

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5082-01
Bill No.: HB 2205
Subject: Corporations: Taxation and Revenue
Type: Original
Date: April 8, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	\$246,305	\$310,993	\$310,993
Total Estimated Net Effect on <u>All</u> State Funds	\$246,305	\$310,993	\$310,993

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
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 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue** stated that they have identified 125 corporations which would be affected by this proposal. They estimate the average impact would have been \$2,488 per account. They also noted that there may be other corporations that the Department is not aware of that would be affected by the proposal.

Department officials do not anticipate any administrative impact due to the proposal.

Oversight notes that the proposal does not have an effective date and assumes that it would apply to all corporations which have tax years ending after August 28, 2002; therefore, some corporations would not be affected in FY 2003. For fiscal note purposes, it is assumed that half of corporations have calendar year tax years and the others end tax years spread equally over the other eleven months. Those corporations with tax years ending at the end of February, March, April, May, June and July would not be affected until FY 2004.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
GENERAL REVENUE FUND			
<u>Income</u> - Department of Revenue Increased Corporate Income Tax	\$246,305	\$310,993	\$310,993
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$246,305</u>	<u>\$310,993</u>	<u>\$310,993</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

Some small business which are corporations could be affected by this proposal.

DESCRIPTION

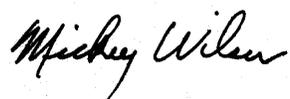
This proposal would require a corporation to include in its Missouri taxable income any net operating loss deduction connected to income produced outside Missouri and, therefore, not included in the taxpayer's Missouri taxable income.

DESCRIPTION (continued)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. This legislation would affect Total State Revenue.

SOURCES OF INFORMATION

Department of Revenue



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Acting Director
April 8, 2002