COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3203-01
Bill No.: SB 677
Subject: Abortion; Taxation and Revenue - Income, Social Services Dept.; Health Care
Type: Originals
Date: January 8, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
All State Funds	($84,300)	($48,861 to $2,048,861)	($50,484 to $2,050,484)
Total Estimated Net Effect on All State Funds	**($84,300)**	**($49,251 to $2,049,251)**	**($50,484 to $2,050,484)**

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	**$0**	**$0**	**$0 TO ($1,000,000)**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 6 pages.

FISCAL ANALYSIS

ASSUMPTION

Department of Revenue (**DOR**) officials state this legislation authorizes a tax credit equal to 50% of a taxpayer's contribution to an unplanned pregnancy resource center, not to exceed $50,000 per taxable year. The tax credit is non-refundable, but can be carried over to the next four succeeding years. In order to receive the credit, the taxpayer's contributions must have a value of $100 or more.

DOR stated the Director of the Department of Social Services will determine annually which facilities in this state qualify as an unplanned pregnancy resource center. Each unplanned pregnancy resource center is to provide Social Services with the identity of each taxpayer making a contribution and the amount of the contribution. Social Services will provide that information to DOR. The credit shall apply to all tax years beginning on or after January 1, 2003.

The number of taxpayers who will contribute and become eligible for this credit is unknown at this time. The Division of Taxation, Personal Tax Bureau will need one Tax Processing Technician I for every 10,000 new credits claimed per year (processing) and one Tax Season Temporary for every 75,000 credits claimed per year (key entry). Also, one Tax Processing Technician I will be needed for six months for every 30,000 additional individual income tax errors generated from this legislation and one Tax Processing Tech I for every 3,000 pieces of correspondence generated from this legislation. The Business Tax Bureau will need one Tax Processing Tech I for every 3,680 credit claims received on corporate tax.

This legislation will require modifications to the individual income tax systems. The Division of Taxation estimates these modifications, including programming changes, will require 1,384 hours of contract labor, at a cost of $46,170. Modifications to the income tax return 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 $9,007 is requested for implementation costs.

In a response to similar prior legislation, officials from the **Office of Administration, Division of Budget and Planning (BAP)** assumed this tax credit is capped at $2 million annually. There is no empirical basis to estimate the fiscal impact of this proposal. Therefore, BAP estimated the impact to be between $0 and $2 million annually.

Officials of the **Department of Social Services, Division of Budget and Finance (DBF)** assumes the DOS director will have to verify eligibility and perform the allocation of the state tax credits for contributions to qualified, unplanned pregnancy resource centers. DBF staff would be responsible for determining which facilities meet the criteria of subsection 1 and DBF would also establish procedures and perform the task of "equitable allocating credits to qualified resource centers."

ASSUMPTION (continued)

The cumulative amount of tax credits allowable in any fiscal year is $2,000,000. DBF staff would do an initial allocation of the credits at the beginning of each fiscal year then reevaluate the apportionment of unused credits to ensure maximum use of the credits.

The number of staff required is a function of the number of participating facilities. From phone calls with MO Catholic Conference and the Missouri Right to Life staff, DBF believes there are at least 52 such organizations and possibly more that might meet the criteria of subsection 1. Assuming there are 60 eligible organizations, DBF could perform the requirements of the legislation with one new Accounting Analyst I.

The Accounting Analyst I would be responsible for reviewing documents provided by the facilities to determine if they meet the criteria of subsection 1. The analyst would establish procedures to equally allocate credits to eligible unplanned pregnancy resource centers in an equitable manner as required by section 6. To reapportion unused credits as required by section 7, the analyst would collect interim tax credit utilization information during the fiscal year and make the calculations necessary to reallocate unused credits. As required by section 8, the analyst would collect and compile annual tax credit information and prepare a report for the director to send to DOR. Existing staff would provide supervision of the Accounting Analyst and existing space will be used.

