

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3836S.02I
Bill No.: SB 1209
Subject: Tax Credits; Taxation and Revenue - Income
Type: Original
Date: January 16, 2026

Bill Summary: This proposal authorizes a tax credit for certain newspaper printing plants.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	Up to (\$7,278,962)	Up to (\$7,293,108)	Up to (\$7,297,989)
Total Estimated Net Effect on General Revenue	Up to (\$7,278,962)	Up to (\$7,293,108)	Up to (\$7,297,989)

*Oversight notes the above fiscal impact represents the maximum allotted cap of \$7,000,000 million and up to three (3) FTE for the Department of Revenue.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
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 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	3 FTE	3 FTE	3 FTE
Total Estimated Net Effect on FTE	3 FTE	3 FTE	3 FTE

☒ 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 2027	FY 2028	FY 2029
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§135.2000 – Tax Credit for Certain Newspaper Printing Plants

Officials from **Office of Administration – Budget & Planning (B&P)** assume beginning with tax year 2026, this proposal would grant a tax credit to newspaper printing plants, headquartered in Missouri, for 50% of their labor costs. To qualify the printing plants must receive most of their revenue from printed newspapers.

These tax credits are refundable and may be transferred, sold, or otherwise assigned. A maximum of \$7,000,000 in tax credits may be authorized each tax year. This program would sunset August 28, 2032.

B&P notes that this proposal would apply to all labor costs in tax year 2026; however, the tax credit would not be effective until August 28, 2026. It is unclear whether labor costs occurring before August 28, 2026, would qualify.

B&P estimates that this proposal could reduce TSR and GR by up to \$7,000,000 annually beginning FY27 (for tax year 2026 returns).

Officials from the **Department of Revenue (DOR)** assume starting January 1, 2027, this would allow a qualifying newspaper printing plant a tax credit equal to 50% of the labor costs incurred in a qualifying tax year. This is a refundable tax credit. The credits can also be transferred, sold or assigned. This proposal establishes a \$7 million annual cap on the credit.

DOR notes this will be a loss to the general revenue and total state revenue of up to \$7,000,000 annually. This loss will start in FY 2028, when the credits can first be claimed on the tax return.

Fiscal Year	Loss in Revenue
FY 27	\$0
FY 28	(\$7,000,000)
FY 29+	(\$7,000,000)

This proposal states that the Department of Revenue is to administer the credit. It states that qualifying taxpayers will apply to DOR and DOR is given rulemaking authority to administer the credit. DOR notes that this proposal does not address what happens should the number of qualifying applications exceed the total cap amount allowed to be distributed.

This proposal requires that the taxpayer claiming the credit file an application with their tax return verifying the donation amount. Therefore, the Department would need to verify that the taxpayer met the requirements of this proposal. Additionally, it requires DOR to hand out the credits. Verification and certification processes are usually handled by other agencies and would

be best done by the Department of Labor and Industrial Relations who work with businesses and their payroll daily. Once another agency verifies a person's qualifications, they are given a receipt that is attached to the tax return for DOR to process. Requiring DOR to do the verification and certification is outside our normal administrative scope. DOR assumes in order to do this verification the Department will need 1 Auditor (\$83,529 salary with years of service pay included) and 1 Associate Customer Service Representatives (\$42,953) salary with years of service pay included) to do the necessary verifications. Note, without additional staff, DOR will not be able to administer this program.

This proposal creates a new tax credit that would require updates to the Department website, a new line being added to the form MO-TC (\$2,200), and changes to the DOR individual income tax computer system (\$1,887). These changes are estimated to cost \$4,087. DOR's existing tax credit redemption staff is no longer able to take on any additional tax credits without additional resources especially the handling of refundable credits. Due to the intensive knowledge of credits that is needed DOR is not able to use temporary staff to help with processing these returns. This proposal would require at least 1 FTE Associate Customer Service Rep at a salary of \$42,953 (salary with years of service pay included) to handle the redemptions.

Oversight notes DOR assumes the need for (1) Associate Customer Service Representatives (\$42,953) and (1) Auditor (\$83,529) to do the verification of the tax credit and (1) additional Associate Customer Service Representatives (\$42,953) for processing the returns. Oversight does not have any information to the contrary. Therefore, Oversight will reflect the DOR estimated expense for FTE.

Additionally, the DOR requests a one-time cost of \$4,087 for website income-tax changes and updates to comply with the proposed language; however, Oversight notes that DOR receives appropriation for routine website updates and will not show those costs in the fiscal note.

The Oversight Division is responsible for providing a Sunset Report pursuant to Section 23.253 RSMo; however, Oversight can absorb the cost with the current budget authority.

Oversight will show the loss of revenue beginning in FY 2027 based on the response from B&P.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

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.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Cost – (\$135.2000) Tax Credit for certain newspaper plants p.3-4</u>	Up to (\$7,000,000)	Up to (\$7,000,000)	Up to (\$7,000,000)
<u>Cost – DOR (\$135.2000) p.4</u>			
Personnel Service	(\$141,196)	(\$172,824)	(\$176,280)
Fringe Benefits	(\$97,629)	(\$118,518)	(\$119,908)
Expense & Equipment	(\$40,137)	(\$1,766)	(\$1,801)
<u>Total Costs – DOR</u>	<u>(\$77,183)</u>	<u>(\$78,358)</u>	<u>(\$79,598)</u>
FTE Change - DOR	3 FTE	3 FTE	3 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	Up to <u>(\$7,278,962)</u>	Up to <u>(\$7,293,108)</u>	Up to <u>(\$7,297,989)</u>
Estimated Net FTE Change on General Revenue	3 FTE	3 FTE	3 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

A direct fiscal impact to small businesses who are allowed to participate in the tax credit would be expected as a result of this proposal.

FISCAL DESCRIPTION

For all tax years beginning on or after January 1, 2026, this act authorizes qualifying newspaper printing plants, as defined in the act, to claim a tax credit in an amount equal to fifty percent of the total compensation paid to pressroom and mailroom staff.

Tax credits authorized by the act shall be refundable and may be transferred, sold, or assigned. The total amount of tax credits that may be authorized in a tax year shall not exceed \$7 million.

This act shall sunset on August 28, 2032, unless reauthorized by the General Assembly.

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

SOURCES OF INFORMATION

Department of Revenue
Office of Administration
 Budget & Planning
Joint Committee on Administrative Rules
Oversight Division
Office of the Secretary of State



Julie Morff
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Jessica Harris
Assistant Director
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