

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3553-01
Bill No.: HB 1668
Subject: Emergencies; Revenue Dept.; Tax Credits; Taxation and Revenue - Income
Type: Original
Date: January 28, 2008

Bill Summary: Would authorize an income tax credit for 50% of the cost of the construction of a storm shelter or \$2,000, whichever is less.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(More than \$132,001)	(More than \$133,228)	(More than \$134,225)
Total Estimated Net Effect on General Revenue Fund	(More than \$132,001)	(More than \$133,228)	(More than \$134,225)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	1	1	1
Total Estimated Net Effect on FTE	1	1	1

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** provided the following response.

Many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills could be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Office of Administration, Division of Budget and Planning (BAP)** assume there would be no added cost to their organization as a result of this proposal. The proposal would provide a tax credit for storm shelter construction, based on the lesser of 50% of the construction costs or \$2,000.

BAP officials assume this proposal would lead to an unknown reduction in general and total state revenues.

Officials from the **Department of Revenue (DOR)** assume this proposal would create a tax credit for the costs incurred in building a storm shelter on or after January 1, 2003. The credit would be limited to \$2,000 or 50% of the costs incurred, could not exceed the taxpayer's tax liability for the year in which the credit is claimed, and can not be refunded or transferred. DOR would be the administrative agency.

DOR assumes that individual income tax form changes would be required, and MINITS system changes would be required. The new tax credit would result in reduced state revenues. DOR assumes that one Tax Processing Technician I would be needed per 4,000 credits claimed.

ASSUMPTION (continued)

DOR officials provided this estimate of the IT cost to implement this proposal.

The Office of Administration, Information Technology Services Division (ITSD/DOR) assumes the IT portion of this request can be accomplished within existing resources, however; if priorities shift, additional FTE/overtime would be needed to implement. ITSD/DOR estimates that this legislation could be implemented utilizing one existing CIT III for two months for modifications to MINITS at a total cost of \$8,372.

In summary, DOR estimated a total cost to implement this proposal including one additional FTE and the related equipment and expenditures of \$36,726 for FY 2009, \$38,723 for FY 2010, and \$39,884 for FY 2011.

Oversight has, for fiscal note purposes only, changed the starting salary for the new position to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research. Oversight has also adjusted the DOR estimate of equipment and expenditure costs in accordance with OA budget guidelines. Oversight assumes the IT requirement for the proposal could be implemented using existing staff. Finally, Oversight assumes the additional staff could be located in existing office space.

Officials from the **University of Missouri Economic Policy and Research Center** stated that they could not provide an estimate of the revenue reduction for a similar proposal in the previous session (HB 227, LR 0199-0, 2007).

Oversight assumes that this proposal would result in an unknown loss to the General Revenue Fund in excess of \$100,000.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
<u>Cost - Department of Revenue</u>			
Personal Service	(\$18,350)	(\$22,681)	(\$23,361)
Fringe Benefits	(\$8,114)	(\$10,029)	(\$10,330)
Expense and Equipment	(\$5,537)	(\$518)	(\$534)
Total	(\$32,001)	(\$33,228)	(\$34,225)
<u>Revenue reduction - Income tax credits</u>	(<u>More than</u> \$100,000)	(<u>More than</u> \$100,000)	(<u>More than</u> \$100,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	(<u>More than</u> <u>\$132,001</u>)	(<u>More than</u> <u>\$133,228</u>)	(<u>More than</u> <u>\$134,225</u>)
Estimated Net FTE Impact on General Revenue Fund	1	1	1
<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal could have a fiscal impact to small businesses which sell or install storm shelters.

FISCAL DESCRIPTION

This proposal would authorize an income tax credit for 50% of the cost of the construction of a storm shelter or \$2,000, whichever is less.

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

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SOURCES OF INFORMATION

Office of the Secretary of State
Office of Administration
 Division of Budget and Planning
Department of Revenue



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