

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3845S.01I
Bill No.: SB 936
Subject: Taxation and Revenue - Income
Type: Original
Date: January 15, 2026

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

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	Could exceed (\$32,122)	Could exceed (\$32,122)	Could exceed (\$32,122)
Total Estimated Net Effect on General Revenue	Could exceed (\$32,122)	Could exceed (\$32,122)	Could exceed (\$32,122)

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

FISCAL ANALYSIS

ASSUMPTION

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

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

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

Tax Year	Returns Filed	Deduction Claimed
2021	233	\$137,799
2022	264	\$664,155
2023	221	\$690,168
2024	223	\$683,438

This proposal would become effective on August 28, 2026, if adopted. The long-term dignity act sunset as of December 31, 2024. This proposal, therefore, will be restarting the program and provide a revised sunset date of December 31, 2031. DOR notes the language in existing statute (143.1160.6(2)) only allows the program to be extended an additional four years if reauthorized.

DOR notes the restarting of this program will result in additional impact to general revenue starting in FY 2026 the first years the returns can be filed claiming the deduction. DOR notes that deductions do not reduce revenue dollar for dollar but in proportion to the top rate of tax. This deduction would result in a loss of \$32,122 annually based on the 4.7% tax rate in tax year 2025.

Fiscal Year	Loss to General Revenue
FY 2026	(\$32,122)
FY 2027+	(\$32,122)

DOR will show the loss of \$32,122 as the projected FY 2025 amount. Additionally, this will result in DOR needing to update the department's computer programming at a cost of \$1,887.

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

Officials from **Office of Administration - Budget and Planning** state this proposal extends and existing program. Therefore, this proposal does not impact total state revenues (TSR). The calculation under Article X, Section 18(e).

Oversight notes, according to the Cost of Care Survey 2024 on the CareScout website conducted by Genworth Financial, the median annual long-term care costs in Missouri in 2024 were as follows:

In-Home Care

Homemaker Services \$75,504
Home Health Aide \$77,792

Community and Assisted Living

Assisted Living Community \$70,800

Nursing Home Facility

Semi-Private Room \$111,325
Private Room \$127,750

Oversight notes the average nursing home costs for Missouri estimated in 2026 in the table below based on information from the Medicaid Planning Assistance website provided by the American Council on Aging:

Region	Private Room Daily Cost	Private Room Annual Cost	Shared Room Daily Cost	Shared Room Annual Cost
Statewide Average	\$252	\$91,951	\$224	\$81,778
Cape Girardeau	\$334	\$121,884	\$252	\$91,951
Columbia	\$272	\$99,190	\$209	\$76,300
Jefferson City	\$248	\$90,386	\$214	\$78,256
Joplin	\$239	\$87,060	\$214	\$78,256
Kansas City	\$319	\$116,406	\$279	\$101,733
Springfield	\$298	\$108,776	\$227	\$82,951
St Joseph	\$247	\$89,994	\$225	\$82,169
St Louis	\$295	\$107,602	\$266	\$97,037

Oversight will show the loss of revenue as estimated by DOR. Since this is a relatively new program and the future impacts could be higher as knowledge of this program spreads, Oversight will show the impact as could exceed the figures estimated by DOR. Oversight does not anticipate that the impact will reach the \$250,000 threshold.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
<u>Revenue Loss – DOR (§143.1160)</u> Extension of the Long-Term Dignity Act p.3	Could exceed (\$32,122)	Could exceed (\$32,122)	Could exceed (\$32,122)
ESTIMATED NET EFFECT ON GENERAL REVENUE	Could exceed (\$32,122)	Could exceed (\$32,122)	Could exceed (\$32,122)

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

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

Current law authorizes an income tax deduction for one hundred percent of a participating taxpayer's contributions to a long-term dignity savings account, with such deduction scheduled to sunset on December 31, 2024. This act extends the sunset on the deduction until December 31, 2031.

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

SOURCES OF INFORMATION

Department of Revenue
Office of Administration - Budget and Planning



Julie Morff
Director
January 15, 2026



Jessica Harris
Assistant Director
January 15, 2026