

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0490-01
Bill No.: HB 539
Subject: Disabilities; Revenue Dept.; Taxation and Revenue - General and Income
Type: Original
Date: March 12, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>All</u> State Funds	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Revenue (DOR)** state this legislation modifies the shared care tax credit to make it refundable. DOR notes there will be a decrease to General Revenue due to refunds being issued on the credit. The addition of the refundable language would have no fiscal impact to their agency.

Officials of the **Department of Social Services-Division of Aging (DOS)** state this legislation repeals section 660.055 RSMo Supp. 1999, relating to tax relief for shared care, and enacts one new section in its place which would allow any registered care giver of an elderly or disabled individual who meets the requirements to be eligible for a shared care tax credit in an amount not to exceed five hundred dollars to assist in defraying the costs of care. This tax credit would be refundable and shall apply to any year after December 31, 1999.

DOS staff assume that the proposed legislation would ensure individuals who were eligible for the shared care tax credit, and who had little or no tax liability to apply this credit against, would be issued a refund by the Department of Revenue. Since there is no modification to the other requirements regarding share care, there is no fiscal impact to their agency.

In a similar proposal, the **Office of Administration, Budget and Planning (BAP)** officials stated that no statistical information is available concerning the refundable Shared Care Tax Credit because the program became effective for tax year 2000 (tax returns filed through April 15, 2001). Therefore, the decrease in state general revenue resulting from the refundable tax credit is unknown.

HB 316 from the 1999 session included the shared care tax credit. In the estimate made on HB 316, **Oversight** assumed that the 5,378 persons eligible for the credit would be able to take the full \$500. However if any eligible persons did not receive the credit because of their tax liability limitation, they can now file to take advantage of the refundable credit. An unknown loss to general revenue would result. Therefore **Oversight** has reflected the revenue impact of this proposal as an unknown loss to general revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (6 Mo.)	FY 2003	FY 2004
GENERAL REVENUE FUND			
<u>Loss - General Revenue Fund</u>			
Change in Shared Care Income Tax Credit to make it refundable	(Unknown)	(Unknown)	(Unknown)

FISCAL IMPACT - Local Government

FY 2002
(6 Mo.)

FY 2003

FY 2004

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

DESCRIPTION

This bill allows any amount of the shared care income tax credit which exceeds the taxpayer's income tax liability to be refunded to the taxpayer.

The provision will apply to tax year 2000 and thereafter.

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 Revenue
Department of Social Services
Office of Administration
Budget and Planning



Jeanne Jarrett, CPA
Director

March 12, 2001