

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4674-01
Bill No.: Truly Agreed to and Finally Passed HB 1603
Subject: Taxation and Revenue - Income; Business and Commerce; Economic
Development
Type: Original
Date: May 17, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Office of Administration - Division of Budget and Planning** assume this proposal has no impact on the Office of Administration, Budget and Planning.

Officials of the **Department of Revenue (DOR)** state this legislation re-establishes Section 135.766 (Tax Credit for Small business Guaranty Fees) in statute. DOR assumes there should be minimal impact to the Division of Taxation and Collection.

Officials of the **Department of Agriculture** stated that the proposal would not affect their agency.

Officials of the **Department of Economic Development** stated that they still include the impact of the credit in revenue projections, but have had few inquiries about the program since the program was repealed. They have reduced their projections for program use and are uncertain whether republishing the statute would affect use of the tax credit. They note that the program is an entitlement.

Oversight assumes this proposal would allow the Revisor of Statutes to place statutory language in statute for this tax credit.

This legislation would result in a loss to Total State Revenue, if republication of the statute

ASSUMPTION (continued)

increases use of the credit.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses would be expected to be impacted as a result of this proposal since this proposal authorizes tax credits targeted at small businesses.

DESCRIPTION

This proposal would reenact one section of law regarding a tax credit received by eligible small businesses. The tax credit is equal to the guaranty fee required by the United States Small Business Administration to obtain guaranteed financing and to programs administered by the United States Department of Agriculture or the Farm Service Agency. Senate Bill 894 of 2000 amended this section but was found to violate the single subject requirement of Article III, Section 23, of the Missouri Constitution. The bill would republish the section allowing a tax credit equal to the required fee.

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

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Page 4 of 4
May 17, 2004

SOURCES OF INFORMATION

Department of Revenue
Office of Administration
 Division of Budget and Planning
Department of Economic Development
Department of Agriculture



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May 17, 2004