COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1191-01
Bill No.: SB 437
Subject: Abortion; Taxation and Revenue - Income; Social Services Department; Health Care; Health Care Professionals; Revenue Department.
Type: Original
Date: February 24, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
General Revenue *	($94,451)	($51,569 to $2,051,569)	($52,860 to $2,052,860)
Total Estimated Net Effect on General Revenue Fund *	**($94,451)**	**($51,569 to $2,051,569)**	**($52,860 to $2,052,860)**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on Other State Funds *	**$0**	**$0**	**$0**

*** The fiscal impact could be divided between the General Revenue Fund and the County Foreign Insurance Fund (which ultimately goes to local school districts) if some of the tax credits are utilized against insurance premium taxes.**

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
None			
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government*	**$0**	**$0**	**$0**

*** The fiscal impact could be divided between the General Revenue Fund and the County Foreign Insurance Fund (which ultimately goes to local school districts) if some of the tax credits are utilized against insurance premium taxes.**

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Social Services - Division of Budget and Finance (DBF)** assume the DOS director will have to verify eligibility and perform the allocation of the state tax credits for contributions to qualified, unplanned pregnancy resource centers. DBF staff would be responsible for determining which facilities meet the criteria of subsection 1 and DBF would also establish procedures and perform the task of "equitable allocating credits to qualified resource centers."

The cumulative amount of tax credits allowable in any fiscal year is $2,000,000. DBF staff would do an initial allocation of the credits at the beginning of each fiscal year then reevaluate the apportionment of unused credits to ensure maximum use of the credits.

The number of staff required is a function of the number of participating facilities. From phone calls with MO Catholic Conference and the Missouri Right to Life staff, DBF believes there are at least

ASSUMPTION (continued)

52 such organizations and possibly more that might meet the criteria of subsection 1. Assuming there are 60 eligible organizations, DBF could perform the requirements of the legislation with one new Accounting Analyst I.

The Accounting Analyst I (at $34,644 annually) would be responsible for reviewing documents provided by the facilities to determine if they meet the criteria of subsection 1. The analyst would establish procedures to equally allocate credits to eligible unplanned pregnancy resource centers in an equitable manner as required by section 6. To reapportion unused credits as required by section 7, the analyst would collect interim tax credit utilization information during the fiscal year and make the calculations necessary to reallocate unused credits. As required by section 8, the analyst would collect and compile annual tax credit information and prepare a report for the director to send to the Department of Revenue. Existing staff would provide supervision of the Accounting Analyst and existing space will be used. DBF assumes the new FTE will work for six months in FY 2004.

Officials from the **Department of Revenue (DOR)** state the Director of DOS will determine annually which facilities in this state qualify as a pregnancy resource center. Each pregnancy resource center is to provide DOS with the identity of each taxpayer making a contribution and the amount of the contribution. Social Services will provide that information to DOR. The credit shall apply to all tax years beginning after December 31, 2003.

DOR states the number of taxpayers who will contribute and become eligible for this credit is unknown at this time. DOR's Division of Taxation, Personal Tax Bureau will need one Tax Processing Technician I for every 15,000 new credits claimed per year. The Business Tax Bureau will need one Tax Processing Technician I for every 3,680 credit claims received on corporate tax.

DOR assumes this legislation will require modifications to individual and corporate income tax systems. The Division of Taxation estimates these modifications, including programming changes, will require 1,384 hours of contract labor at a cost of $46,170. State Data Center charges will increase due to the additional storage and fields to be captured. Funding in the amount of $9,007 is requested for implementation costs. Modifications to the income tax returns and schedules will be completed with existing resources.

DOR assumes that the information provided by the DOS will be the credit certification, which includes
the amount of credit the taxpayer is eligible for. If this is not provided, additional FTE may be

needed by DOR for verification purposes.

ASSUMPTION (continued)

Oversight assumes DOR will incur the programming and storage charges as described above, however, Oversight also assumes DOR will be able to administer this new tax credit without additional FTE.

