

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0309-03
Bill No.: HCS for SB 87
Subject: Taxation and Revenue - Income
Type: Original
Date: April 29, 2019

Bill Summary: This proposal modifies provisions relating to tax refund donations.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Pediatric Cancer Research Trust Fund*	\$0*	\$0*	\$0*
Kansas City Regional Law Enforcement Memorial Foundation Fund*	\$0*	\$0*	\$0*
Soldiers Memorial Military Museum in St. Louis Fund*	\$0*	\$0*	\$0*
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* Taxpayer checkoff money is forwarded the designated charity which nets the fund to zero.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§143.1026 Pediatric Cancer Research Checkoff

In response to the previous version of this proposal, officials at the **Office of Administration Division of Budget and Planning (B&P)** assumed this proposal will not impact Total State Revenue or the calculation under Article X, Section 18(e).

This proposal in §143.1026.3 would move the Pediatric Cancer Research Trust Fund into the state treasury. B&P notes that monies received from check-off funds are already counted as Total State Revenue, therefore moving the funds into the state treasury will not further impact the Total State Revenue calculation. B&P also notes that because monies received from check-off funds are considered donations, moving the funds into the state treasury will not impact the calculation under Article X, Section 18(e).

This proposal would extend the pediatric cancer refund check-off from December 31, 2019 to December 31, 2024. The following table lists the total check-off refund amounts that have been designated to the Pediatric Cancer Research Trust Fund over the past five fiscal years.

Table 1: Pediatric Cancer Research Trust Fund Checkoff

Fiscal Year	Total Donations from Checkoff
2014	\$1,792
2015	\$2,711
2016	\$4,206
2017	\$2,929
2018	\$3,221
Total	\$14,859

Source: SAM II

Officials at the **Department of Revenue (DOR)** and the **Office of the State Treasurer** each assume there is no fiscal impact to their organizations from this proposal.

Oversight notes that the Department of Revenue and the Office of the State Treasurer have stated the proposal would not have a direct fiscal impact on their organization. Oversight does

ASSUMPTION (continued)

not have any information to the contrary. Therefore, Oversight will not reflect an impact to these agencies.

Oversight assumes that all money received from taxpayers through the checkoff program is deposited into the Pediatric Cancer Research Trust Fund and is not considered state money. Annually, the taxpayer's money is then forwarded to the CureSearch for Children's Cancer program as required by statute. Continuation of the program would allow \$2,000 to \$4,000 annually to be transferred to the CureSearch organization. Oversight will use the average of \$3,300 per year in donations.

§143.1028 Kansas City Law Enforcement Memorial Checkoff

In response to similar legislation filed this year, HB 703, officials at the **Office of Administration Division of Budget and Planning (B&P)** assumed this may increase Total State Revenue by an unknown amount but will not impact the calculation under Article X, Section 18(e).

Section 143.1028.1 would allow taxpayers to dedicate a portion of their tax refund (checkoff) to the Kansas City Regional Law Enforcement Memorial Foundation Fund. Each individual or corporation may designate \$1 or more of their refund to the newly created fund for single returns and \$2 or more for combined returns. Individuals and corporations may also make a separate payment and clearly designate the fund as the recipient.

Section 143.1028.2 creates the Kansas City Regional Law Enforcement Memorial Foundation Fund within the state treasury. The fund shall be a dedicated fund and the treasurer shall distribute collections at least monthly to the Kansas City Regional Law Enforcement Foundation. Section 143.1028.3 requires DOR to deposit all collections at least monthly into the newly created fund, less an amount sufficient to cover the costs of collection.

Officials at the **STO** and the **DOR** assume there is no fiscal impact from this proposal.

Oversight notes this proposal creates the Kansas City Regional Law Enforcement Memorial Foundation Fund to allow taxpayers to designate a portion of their Missouri tax refund to the Memorial. Individuals and corporations are allowed to designate any amount over \$1 and for combined returns individuals could designate any amount over \$2. The money is collected by the Department of Revenue and deposited at least monthly into the Fund created by the State Treasurer.

