

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2744-01
BILL NO.: SB 694
SUBJECT: Agriculture and Animals; Taxation and Revenue-General-Income
TYPE: Original
DATE: January 18, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>All</u> State Funds	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Agriculture** assume this proposal would not fiscally impact their agencies.

Department of Revenue (DOR) officials state the number of taxpayers eligible for this deduction is unknown at this time. The Division of Taxation and Collection would need one (1) temporary tax season employee (\$6,067) for every 260,000 returns filed with this deduction and one (1) Tax Processing Technician I would be needed for every 30,000 income tax errors generated from this proposal.

DOR states the proposal would require modifications to the income tax system. The Division of Taxation and Collections estimates these modifications, including programming changes, would require 1,384 hours of overtime at a cost of \$41,617. Modifications to the income tax returns and schedules would be completed with existing resources. State Data Center charges would increase due to the additional storage and fields to be captured. Funding in the amount of \$9,007 would be requested for implementation costs and \$1,867 for on-going costs.

Officials from the **Office of Administration (COA)** state they have not been able to find any empirical basis to estimate the fiscal impact of this proposal.

Oversight assumes there would be an unknown impact on the General Revenue Fund for the income tax deduction for contributions of qualified commodities to charitable organizations.

This proposal would result in a decrease in Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
GENERAL REVENUE FUND			
<u>Loss - General Revenue Fund</u>			
Deduction of Commodities Contributions	(Unknown)	(Unknown)	(Unknown)
<u>Cost - Department of Revenue</u>			
Reprogramming costs	(Unknown)	(Unknown)	(Unknown)

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

Small businesses would be expected to be fiscally impacted to the extent that any qualified commodity contributions that small businesses would make to a 501 (c)(3) organization would be allowed a tax credit against any state tax liability.

DESCRIPTION

This act authorizes a state income tax deduction for taxpayers who contribute commodities, to section 503(c)(3) (charitable) organizations. The deduction will be equal to the parity price of the commodities, up to a total of \$10,000 per taxpayer per taxable year.

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
Department of Agriculture
Office of Administration



Jeanne Jarrett, CPA
Director
January 18, 2000