

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5822-03
Bill No.: Perfected HCS for HB 1710
Subject: Taxation and Revenue - Income; Charities
Type: Original
Date: March 10, 2014

Bill Summary: This proposal would create the Missouri National Guard Foundation Fund, and would authorize a designation of tax refunds to the fund.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Missouri National Guard Foundation	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 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
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** assumed a previous version of this proposal would have no fiscal impact on their organization.

Officials from the **Joint Committee on Administrative Rules** assumed a previous version of this proposal would have no fiscal impact on their organization.

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

BAP officials stated the proposal would create an income check-off to benefit a fund established in this proposal: the Missouri National Guard Foundation Fund. Taxpayers could designate a portion of their refund to the fund; in addition, taxpayers could write a check for donations to the fund.

To the extent the check-off is used, this proposal would increase total state revenues. BAP noted that \$277,235 in designations were made via income tax check-offs in FY 2013.

Oversight assumes the participation rate and the amount of revenue which would be provided for the Missouri National Guard Foundation Fund through the proposed check-off program are unknown.

ASSUMPTION (continued)

Oversight reviewed the DOR report of checkoff trust fund collections for the years ended June 30, 2012 and 2013, and noted that no program had collections in excess of \$100,000 per year. The largest amount collected for a single program in FY 2013 was \$67,347, and average collections for the twenty-four programs active in FY 2013 was \$10,042.

For fiscal note purposes, **Oversight** will indicate annual revenue less than \$100,000 for the Missouri National Guard Foundation Fund. The program would be effective for tax years beginning January 1, 2014, and Oversight assumes the donations would be made from refunds beginning in January 2015 (FY 2015), when 2014 tax returns are filed.

Oversight also notes the funds collected under this program would be paid out to a private foundation; accordingly, Oversight will assume this proposal would have no other impact on the state or on local governments.

Officials from the **Department of Revenue (DOR)** assumed a previous version of this proposal would authorize a tax check-off for one or two dollars to the Missouri National Guard Foundation Fund.

Administrative impact

DOR officials assumed the proposal would create a new fund, and Personal Tax would be required to make form and programming changes. Corporate Tax would need to create a new two-digit code to process the fund, and would be required to make form changes and programming changes.

DOR officials did not provide an estimate of the administrative cost to implement the proposal, and **Oversight** assumes any such costs would be minimal and could be absorbed with existing resources.

IT impact

DOR officials provided an estimate of the IT cost to implement the proposal of \$27,518 based on 1,008 hours of programming to make changes to DOR systems.

ASSUMPTION (continued)

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

Officials from the **Department of Public Safety - Missouri National Guard** did not respond to our request for information.

Amendments

House Amendment 1 would remove the word "trust" from the name of the fund created in this proposal.

Oversight has changed the fund name in this fiscal note, and assumes the amendment would have no other fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
MISSOURI NATIONAL GUARD FOUNDATION FUND			
<u>Revenue - DOR</u>			
Donations	Less than	Less than	Less than
Section 143.1027	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>
MISSOURI NATIONAL GUARD FOUNDATION FUND	Less than <u>\$100,000</u>	Less than <u>\$100,000</u>	Less than <u>\$100,000</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<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.

FISCAL DESCRIPTION

This proposal would create the Missouri National Guard Foundation Fund, and would authorize a designation of tax refunds to the fund.

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
Joint Committee on Administrative Rules
Office of Administration
 Division of Budget and Planning
Department of Revenue

Not responding:

Department of Public Safety
 Missouri National Guard



Mickey Wilson, CPA
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March 10, 2014

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