COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1136-01
Bill No.: Perfected SB 204
Subject: Abortions; Taxation and Revenue - Income; Tax Credits
Type: Original
Date: April 6, 2011

Bill Summary: This proposal re-authorizes the pregnancy resource center tax credit.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	$0	$0 to ($2,000,000)	$0 to ($2,000,000)
Total Estimated Net Effect on General Revenue Fund	**$0**	**$0 to ($2,000,000)**	**$0 to ($2,000,000)**

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on Other State Funds	**$0**	**$0**	**$0**

Note: The fiscal note 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.

Numbers within parentheses: ( ) indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on All Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
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 2012	FY 2013	FY 2014
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Budget and Planning** (**BAP**) assume the proposed legislation should not result in additional costs or savings to BAP. This proposal extends the PRC Tax Credit until Dec. 31, 2018. This proposal will reduce general and total state revenues.

Officials at the **Department of Revenue** assume no impact on the department but tax credits have a negative impact on general revenue. In FY 2010, credits totaling $1,624,130 were issued and $1,198,062 were redeemed.

According to the Tax Credit Analysis submitted by the Department of Social Services regarding this program, the Pregnancy Resource Center tax credit program has had and projects the following activity;

	FY 2008	FY 2009	FY 2010	FY 2011 (projected)	FY 2012 (projected)
Certificates Issued (#)	2,092	2,577	3,708	3,500	3,500
Projects (#)	2,092	2,577	3,708	3,500	3,500
Amount Authorized	$1,167,510	$1,185,718	$1,624,130	$1,500,000	$1,500,000
Amount Issued	$1,167,510	$1,185,718	$1,624,130	$1,500,000	$1,500,000
Amount Redeemed	$563,689	$1,309,933	$1,198,062	$1,200,000	$1,200,000

Currently, the program is set to expire on August 28, 2012. This bill extends the sunset out to December 31, 2018. Obviously, this will result in additional tax credits redeemed beyond the current expiration date. **Oversight** does not have data regarding the timing within a year of when donations are made and tax credits are taken. Extending the window for making donations and earning tax credits in calendar year 2012 beyond August 28, could increase the amount of tax credits issued in 2012 and redeemed in FY 2013. Therefore, Oversight will reflect a potential increase in tax credits redeemed in FY 2013 from $0 to a potential increase in tax credits up to the annual limit of $2 million.

Officials at the **Department of Social Services** assume no fiscal impact as this bill will re-authorize an existing program which was about to sunset.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state it is unknown how many insurance companies will choose to participate in this program and take advantage of the tax credits. The department has no means

ASSUMPTION (continued)

to arrive at a reasonable estimate of loss in premium tax revenue as a result of tax credits. Premium tax revenue is split 50/50 between General Revenue and County Foreign Insurance Fund except for domestic Stock Property and Casualty Companies who pay premium tax to the County Stock Fund. The County Foreign Insurance Fund is later distributed to school districts through out the state. County Stock Funds are later distributed to the school district and county treasurer of the county in which the principal office of the insurer is located. It is unknown how each of these funds may be impacted by tax credits each year.

Officials from the **Office of the Secretary of State (SOS)** state 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 SOS 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, the SOS also recognizes 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 the office can sustain with the core budget. Therefore, the SOS reserves 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.

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.

This proposal could reduce Total State Revenues starting in FY 2013.

FISCAL IMPACT - State Government	FY 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE			
Loss - Department of Social Services Extension of Pregnancy Resource Center tax credit	$0	$0 to ($2,000,000)	$0 to ($2,000,000)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	**$0**	**$0 to ($2,000,000)**	**$0 to ($2,000,000)**

Note: The fiscal note 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 2012 (10 Mo.)	FY 2013	FY 2014
	$0	**$0**	**$0**

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Under current law, the provisions of law authorizing a tax credit for contributions to pregnancy resource centers will sunset August 28, 2012. This act re-authorizes such provisions until midnight on December 31, 2018, and allows for subsequent re-authorizations for any period up to six years by the passage of a bill or concurrent resolution.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

JH:LR:OD

SOURCES OF INFORMATION

Budget and Planning
Department of Insurance, Financial Institutions and Professional Registration
Department of Revenue
Department of Social Services
Office of the Secretary of State

Mickey Wilson, CPA
Director
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