

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 3249-01  
BILL NO.: HB 1209  
SUBJECT: Taxation and Revenue - General; Veterans.  
TYPE: Original  
DATE: February 18, 2000

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$1,054,624)	(\$2,000,000)	(\$2,000,000)
World War II Memorial Trust Fund*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds*</b>	<b>(\$1,054,624)</b>	<b>(\$2,000,000)</b>	<b>(\$2,000,000)</b>

\* SUBJECT TO APPROPRIATION

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses  
This fiscal note contains 4 pages.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Revenue (DOR)** state that this proposal creates the World War II Memorial Trust Fund to be administered by the Veteran's Commission. This World War II Memorial Trust Fund is to receive up to \$5 million in tax credits, which are issued by the Veteran's Commission. Beginning tax year January 1, 2000, the tax credits may be taken by qualified taxpayers for contributions made to the World War II Memorial Trust Fund. These tax credits are non-refundable and have no carry forward provisions.

The DOR officials assume number of taxpayers eligible for this credit is unknown at this time. The Division of Taxation, Individual Income Tax Bureau will need one (1) Tax Processing Technician I for every 2,000 new credits claimed per year and one (1) Tax Season Temporary for every 130,000 credits claimed per year. Also, one (1) Tax Processing Technician I will be needed for every 30,000 additional individual income tax errors and one Tax Processing Technician I for every 3,000 pieces of correspondence generated from this legislation. The Division of Taxation, Business Tax Bureau will need one (1) Tax Processing Technician I for every 3,680 credit applications received.

DOR also states this proposal will require modifications to the income tax system and credit application system. The DOR estimates these modifications, including programming changes, will require 1,384 hours of overtime at a cost of \$41,617. Modifications to the income tax return and schedules will be completed with existing resources. State Data Center charges will increase due to the additional storage and fields to be captured, at a cost of \$9,007.

Officials from the **Department of Economic Development** assumes this proposal will result in a loss of \$5,000,000 in total state revenue, but will not fiscally impact their agency since the administration of the tax credit is handled by the Veteran's Commission

Officials from the **Office of Administration, Budget and Planning** state that they have not been able to find any empirical basis to estimate how many taxpayers will take advantage of this tax credit. Starting in FY 2001, the reduction of state revenues could be anywhere from \$0 to \$5 million.

Officials from the **Department of Public Safety - Missouri Veterans' Commission** state they should be able to administer this program with existing resources. They also stated they don't have an estimate of how quickly the \$5 million tax credit cap would be reached with donations.

Officials from the **State Tax Commission** and the **State Treasurer's Office** state this proposal will not fiscally impact their respective agencies.

ASSUMPTION (continued)

**Oversight** assumes, for purposes of this fiscal note, the contributions/credits will occur in the amounts of \$1 million in FY 2001, and \$2 million each in FY 2002 and FY 2003. Actual contributions could vary.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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**GENERAL REVENUE FUND**

<u>Loss</u> - World War II Memorial contribution tax credits	(\$1,000,000)	(\$2,000,000)	(\$2,000,000)
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<u>Costs</u> - Department of Revenue Programming charges	(\$50,624)	\$0	\$0
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<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$1,054,624)</u></b>	<b><u>(\$2,000,000)</u></b>	<b><u>(\$2,000,000)</u></b>
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**WORLD WAR II MEMORIAL TRUST FUND**

<u>Income</u> - Donations by taxpayers	\$1,000,000	\$2,000,000	\$2,000,000
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<u>Costs</u> - Transfer the donations to the National WWII Memorial Fund	(\$1,000,000)	(\$2,000,000)	(\$2,000,000)
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<b>ESTIMATED NET EFFECT ON WWII MEMORIAL TRUST FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
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--SUBJECT TO APPROPRIATION--

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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	\$0	\$0	\$0
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FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal establishes a state income tax credit for certain contributions by taxpayers for construction of a memorial on the National World War II Memorial site. To claim the credit the taxpayer must apply to the state Veteran's Commission and be issued a tax credit, but the maximum credits allowed state-wide cannot exceed \$5,000,000. The credit issued will be equal to the taxpayers contribution and will not be refundable or cannot be carried back or forward to any other tax year. This credit would be allowed for tax year 2000 and thereafter, until the maximum amount of credits are issued.

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 Economic Development  
Department of Revenue  
Department of Public Safety  
Missouri Veterans' Commission  
State Tax Commission  
State Treasurer's Office



Jeanne Jarrett, CPA  
Director  
February 18, 2000

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