Officials from the **Office of the Secretary of State (SOS)** assume this bill establishes a tax credit for money given to unplanned pregnancy resource centers. This bill may lead to DOS promulgating rules to administer the tax credits. These rules will be published in both the *Missouri Register* and the *Code of State Regulations*. Based on experience with other divisions, the rules, regulations and forms issued by DOS could require as many as 10 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is $23. The estimated cost of a page in the *Code of State Regulations* is $27. The actual cost could be more or less than the estimated $615 for FY03. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriations process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

ASSUMPTION (continued)

Officials of the **Department of Insurance (INS)** state this proposal would grant tax credits against an insurer's premium tax payments (chapter 148 RSMo) for contributions to Unplanned Pregnancy Resource Centers. Maximum annual credit per taxpayer is $50,000 per year. Total credits are capped at $2 million annually with a four year carryforward.

Tax credits for this legislation would not begin until 2003 tax year which would be paid March 2004. Tax credits could potentially be taken by 1,600 insurance companies. Premium tax revenue is split 50/50 between GR and County Foreign Insurance Funds. County Foreign Insurance Funds are later distributed to school districts after they have been collected by the state. INS estimates loss of revenue to GR and County Foreign Insurance Fund will occur from this legislation with amount depending on the participation by insurance companies. Loss of revenue is estimated at a range of $0 to $2 million.

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

FISCAL IMPACT - State Government	FY 2003 (6 Mo.)	FY 2004	FY 2005
GENERAL REVENUE FUND			
Cost - Dept. of Revenue			
Reprogramming costs	($55,177)	$0	$0
Cost - Dept. of Social Services			
Personal Service (1 FTE)	($17,755)	($36,398)	($37,308)
Fringe Benefits	($6,054)	($12,412)	($12,722)
Expense and Equipment	($5,314)	($441)	($454)
Total costs to DOS	($29,123)	($49,251)	($50,484)
ALL STATE FUNDS			
Loss to All State Funds			
Tax credits for contributions made to Unplanned Pregnancy Resource Centers*	$0	$0 to ($2,000,000)	$0 to ($2,000,000)

FISCAL IMPACT - State Government	FY 2003 (6 Mo.)	FY 2004	FY 2005
ESTIMATED NET EFFECT ON ALL STATE FUNDS	**($84,300)**	**($49,251 to $2,049,251)**	**($50,484 to $2,050,484)**

***The tax credit in this proposal may be used by individuals and corporations, therefore the revenue impact of the tax credits on all state funds has been reflected as $0 to ($2,000,000).**

FISCAL IMPACT - Local Government	FY 2003 (6 Mo.)	FY 2004	FY 2005
SCHOOL DISTRICTS			
Loss - School Districts			
County Foreign Insurance Tax	$0	$0	$0 to ($1,000,000)
ESTIMATED NET EFFECT ON LOCAL SCHOOL DISTRICTS	**$0**	**$0**	**$0 to ($1,000,000)**

FISCAL IMPACT - Small Business

Certain small businesses may receive tax credits or benefit from the donations encouraged by the tax credits.

DESCRIPTION

This proposal would allow a tax credit for persons contributing to unplanned pregnancy resource centers. Section 135.630, RSMo, defines "unplanned pregnancy resource center" as one that provides predominantly free assistance in the event of an unplanned pregnancy but does not perform childbirths or abortions and is tax exempt. If a taxpayer would contribute at least $100, then he or she may take a tax credit of up to fifty percent of the amount contributed to a resource center. The credit may not exceed $50,000 in a year and any amount exceeding the taxpayer's state tax liability may be carried over for four years. Each year, the director of the Department of Social Services would determine which facilities are unplanned pregnancy resource centers and may request information in order to determine this status. The cumulative amount of tax credits claimed due to contributions may not exceed two million dollars in any fiscal year. The director would have the authority to reallocate tax credits among unplanned pregnancy resource centers, if necessary. Each resource center would provide to the Department of Revenue the identity of each taxpayer who has contributed to the center and the amount of the contribution.

DESCRIPTION (Continued)

This proposal would apply to all taxable years beginning after December 31, 2002.

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
    Division of Budget and Planning
Department of Social Services
    Division of Budget and Finance
Department of Insurance
Office of Secretary of State

Mickey Wilson, CPA
Acting Director

January 8, 2002