

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1648-02
Bill No.: HB 746
Subject: Taxation and Revenue - Income; Revenue Dept; Agriculture and Animals
Type: Original
Date: March 14, 2011

Bill Summary: Would authorize a checkoff for the Department of Agriculture for activities related to administering Proposition B provisions on puppy mills.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Puppy Protection Trust	Less than \$100,000	Less than \$100,000	Less than \$100,000
Total Estimated Net Effect on Other State Funds	Less than \$100,000	Less than \$100,000	Less than \$100,000

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

- 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 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** assume 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 Secretary of State's Office 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 may 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 the State Treasurer** assume this proposal would have no fiscal impact to their organization.

Officials from the **Department of Revenue (DOR)** assumed there would be no administrative impact to their organization, but they provided an estimate of the IT impact to implement that proposal of \$17,808 based on 672 hours of programming to make changes to several DOR systems.

Oversight assumes that ITSD-DOR is provided with core funding to handle a certain amount of activity each year, and that ITSD-DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, ITSD-DOR could request funding through the appropriation process.

DOR officials also stated that there are 20 checkoff programs currently active in Missouri.

Officials from the **Department of Agriculture (AGR)** assume it is not possible to predict with any certainty how many individuals would choose the tax refund checkoff for Prop B and the dollar amounts that would be generated. Therefore, although the fiscal impact could be positive, the true fiscal impact is unknown.

ASSUMPTION (continued)

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assume this proposal would not result in additional costs or savings to their organization.

BAP officials stated that this proposal would create an income check-off to benefit a fund established in this proposal: the Puppy Protection Trust Fund. Taxpayers could designate a portion of their refund to the fund, and taxpayers could also write a check for donations to the fund.

To the extent the check-off is used, this proposal would increase total state revenues. BAP notes that \$324,237 in designations were made via income tax check-off in FY10.

Oversight assumes that the participation rate and the amount of revenue which would be provided for the Puppy Protection Trust Fund through this proposed check-off program are unknown.

Oversight notes that the Office of Administration, Division of Budget and Planning response indicated a total of \$324,327 in donations for all income tax check-off programs during FY 2010. Oversight reviewed the DOR report of checkoff trust fund collections for the years ended June 30, 2009 and 2010, and noted that only one program had collections in excess of \$100,000 per year. Average collections for the each of the twenty programs in FY 2010 was \$16,600.

For fiscal note purposes, Oversight will indicate annual revenue less than \$100,000 for the Puppy Protection Trust Fund. The program would be effective for tax years beginning January 1, 2011, and Oversight assumes the donations would be made from refunds beginning in January, 2012 (FY 2012).

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
PUPPY PROTECTION TRUST FUND			
<u>Revenue - donations</u>	<u>Less than</u> <u>\$100,000</u>	<u>Less than</u> <u>\$100,000</u>	<u>Less than</u> <u>\$100,000</u>
ESTIMATED NET EFFECT ON PUPPY PROTECTION TRUST FUND	<u>Less than</u> <u>\$100,000</u>	<u>Less than</u> <u>\$100,000</u>	<u>Less than</u> <u>\$100,000</u>

FISCAL IMPACT - Local Government

FY 2012
(10 Mo.)

FY 2013

FY 2014

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

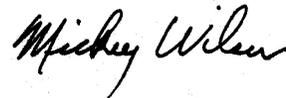
FISCAL DESCRIPTION

The proposed legislation would authorize a checkoff for the Department of Agriculture for activities related to administering Proposition B provisions on puppy mills.

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

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



Mickey Wilson, CPA
Director
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