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For Immediate Release:
March 07, 2005

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Sen. Bill Stouffer Promotes Income Tax Credit for Donations To Residential Treatment Facilities

JEFFERSON CITY – State Sen. Bill Stouffer, R-Napton, is sponsoring Senate Bill 362, which would create an income tax credit for donations made to residential treatment agencies to help fund the services they provide.

Because the state of Missouri is facing significant fiscal challenges, lawmakers are looking for new and creative ways to enhance General Revenue. SB 362 would increase the money available for the delivery of services by supplementing state revenue with private funding. The proposal would have a minimal negative impact on the state budget.

The proposed tax credit, brought forward by the Missouri Baptist Children's Home, would apply to residential treatment agencies under contract with the Missouri Department of Social Services.

Linda Ragusky, director of advancement for Missouri Baptist Children's Home, says the proposal would accomplish two things; it would create enhanced funding streams and it would increase community participation in programs where donors and contributors live and work.

"The benefits to the public are that it allows the taxpayer to channel tax payments to programs they are interested in," Ragusky said. "It provides an incentive to donors to increase their giving, while not giving much more out of pocket."

For example, if the state contracts with a service provider to purchase $100,000 worth of services, $40,000 of that money comes out of General Revenue and $60,000 comes from federal matching funds. Under SB 362, the provider would then have the option of purchasing up to $40,000 worth of Missouri State tax credits. An individual who then makes a donation to that service provider could receive tax credits equal to 50% of the amount of the donation. Therefore, the provider could leverage those tax credits to secure up to $80,000 worth of donations.

Under SB 362, the provider's revenue for services to children in the custody of the state would increase from $100,000 to $140,000, but the cost to the state remains at $100,000. Additionally, the benefit to the state could be increased if the $40,000 from the purchase of tax credits was used to leverage another $60,000 in federal matching funds instead of covering the cost of the tax credits.

The tax credit would become effective January 1, 2006. It would be fully transferable and could be carried back three years or forward until the full amount of the credit has been used (up to four years).

"We realize there are funding crunches, and this is a new and creative way to provide services for these children while having a minimal impact on the state budget," Ragusky said. "We are not asking for more money; we are asking for this kind of a program to help us go out and leverage additional money."

SB 362

- Donor provides $500 annual contribution
- Agency purchases tax credits under SB362
- Agency offers tax credit up to 50% of value of donation
- Tax credit provides incentive for donor to double contribution
- Agency increases resources to provide for care of children in state custody
- State incurs no additional costs