURI EMERGENCY RESPONSE COMMISSION (Section 292.606)
This act repeals the August 28, 2024, expiration date of the authority for collection of certain fees by the Missouri Emergency Response Commission.

PHARMACY FEDERAL REIMBURSEMENT ALLOWANCE (Section 338.550)
This act repeals the September 30, 2029, expiration date of the pharmacy federal reimbursement allowance.

SPECIALTY AGRICULTURAL CROPS (Sections 348.491 and 348.493)
This act repeals the December 31, 2028, sunset dates of the "Specialty Agricultural Crops Act" loan program for family farmers and tax credits for lenders.

ELECTRONIC MONITORING OF PERSONS FOUND GUILTY OF VIOLATING AN ORDER OF PROTECTION (Section 455.095)
This act repeals the August 28, 2024, expiration date of the authority for courts to order electronic monitoring for persons found guilty of violating an order of protection.

BASIC CIVIL LEGAL SERVICES FUND (Section 477.650)
This act repeals the December 31, 2025, expiration date of the "Basic Civil Legal Services Fund.

ALTERNATIVE INCENTIVES UNDER THE MISSOURI WORKS PROGRAM (Section 620.2010)
This act repeals the June 30, 2025, expiration date of certain alternative incentives under the Missouri Works Program.

INTERMEDIATE CARE FACILITY FOR THE INTELLECTUALLY DISABLED FEDERAL REIMBURSEMENT ALLOWANCE (Section 633.401)
This act repeals the expiration date of the Intermediate Care Facility for the Intellectually Disabled federal reimbursement allowance.

GROUND AMBULANCE SERVICE FEDERAL REIMBURSEMENT ALLOWANCE (Section 190.839)
This act repeals the September 30, 2029, expiration date of the ground ambulance service federal reimbursement allowance.

NURSING FACILITY FEDERAL REIMBURSEMENT ALLOWANCE (Section 198.439)

This act repeals the September 30, 2029, expiration date of the nursing facility federal reimbursement allowance.

HOSPITAL FEDERAL REIMBURSEMENT ALLOWANCE (Section 208.480)
This act repeals the September 30, 2029, sunset date of the hospital federal reimbursement allowance.

AGRICULTURAL PRODUCTION TAX CREDITS (Section 348.436)
This act repeals the December 31, 2028, expiration date of tax credits for contributions to the Missouri Agriculture and Small Business Development Authority and investments in new generation cooperatives for the purpose of development of agricultural business.

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 Health and Senior Services
Office of Administration
Department of Commerce and Insurance
Department of Economic Development
Department of Higher Education and Workforce Development
Department of Natural Resources
Department of Labor and Industrial Relations
Missouri Department of Conservation
Missouri Department of Transportation
Kansas City
Springfield
McDonald County
Metropolitan St. Louis Sewer District
Northwest Missouri State University
University of Central Missouri
Department of Mental Health
Department of Public Safety
    Missouri Veterans Commission
    Missouri Highway Patrol
    Fire Safety
    Office of the Director
    State Emergency Management Agency
Department of Social Services
Office of Administration - Division of Budget & Planning
Department of Elementary and Secondary Education

Attorney General's Office
Office of the Secretary of State
Joint Committee on Administrative Rules
University of Missouri System
Northwest Missouri State University
Marquand-Zion R-VI School District
Department of Revenue
Oversight
Public Education Employee Retirement System
Joint Committee on Public Employee Retirement
Missouri Department of Transportation
Office of the State Courts Administrator
Missouri Office of Prosecution Services
Missouri Consolidated Health Care Plan
Office of the Governor
Phelps County Sheriff's Office
Kansas City Police Department
St. Louis County Police Department
Fruitland Area Fire Protection District
Department of Corrections
Office of the State Public Defender
Office of Administration - Administrative Hearing Commission
Missouri Department of Agriculture

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February 18, 2025

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February 18, 2025