

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1327H.04C
Bill No.: HCS for SS for SB 67
Subject: Taxation and Revenue - General; Tax Credits; Taxation and Revenue - Income
Type: Original
Date: April 14, 2025

Bill Summary: This proposal modifies provisions relating to income tax.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

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

Numbers within parentheses: () indicate costs or losses.

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on FTE	0	0	0

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 32.115 - Affordable Housing Tax Credits

Officials from the **Office of Administration – Budget & Planning (B&P)** assume this provision will not impact TSR or the calculation under Article X, Section 18(e).

Officials from the **Department of Revenue (DOR)** assume the Affordable Housing tax credit program is a two-part credit with an \$11 million combined cap. The first part of the credit is for businesses that are making contributions to affordable housing. This part of the credit is limited to \$10 million of the cap. The second part of the credit is for businesses that make contributions to neighborhood organizations and this part of the credit is limited to \$1 million of the cap. This proposal allows the contributions to the neighborhood organizations to use any remaining cap space not used by the businesses making contributions to affordable housing. Therefore, the \$1 million cap can be increased if the \$10 million doesn't use all their allotment. Since this proposal just allows the sharing of a cap this would not have any additional fiscal impact on the state.

For informational purposes, the Department is providing the amount of the Affordable Housing Tax Credit that has been authorized, issued and redeemed over the last few years.

Year	Authorized	Issued	Total Redeemed
FY 2024	\$2,769,394.00	\$5,263,913.00	\$5,211,902.60
FY 2023	\$8,932,400.00	\$4,174,401.00	\$8,716,793.01
FY 2022	\$4,835,176.00	\$10,482,025.00	\$3,619,925.08
FY 2021	978,796.00	\$3,592,427.00	\$4,119,705.33
FY 2020	\$10,971,408.00	\$4,510,701.00	\$4,025,790.93
FY 2019	\$4,253,693.00	\$3,308,659.00	\$5,001,344.36
FY 2018	\$4,676,726.00	\$6,145,103.00	\$4,752,091.91
FY 2017	\$10,347,442.00	\$7,386,034.00	\$10,172,259.92
FY 2016	\$10,988,370.00	\$13,171,092.00	\$8,484,672.81
FY 2015	\$10,901,753.00	\$8,717,177.00	\$3,358,807.75

FY 2014	\$8,197,923.00	\$4,844,279.00	\$5,620,749.73
FY 2013	\$6,495,974.00	\$4,967,887.00	\$7,406,987.96
FY 2012	\$4,871,580.00	\$5,990,591.00	\$5,629,465.92

This proposal will not have a fiscal impact on the Department.

Officials from the BAP and the DOR assume the provision will have no additional fiscal impact to the state. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this provision

Section 143.121 MAGI Subtractions for Farmers

Officials from the **Office of Administration – Budget & Planning (B&P)** assume B&P's estimated cost for HB 202 / SB 138 was based on the definition of beginning farmer. B&P was unable then (and now) to separate sales by owner type. Therefore, the estimated costs reflected in the TAFP fiscal notes included all potential owners. This provision will not impact TSR or the calculation under Article X, Section 18(e) beyond what was already estimated during the 2023 session.

Officials from the **Department of Revenue (DOR)** assumed the language in this bill is clarifying language and will not have any additional impact.

Oversight notes that this proposed Amendment will not change the overall impact, calculated in FY 2023, to the state revenues but only clarifies the definition of the taxpayer. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this section.

§§ 143.511 Individual Income Tax Filing Deadlines

Officials from the **Department of Revenue (DOR)** assume this proposal would allow the filing deadline for the individual income tax returns to move when the federal government moves the deadline. Currently, Missouri tax returns are due on April 15th each year unless moved by the Governor Office. Sometimes, the federal filing deadline is moved to another day. DOR assumes no administrative impact from this change.

Officials from the **Office of Administration – Budget & Planning (B&P)** assume this provision would allow the annual income tax due date to change from April 15th to the date required for federal income tax returns. B&P notes that there are many years where the federal annual due date falls after April 15th. B&P further notes that DOR already matches the Missouri income tax due date with the federal due date. Therefore, this provision will not impact state revenues.

Oversight notes that DOR and B&P both assume the proposal will have no fiscal impact on their respective organization or overall state revenues. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this Section.

§ 143.512 – Tax Credit Balance Due Penalty

Officials from the **Office of Administration – Budget & Planning (B&P)** assumed this proposal would waive any addition to tax, interest, and penalties on taxes due because of tax credits being apportioned, if the resulting tax due is paid within 60 days. B&P notes that this would only apply to tax credits that are apportioned among taxpayers, in the event that redemptions are greater than the amount allowed per statute or appropriation.

B&P notes that currently taxpayers are encouraged remit their full tax liability, calculated before a tax credit, in the event that their tax credit claim is denied. However, for those taxpayers that do not remit the full amount and end up with a tax due notice, interest and penalties are currently levied on the overdue amount.

Based on information provided by DOR, this provision could reduce TSR by an unknown, likely minimal, amount.

Officials from the **Department of Revenue (DOR)** assume This proposal would allow a taxpayer who attempts to claim a tax credit, that is denied from a lack of available funds, and that denial causes a balance due notice to be generated by DOR, to pay their balance due without paying a penalty or interest for sixty days. If the balance due is not paid within sixty days the penalty and interest would still be owed.

DOR notes that tax credits can be denied for various reasons. Many of the state tax credit programs have caps that are first come first serve and taxpayers can be denied if their claim is filed later than others.

DOR has two tax credits that have caps and are apportioned credits. These credits allow people to apply and then the amount of the credit is adjusted downward should the number of credits claimed exceed the cap. Those two credits are the Champion for Children and Food Pantry tax credit programs.

DOR notes the Champion for Children tax credit program already grants DOR the authority to notify taxpayers of the apportionment of their credit and to adjust the credit downward. Additionally, the program also allows DOR to give those taxpayers a sixty-day grace period to make an additional payment should their account require it. This proposal would not impact the Champion for Children program.

DOR notes that the Food Pantry program does not allow for such a grace period. At this time, DOR would notify the taxpayer of the adjustment and then is required to assess penalties and

interest. It appears this proposal attempts to allow DOR to give them a grace period. DOR assumes this would have minimal impact of less than \$10,000 annually.

Oversight notes that officials from the DOR and B&P both assume this Section would have a minimal impact on the general revenue, if any.

Oversight is unsure of how many taxpayers previously receive notice of apportionment thus additional tax due. However, based on responses from DOR and B&P, Oversight will assume that the total amount of interest and penalties owed, less than \$10,000, is not material. Therefore, Oversight will not show an impact in the fiscal note.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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


FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

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

Office of Administration – Budget & Planning
Department of Revenue



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April 14, 2025