

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1861-01
Bill No.: SB 429
Subject: Revenue Dept.; Taxation and Revenue – Income
Type: Original
Date: March 16, 2005

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|------------|----------------------------|----------------------------|
| FUND AFFECTED | FY 2006 | FY 2007 | FY 2008 |
| General Revenue | \$0 | Up to (\$2,808,800) | Up to (\$2,808,800) |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | \$0 | Up to (\$2,808,800) | Up to (\$2,808,800) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2006 | FY 2007 | FY 2008 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>Other</u> 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 2006 | FY 2007 | FY 2008 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2006 | FY 2007 | FY 2008 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials with the **City of Springfield** assume this proposal would have no fiscal impact on their operations.

Officials with the **Department of Revenue (DOR)** assume its Division of Taxation would have internal costs of \$69,162 and 1 FTE associated with the implementation of this proposal. However, Taxation believes it can manage such costs at current appropriation levels unless there is a material change in the division's other responsibilities.

Officials from the **Office of Secretary of State (SOS)** assume the proposal may result in DOR rescinding, amending, or promulgating rules to implement the provisions of this act. These rules would be published in the Missouri Register and the Code of State Regulations. These rules could require as many as 72 pages in the Code of State Regulations and half again as many pages in the Missouri Register, as cost statements, fiscal notes, and the like are not repeated in the Code. The estimated cost of a page in the Missouri Register is \$23 and the estimated cost of a page in the Code of State Regulations is \$27. Based on these costs, the estimated cost of the proposal is \$4,428 in FY 06 and unknown in subsequent years. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded, or withdrawn.

ASSUMPTION (continued)

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which would require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Materials published by the **Department of Agriculture**, Animal Care Facilities Act Program (ACFA), indicate that during its twelve-month “renewal period” in 2003 and 2004, 28,088 dogs were adopted from animal shelters in Missouri and 24,435 dogs were adopted from “dog pounds”. **Oversight** assumes the tax credit outlined in this section applies only to animal shelters as defined in Section 273.325, RSMo, and not city owned “dog pounds”.

Oversight acknowledges that this proposal could prompt an increase in canine adoptions from shelters, but that not all individuals adopting dogs from shelters would be Missouri taxpayers who would file a return in a timely basis, as is required to claim the credit. For fiscal note purposes, **Oversight** assumes that 28,088 canine adoptions from animal shelters could result in an annual loss to General Revenue of \$2.8 million (28,088 annual adoptions X \$100 per tax credit) beginning in FY07. However, **Oversight** assumes that total credits claimed could be less than the full amount.

| <u>FISCAL IMPACT - State Government</u> | FY 2006 (10 Mo.) | FY 2007 | FY 2008 |
|--|---------------------|---------------------------------------|---------------------------------------|
| GENERAL REVENUE | | | |
| <u>Loss</u> – Income Tax Credits Claimed | \$0 | Up to (\$2,808,800) | Up to (\$2,808,800) |
| ESTIMATED NET EFFECT ON GENERAL REVENUE | <u>\$0</u> | <u>Up to (\$2,808,800)</u> | <u>Up to (\$2,808,800)</u> |
| | | | |
| <u>FISCAL IMPACT - Local Government</u> | FY 2006 (10 Mo.) | FY 2007 | FY 2008 |
| | <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 act creates a one-time one hundred dollar income tax credit for a taxpayer who adopts a dog from an animal shelter. The credit will apply to tax year 2006 and thereafter. The Department of Revenue is authorized to promulgate rules to govern the details of this credit.

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 Agriculture
Office of Secretary of State
City of Springfield



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Director
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