

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5426S.01I
 Bill No.: SB 1082
 Subject: Tax Credits; Taxation and Revenue - Income
 Type: Original
 Date: March 6, 2026

Bill Summary: This proposal modifies provisions relating to a tax credit for donated food.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	Up to (\$1,830,957)	Up to (\$3,578,358)	Up to (\$3,579,598)
Total Estimated Net Effect on General Revenue	Up to (\$1,830,957)	Up to (\$3,578,358)	Up to (\$3,579,598)

*Oversight reflects the increase in the program cap beginning in TY 2026 (FY 2027) from \$1.75 million to \$3.5 million and the extension of the sunset date beginning in FY 2028. Costs include one FTE for DOR.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on Other 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

§135.647 - Food Pantry Tax Credit

Officials from the **Office of Administration – Budget & Planning (B&P)** assume this proposal would expand the food pantry tax credit to include food banks, starting August 28, 2026. However, this proposal retroactively allows tax credits for donations made to food banks between January 1, 2026, and August 28, 2026.

This proposal also increases the tax credit value from 50% of donations to 70% of donations and increases the annual redemption limit from \$1.75 million to \$3.5 million. In addition, it clarifies that taxpayers may not receive both an income tax deduction, for charitable donations, and this tax credit for the same donation.

This proposal extends the sunset date to December 2032.

This proposal would waive additions to tax, interest, and penalties on tax liabilities resulting solely from a tax credit limit-denial, 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 if redemptions are greater than the amount allowed per statute or appropriation.

B&P notes that currently taxpayers are encouraged to remit their full tax liability, calculated before a tax credit, in case their tax credit claim is denied. However, based on additional information taxpayers are not actually able to remit a payment above the balance due amount shown on their original return until that amount has been amended by DOR. Therefore, taxpayers receiving apportioned credits end up with a tax due notice, with interest and penalties currently levied on the overdue amount.

Food pantry tax credit redemptions averaged \$1,732,588 from FY23-FY25. Increasing the donation value from 50% to 70% would have resulted in average redemptions of \$2,425,623 in FY23-FY25, an increase of \$693,035.

However, this proposal also raises the annual redemption limit by \$1.75 million (from \$1.75 million to \$3.5 million) starting with tax year 2026. Because this credit routinely hits its annual redemption limit, B&P estimates that the cost of this proposal could be the full \$1.75 million redemption limit increase rather than only the \$693,035 donation value increase. This proposal could begin effecting GR as early as FY27, when tax year 2026 returns are filed.

This proposal may reduce TSR and impact the calculation under Article X, Section 18(e).

Officials from the **Department of Revenue (DOR)** assume this proposal makes numerous changes to the food pantry tax credit program including increasing its cap, extending its sunset date and adding food banks to the credit.

Starting January 1, 2026, this proposal would increase the amount of tax credit a person would qualify for from 50% to 70% of a donation made to a food pantry, local soup kitchen or local homeless shelter.

This proposal also expands the tax credit for donations made to a food bank. Starting January 1, 2026, taxpayers would be eligible for a credit equal to 70% of their donation to a food bank.

The current food pantry tax credit program has an annual cap of \$1,750,000. This proposal ends that cap and creates a new cap for the food pantries and food banks of \$3,500,000. This change would result in a loss of additional revenue of \$1,750,000 annually starting in FY 2027, the first year the returns are filed redeeming the credit.

Fiscal Year	Loss to General Revenue
2027	(\$1,750,000)
2028	(\$1,750,000)
2029	(\$1,750,000)

DOR notes that the food pantry tax credit program is an apportioned credit and has been apportioned the last several years. This would also make the food bank credit apportioned.

Currently, with the apportionment of the credit some taxpayers end up with a balance due. When that happens, DOR notifies the taxpayer and penalties, and interest is owed. This proposal adds language that would allow DOR to not assess penalties and interest if the balance due deficiency is paid within 60 days of notification of the apportionment.

This proposal also extends the sunset on the tax credit another year to 2032.

For informational purposes, the Department notes the Food Pantry tax credit program was created in 2007 and it had a sunset. In 2013, the sunset was extended, and the cap was lowered to \$1,250,000. Then in 2014, the cap was increased to its current \$1,750,000. In 2018, the sunset was extended until 2026. Below is information on the redemptions of the credits over the last few years.

Year	Issued	Total Redeemed
FY 2024	\$1,697,778.00	\$1,697,778.00
FY 2024	\$1,749,996.00	\$1,749,996.00
FY 2023	\$1,749,990.00	\$1,749,990.00
FY 2022	\$1,749,992.00	\$1,749,992.00
FY 2021	\$1,749,992.00	\$1,749,992.00
FY 2020	\$1,131,882.00	\$1,131,882.00
FY 2019	\$1,380,894.00	\$1,380,894.00
FY 2018	\$1,679,924.00	\$1,679,924.00
FY 2017	\$1,584,566.00	\$1,584,566.00
FY 2016	\$1,155,480.00	\$1,155,480.00
FY 2015	\$1,118,866.00	\$1,118,866.00
FY 2014	\$840,234.00	\$840,234.00
FY 2013	\$72,822.00	\$72,822.00
FY 2012	\$796,156.10	\$796,156.10

The food pantry program is an existing tax credit and therefore DOR already has the forms and procedures in place to handle the changes to the credit. DOR will just need to update the computer programming for the new cap, percent of credit change and sunset extension which is estimated at \$1,887.

The addition of food banks to the food pantry tax credit program will require updates to the Department website and changes to the individual income tax computer system at \$1,887. 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 does not have any information to the contrary. Therefore, Oversight will reflect the cost for the DOR FTE in the fiscal note.

Oversight notes that currently the taxpayer utilizes the tax credit at its maximum cap of \$1.75 million in last 5 years.

Oversight will show the difference between current and the proposed maximum cap estimated at \$1,750,000 (\$3,500,000 – 1,750,000 million) beginning in FY 2027.

Additionally, this legislation extends the sunset date beginning TY 2027 (FY 2028): therefore, **Oversight** will reflect up to full utilization of the cap in FY 2028 in the fiscal note.

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

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 – (\$135.463) Increase in cap and extension of the sunset date p.3-4</u>	Up to (\$1,750,000)	Up to (\$3,500,000)	Up to (\$3,500,000)
<u>Cost – DOR (\$135.463) p.4</u>			
Personnel Service	(\$35,794)	(\$43,812)	(\$44,688)
Fringe Benefits	(\$28,010)	(\$33,957)	(\$34,310)
Expense & Equipment	(\$17,153)	(\$589)	(\$600)
<u>Total Costs – DOR</u>	<u>(\$80,957)</u>	<u>(\$78,358)</u>	<u>(\$79,598)</u>
FTE Change - DOR	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	Up to (\$1,830,957)	Up to (\$3,578,358)	Up to (\$3,579,598)
Estimated Net FTE Change on General Revenue	1 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 on small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Current law authorizes a tax credit for donations of cash or food to local food pantries, local soup kitchens, and local homeless shelters in an amount equal to fifty percent of the value of the donation. For all tax years beginning on or after January 1, 2026, this act also authorizes a tax credit for donations of cash or food to local food banks, as defined in the act, and increases the tax credit amount to seventy percent of the value of the donation.

Additionally, the total amount of tax credits that may be authorized in a fiscal year shall not exceed \$1.75 million. This act increases such amount to \$3.5 million.

Finally, the act extends the sunset date from December 31, 2026, to December 31, 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
Office of the Secretary of State
Oversight Division
Joint Committee on Administrative Rules



Julie Morff
Director
March 6, 2026



Jessica Harris
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March 6, 2026