

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0957-01  
Bill No.: Perfected SB 293  
Subject: Taxation and Revenue - Income  
Type: Original  
Date: April 3, 2003

FISCAL SUMMARY

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue	Unknown	Unknown	Unknown
<b>Total Estimated Net Effect on General Revenue Fund*</b>	<b>UNKNOWN</b>	<b>UNKNOWN</b>	<b>UNKNOWN</b>

\*Expected to be less than \$100,000 annually.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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**FISCAL ANALYSIS**

**ASSUMPTION**

Officials of the **Department of Revenue (DOR)** state this legislation allows the director the discretion to increase the filing threshold for filing income tax returns, therefore decreasing the number of taxpayers who are required to file a return. Currently, the minimum filing threshold is \$1,200 for residents and \$600 for nonresidents. If this legislation were to pass, DOR anticipates it would increase the filing threshold to the total of the taxpayer's allowable personal exemption, dependency deduction and standard deduction.

This legislation would not have any additional administrative impact or savings to DOR. However, it would be a savings for the taxpayers. DOR notes that the taxpayers affected by the change in the filing threshold do not owe any Missouri tax. The change keeps the taxpayer from having to file a tax return (and probably pay a preparer). However, taxpayers choosing not to file a return may possibly have withholdings that will never be claimed or refunded to the taxpayer. This may result in a savings to General Revenue. However, DOR anticipates any savings will be minimal.

**Oversight** assumes DOR could have a slight decrease in workload, however the decrease is not expected to be enough to show a cost savings. **Oversight** assumes the revenue impact of this proposal will be minimal and will therefore show the impact as unknown, expected to be less than \$100,000 annually.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
<b>GENERAL REVENUE FUND</b>			
<u>Savings - General Revenue</u> Unclaimed withholding tax & estimated payments	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<b>TOTAL ESTIMATED NET EFFECT ON GENERAL REVENUE FUND*</b>	<b><u>UNKNOWN</u></b>	<b><u>UNKNOWN</u></b>	<b><u>UNKNOWN</u></b>

\*Expected to be less than \$100,000 annually.

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal modifies the requirement for filing an income tax return to allow the Department of Revenue to specify a minimum income greater than the current law's minimum of \$200.

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

SOURCE OF INFORMATION

KS:LR:OD (12/02)

L.R. No. 0957-01  
Bill No. Perfected SB 293  
Page 4 of 4  
April 3, 2003

Department of Revenue

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

MICKEY WILSON, CPA  
DIRECTOR  
APRIL 3, 2003