

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2047-01
Bill No.: HB 841
Subject: Tax Credits; Animals and Agriculture
Type: Original
Date: March 29, 2013

Bill Summary: This proposal establishes a tax credit for qualified milk producers in Missouri.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	\$0 to (\$30,000,000)	\$0 to (\$15,000,000)	\$0
Total Estimated Net Effect on General Revenue Fund	\$0 to (\$30,000,000)	\$0 to (\$15,000,000)	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
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 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Agriculture** assume there is no fiscal impact from this proposal.

Officials at the **Office of Administration - Budget and Planning** assume this creates a tax credit for qualified milk producers and has an annual \$15 million cap. This would reduce General and Total State Revenue up to that amount annually.

Officials at the **Department of Revenue (DOR)** assume this proposal would require form and computer programming changes at an estimated cost of \$22,722 for 840 FTE hours. Additionally the Personal Tax Division would need one Revenue Processing Technician I (\$25,884) per 6,000 credits claimed. The Corporate Tax Divisions would need one Revenue Processing Technician I (\$25,884) per 6,000 additional tax credit redemptions.

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

Oversight assumes DOR's Personal/Corporate Tax Divisions could absorb the responsibilities of this tax credit with existing resources. Should DOR experience the number of additional tax credit redemptions to justify another FTE, they could seek that FTE through the appropriation process.

This proposal states the tax credit will be for all tax years starting January 1, 2012. This credit also has a sunset date of January 1, 2015. Since the tax credits would not be issued until after August 28, 2013, the first two years of redeemed credits would be submitted by taxpayers in FY 2014. **Oversight** will reflect an impact up to \$30 million in FY 2014 (for calendar years 2012 and 2013) and up to \$15 million in FY 2015.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
<u>Revenue Reduction</u> - creation of the milk producer tax credit	\$0 to <u>(\$30,000,000)</u>	\$0 to <u>(\$15,000,000)</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 to <u>(\$30,000,000)</u>	\$0 to <u>(\$15,000,000)</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses that are qualified milk producers and who qualify for the credit could benefit from this proposal.

FISCAL DESCRIPTION

This legislation authorizes a tax credit for qualifying milk producers in Missouri. This tax credit has a three year sunset.

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

L.R. No. 2047-01
Bill No. HB 841
Page 5 of 5
March 29, 2013

SOURCES OF INFORMATION

Department of Agriculture
Department of Revenue
Office of Administration
Budget and Planning



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March 29, 2013