

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3938-01
BILL NO.: SB 847
SUBJECT: Taxation and Revenue-Income-Property
TYPE: Original
DATE: February 7, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$24,595)	(\$264,700,000)	(\$270,000,000)
Total Estimated Net Effect on <u>All</u> State Funds	(\$24,595)	(\$264,700,000)	(\$270,000,000)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
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 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **State Tax Commission (TAX)** state this proposal would not fiscally impact their agency.

Official of the **Department of Revenue (DOR)** state this legislation allows a tax credit up to \$200 for taxes paid on residential property owned by the taxpayer. This legislation is effective January 1, 2001, and the tax credit cannot exceed the taxpayer's liability.

The number of taxpayers eligible for this credit is unknown at this time. The Division of Taxation will need one temporary tax season employee (a cost of \$6,067) for every 15,000 returns filed with this credit and one tax season employee for every 3,000 pieces of correspondence received regarding the credit.

This legislation will require modifications to the corporate and individual income tax systems. The Division of Taxation estimates these modifications, including programming changes, will require 1,038 hours of overtime at a cost of \$31,213. Modifications to the income tax returns and schedules will be completed with existing resources. State Data Center charges will increase due to the additional storage and fields to be captured. Funding in the amount of \$6,755 is requested for implementation costs and \$1,624 for on-going costs.

Oversight, for purposes of this fiscal note, has assumed the Division of Taxation could handle the provisions of this proposal utilizing 519 hours of overtime at a cost of \$15,606, plus fringe benefits of \$4,799. In addition to the programming changes, Oversight has allowed \$4,190 in funding for State Data Center changes.

Officials of the **Office of Administration (COA)** state that there are approximately 1,052,084 combined filers and 1,117,388 single resident filers in Missouri. According to the 1990 Missouri Census of Housing 61% of Missourians live in owner occupied housing. COA staff estimate assumes that 61% of filers will take the property tax credit. The average residential property tax in Missouri is \$720. An annual 2% growth rate was assumed.

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

<u>FISCAL IMPACT - State Government</u>	FY 2001 (6 Mo.)	FY 2002	FY 2003
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<u>FISCAL IMPACT - State Government</u>	FY 2001 (6 Mo.)	FY 2002	FY 2003
GENERAL REVENUE FUND			
<u>Loss to General Revenue Fund</u>			
Tax credit for Property Taxes Paid	\$0	(\$264,700,000)	(\$270,000,000)
<u>Costs - Department of Revenue</u>			
Reprogramming costs	(\$24,595)	\$0	\$0
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$24,595)</u>	<u>(\$264,700,000)</u>	<u>(\$270,000,000)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (6 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

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

DESCRIPTION

This act allows individual income taxpayers to claim a credit against their state income tax liability of up to \$200 of their property tax liability. This credit can be taken for the 2001 tax year and thereafter.

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

RB:LR:OD:005 (9-94)

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State Tax Commission
Department of Revenue
Office of Administration

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is written in a cursive style with some loops and flourishes.

Jeanne Jarrett, CPA
Director
February 7, 2000