Officials from the **Department of Insurance (INS)** state this proposal allows a tax credit for insurance companies who contribute to pregnancy resource centers. INS state they have 1,658 taxable insurance companies and it is unknown how many will choose to participate in the program.

INS assumes that up to $2 million per year could be lost in premium tax revenue as a result of the tax credits. Premium tax is split 50/50 between General Revenue and the County Foreign Insurance Fund. The County Foreign Insurance Fund is later distributed to school districts throughout the state. INS assumes the need for $13,520 for contract computer programming to add this new tax credit to the premium tax database.

Officials from the **Office of Administration - Budget and Planning (BAP)** state that since the tax credit is capped at $2 million annually, and since they have no empirical basis to estimate the fiscal impact of the proposal, BAP estimate the impact to be between $0 and $2 million annually.

Officials from the **Office of Secretary of State (SOS)** assume there would be costs due to additional publishing duties related to the Department of Revenue's authority to promulgate rules, regulations, and forms. SOS estimates the division could require approximately 10 new pages of regulations in the Code of State Regulations at a cost of $27.00 per page, and 15 new pages in the Missouri Register at a cost of $23.00 per page. Costs due to this proposal are estimated to be $615, however, the actual fiscal impact would be dependent upon the actual rule-making authority and may be more or less. Financial impact in subsequent fiscal years would depend entirely on the number, length, and frequency of the rules filed, amended, rescinded, or withdrawn. SOS does not anticipate the need for additional staff as a result of this proposal, however, the enactment of more than one similar proposal may, in the aggregate, necessitate additional staff.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at
substantial costs, the SOS could request funding through the appropriation process. Any

decisions to
raise fees to defray costs would likely be made in subsequent fiscal years.

ASSUMPTION (continued)

Oversight has ranged the fiscal impact of the new tax credit from $0 (no taxpayer taking utilizing the program) to a $2 million decrease in tax collections. This tax credit can be utilized against several tax types, so funds other than General Revenue (i.e. County Foreign Insurance) could be impacted by the program.

This proposal would result in a decrease in Total State Revenues.

FISCAL IMPACT - State Government	FY 2004 (10 Mo.)	FY 2005	FY 2006
GENERAL REVENUE			
Cost - Dept. of Revenue			
Reprogramming costs	($55,177)	$0	$0
Cost - Dept. of Insurance			
Reprogramming costs	($13,520)	$0	$0
Cost - Dept. of Social Services			
Personal Service (1 FTE)	($17,755)	($36,398)	($37,308)
Fringe Benefits	($7,185)	($14,730)	($15,098)
Expense and Equipment	($814)	($441)	($454)
Total costs to DOS	($25,754)	($51,569)	($52,860)
Loss - Tax credits for contributions made to Pregnancy Resource Centers	$0	$0 to ($2,000,000)	$0 to ($2,000,000)
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	**($94,451)**	**($51,569 to $2,051,569)**	**($52,860 to $2,052,860)**

Note: This does not reflect the possibility that some of the tax credits could be utilized by insurance companies against insurance premium taxes. If this occurs, the loss in tax

revenue would be split between the General Revenue Fund and the County Foreign Insurance Fund, which ultimately goes to local school districts.

FISCAL IMPACT - Local Government	FY 2004 (10 Mo.)	FY 2005	FY 2006
	$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 proposal allows a tax credit for contributions to support pregnancy resource centers. The credit is for 50% of the contribution, cannot exceed $50,000 per year, is not refundable but can be carried
forward. No more than a total of $2 million may be claimed in credits in any one year. A pregnancy resource center is a non-residential facility that provides assistance designed to support women and encourage birth over abortion. The center must be tax exempt, must provide direct person-to-person counseling at no cost, and cannot provide abortion referrals.

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 Administration - Budget and Planning
Department of Social Services
Office of the Secretary of State
Department of Revenue
Department of Insurance

Mickey Wilson

MICKEY WILSON, CPA
DIRECTOR
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