

COMMITTEE ON LEGISLATIVE RESEARCH
 OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4135-01
Bill No.: SB 982
Subject: Taxation and Revenue - Income; Disabilities; Housing
Type: Original
Date: February 18, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(\$55,177)	\$0 to (\$252,337)	\$0 to (\$252,337)
Total Estimated Net Effect on <u>All</u> State Funds	(\$55,177)	\$0 to (\$252,337)	\$0 to (\$252,337)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** state this legislation enacts a new credit for the Accessible Home Tax Program. The credit would be taken against Chapter 143 excluding withholding taxes at the time the taxpayer files a timely return. The credit is the amount equal to the lesser of 100% of such costs or \$2,500 and is refundable. The credit is also pro-rated according to the taxpayer's Federal adjusted gross income.

The Division of Taxation would have to modify the MINITS and PC systems to allow for the taxpayers to take the credit. DOR estimates that 1,384 hour of programming and testing will be needed at a cost of \$46,170. State Data Center costs would be \$9,007.

DOR assumes the number of taxpayers eligible for this tax credit is unknown at this time. Personal Tax will need One Tax Season Temporary to handle the additional key entry and pre-edit of the credit; One Tax Processing Tech I for every 30,000 additional errors created by this legislation; and One Tax Processing Tech I for every additional 3,000 pieces of correspondence created by this legislation.

Customer Assistance anticipates that there will be additional telephone calls to the income tax hotline regarding this credit and on adjusted notices of refunds that are denied because of documentation on the credit. One Tax Collection Tech I will be needed for every 24,000 additional calls received on telephone number 751-3505. One Tax Collection Tech will be needed for every 15,000 calls received on 751-7200 regarding billings due to this credit. This credit will increase walk-ins and phone calls. One Taxpayer Services Rep I will be needed for every 2,149 additional walk-ins.

Since **Oversight** assumes the number of taxpayers that would actually take advantage of this credit will be smaller than the work measures listed by DOR for additional staff, Oversight assumes any FTE needed could be requested in the normal budget process. The programming costs and State Data Center charges are reflected in the fiscal impact.

Officials from the **Office of Administration, Division of Budget and Planning (BAP)** did not respond to our fiscal note request. However, in a prior similar proposal BAP stated that they had not been able to find any empirical basis to estimate the fiscal impact of this proposal.

Officials from the **Department of Social Services (DOS)** assumes this proposal provides tax credits for disabled accommodations. There is no fiscal impact to DOS.

ASSUMPTION (continued)

Officials from the **Secretary of State (SOS)** assume this bill creates tax credits for people

making homes handicapped accessible. This could create new rules or amendments by the Department of Revenue which could result in SOS publishing rules in the Missouri Register and the Code of State Regulations. This action could require as many as approximately 6 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not repeated in Code. These costs are estimated. The estimated cost for FY 2003 is \$369. 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 costs could be more or less than the numbers give. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded and 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.

Since no information or statistics are available for the modification expenses for housing access, **Oversight** estimates the revenue impact based on information received from the Kansas Department of Revenue from their Disabled Access Credit. Using the individual portion of the Kansas tax credit claims, the revenue loss to Kansas for the 2000 tax year from this credit was \$118,747. Adjusting this amount for Missouri's larger population based on the 2000 U.S. Census data, this tax credit would reduce revenue in Missouri by \$252,337. No adjustment has been made for the tax credit cap of \$2,500 or the income limits.

This legislation would decrease Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (6 Mo.)	FY 2004	FY 2005
GENERAL REVENUE FUND			
<u>Loss to General Revenue Fund</u>			
Accessible Home Tax Credit Program	\$0	(\$0 to \$252,337)	(\$0 to \$252,337)
<u>Cost - Department of Revenue</u>			
Programming costs	(<u>\$55,177</u>)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(<u>\$55,177</u>)</u>	<u><u>\$0 to</u></u> <u>(<u>\$252,337</u>)</u>	<u><u>\$0 to</u></u> <u>(<u>\$252,337</u>)</u>

FISCAL IMPACT - Local Government

FY 2003
(6 Mo.)

FY 2004

FY 2005

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

DESCRIPTION

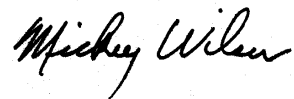
This act creates a tax credit for individuals within certain income ranges who incur costs for the purpose of making all or any portion of such taxpayer's home accessible to an individual with a disability. The credit reimbursement rate is graduated based on income levels. The maximum credit per taxpayer, per year, is two thousand five hundred dollars.

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 Social Services
Secretary of State

NOT RESPONDING: Office of Administration



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