

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4348S.01I
Bill No.: SB 873
Subject: Tax Credits
Type: Original
Date: January 12, 2026

Bill Summary: This proposal authorizes a tax credit for providing housing to victims of domestic violence.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	\$0	Could exceed (\$341,256)	Could exceed (\$329,598)
Total Estimated Net Effect on General Revenue	\$0	Could exceed (\$341,256)	Could exceed (\$329,598)

*Oversight will reflect a cost for new subsection 135.550.9 & 10 allowing for two new tax credits with no maximum annual cap. Additionally, the fiscal note reflects DOR's cost for 1 FTE.

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	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 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

§135.550 - Tax Credit for Providing Housing to Victims of Domestic Violence

Officials from the **Office of Administration – Budget & Planning (B&P)** assume this proposal creates tax credits for developing or renting housing for victims of domestic violence beginning tax year 2027. This proposal would allow for a \$1,000 tax credit for a taxpayer who converts an abandoned property into an operational shelter, and a \$500 credit for a taxpayer who has rented residential real estate to a victim of domestic violence. This credit is not refundable, sellable, transferable, but can be carried forward for one year. B&P is unable to estimate the number of shelters or leasing agreements that would meet the criteria of these credits. Therefore, this proposal could lower general and total state revenues by an unknown amount beginning in FY 2028.

This proposal may have an unknown, negative, impact on TSR. This proposal may impact the calculation under Article X, Section 18(e).

Officials from the **Department of Revenue (DOR)** assume the Domestic Violence Tax Credit program began in 1997 and currently allows a taxpayer to claim a tax credit against the taxpayer's state tax liability, in an amount equal to seventy percent (70%) of the amount such taxpayer contributed to a shelter for victims of domestic violence. No taxpayer is allowed to claim more than \$50,000 and must make a minimum donation of \$100. As of July 1, 2022, there is no cap on the program.

For informational purposes, DOR is providing the amount of credits issued and redeemed over the last several years.

Year	Authorized	Issued
FY 2025	\$5,771,929	\$2,977,743
FY 2024	\$5,068,067	\$3,630,951
FY 2023	\$5,349,748	\$2,723,763
FY 2022	\$1,995,010	\$1,657,130
FY 2021	\$1,814,930	\$1,788,141
FY 2020	\$1,858,165	\$1,434,287
FY 2019	\$752,801	\$883,099
FY 2018	\$1,881,995	\$1,510,572
FY 2017	\$1,611,058	\$1,476,638
FY 2016	\$1,892,974	\$1,244,890
FY 2015	\$1,426,180	\$901,374
FY 2014	\$1,256,761	\$1,079,795
FY 2013	\$1,075,862	\$851,517
FY 2012	\$1,088,440	\$988,996

This proposal appears to make no changes to the original shelters for victims of domestic violence tax credit. However, this proposal appears to add two additional domestic violence tax credits under this section of statute.

The first new credit allows a taxpayer to claim \$1,000 credit if they convert abandoned property into an operational shelter for victims of domestic violence. This new credit does not have an annual cap. The Department assumes it could exceed \$250,000 annually.

The second new credit allows a taxpayer a \$500 credit if the taxpayer has rented residential real estate to a victim of domestic violence. This new credit does not have an annual cap. The Department assumes it could exceed \$250,000 annually.

These two new tax credits begin on January 1, 2027, and therefore, the first returns with these credits will be claimed starting January 1, 2028 (FY 2028).

Fiscal Year	Loss to General Revenue
2027	0
2028	(Could exceed \$250,000)
2029+	(Could exceed \$250,000)

This proposal creates two new tax credits that would require two new lines being added to the Form MO-TC (\$2,200 each), updates to their website and changes to the individual income tax computer system (\$1,887 * 2). These changes are estimated to cost \$8,174. DOR's existing tax credit staff is no longer able to take on any additional tax credits without additional resources. 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 (including the years of service pay).

Oversight notes the DOR assumes the need for one-time cost for necessary form and computer changes at \$8,176. Oversight assumes the Department of Revenue (DOR) is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the administrative costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding for the ITSD changes through the appropriation process.

Oversight notes the DOR assumes the need for 1 FTE Associate Customer Service Representative at \$42,953 annually, effective FY 2028. Oversight does not have any information to the contrary. Therefore, Oversight will reflect the estimated impact for the FTE by DOR in the fiscal note.

Oversight will show an unknown utilization of the new tax credits beginning in FY 2028. Oversight assumes the impact could exceed the \$250,000 threshold.

Officials from the **Department of Social Services** and **Oversight Division** 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 for these agencies.

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>Revenue Loss</u> (§135.550.9-10) Conversion of abandoned structure and rental of real-estate tax credits p.3	\$0	Could exceed (\$250,000)	Could exceed (\$250,000)
<u>Cost</u> (§135.550.9-10) p.5			
Personnel Service	\$0	(\$43,812)	(\$44,688)
Fringe Benefits	\$0	(\$33,957)	(\$34,310)
Expense & Equipment	\$0	(\$13,487)	(\$600)
<u>Total Costs – DOR 1 FTE</u>	\$0	(\$91,256)	(\$79,598)
FTE Change	0 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	Could exceed <u>(\$341,256)</u>	Could exceed <u>(\$329,598)</u>
Estimated Net FTE Change on General Revenue	0 FTE	1 FTE	1 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 would be expected as a result of this proposal.

FISCAL DESCRIPTION

Current law allows a taxpayer to claim a tax credit for contributions made to shelters for victims of domestic violence or to rape crisis centers. For all tax years beginning on or after January 1, 2027, this act modifies such tax credit to also allow a taxpayer to claim a \$1,000 tax credit if the taxpayer has converted abandoned property into an operational shelter for victims of domestic violence, and a \$500 tax credit if the taxpayer has rented residential real estate to a victim of domestic violence.

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

Department of Social Services

Joint Committee on Administrative Rules

Office of the Secretary of State

Oversight Division



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Jessica Harris

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