ASSUMPTION (continued)

According to the Kansas City Star, the Kansas City Regional Law Enforcement Memorial is an effort to raise funds to create a memorial garden to pay tribute to all local, state and federal officers in Kansas City killed in the line of duty. The Memorial is estimated to cost \$4 million. The Kansas City Council contributed \$600,000 toward the creation of the Memorial in 2018.

Oversight for informational purposes is showing the other current tax checkoff programs the state administers and the total amounts they have collected over the previous six years.

Checkoff Program - Fund	Amount Collected FY 2013 - FY 2018 (over 6 years)
Childhood Lead Testing - 0899	\$87,442
Children's Trust Fund - 0694	\$495,469
Military Relief Fund - 0719	\$237,886
Elderly Home Delivered Meals - 0296	\$321,449
National Guard Trust Fund - 0900	\$110,271
Veterans Trust Fund - 0579	\$319,461
Workers Memorial Trust Fund - 0895	\$45,646
Organ Donor Program Fund - 0824	\$107,097
After School Retreat Fund - 0732	\$20,196
American Cancer Society Heartland Div. - 0700	\$41,730
Gateway Area Diabetes Assn - 0713	\$17,418
American Heart Association - 0714	\$17,746
American Lung Association - 0704	\$1,595
ALS Lou Gehrig's Disease - 0703	\$15,174
Muscular Dystrophy Association - 0707	\$7,391
March of Dimes - 0716	\$15,545

Checkoff Program - Fund	Amount Collected FY 2013 - FY 2018 (over 6 years)
National Multiple Sclerosis Society Fund - 0709	\$13,409
Breast Cancer Awareness - 0915	\$16,879
Foster Care/Adoptive Parents - 0979	\$19,268
American Red Cross - 0987	\$23,921
Developmental Disabilities Waiting List - 0986	\$8,153
Puppy Protection Fund - 0985	\$34,294
Pediatric Cancer Research - 0959	\$14,859
MO National Guard Foundation - 0494	\$7,807
General Revenue Fund - 0101	\$55,785
TOTAL COLLECTED (FY 2013 - FY 2018)	\$2,061,809

The Workers Memorial Trust Fund and the MO National Guard Foundation are programs that would be similar to the Kansas City Regional Law Enforcement Memorial Foundation.

Oversight will show in the fiscal note Less than \$10,000 raised annually through the checkoff program based on the history of these similar programs.

§143.1029 Soldiers Memorial Military Museum Checkoff

Officials at the **STO** and **DOR** each assume there is no fiscal impact from this proposal.

Oversight notes this proposal creates the Soldiers Memorial Military Museum in St. Louis Fund to allow taxpayers to designate a portion of their Missouri tax refund to the Museum. Individuals and corporations are allowed to designate any amount over \$1 and for combined returns individuals could designate any amount over \$2. The money is collected by the Department of Revenue and deposited at least monthly into the Fund created by the State Treasurer.

The Workers Memorial Trust Fund and the MO National Guard Foundation are programs that would be similar to the Soldiers Memorial Military Museum in St. Louis Fund. **Oversight** will show in the fiscal note Less than \$10,000 raised annually through the checkoff program based on the history of these similar programs.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
PEDIATRIC CANCER RESEARCH TRUST FUND			
<u>Additional Revenue - DOR- extension of the sunset §143.1026.5</u>	\$3,300	\$3,300	\$3,300
<u>Transfer Out - DOR- to CureSearch for Children’s Cancer §143.1026.3</u>	<u>(\$3,300)</u>	<u>(\$3,300)</u>	<u>(\$3,300)</u>
ESTIMATED NET EFFECT ON THE PEDIATRIC CANCER RESEARCH TRUST FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
KANSAS CITY REGIONAL LAW ENFORCEMENT MEMORIAL FOUNDATION FUND			
<u>Revenue - DOR §143.1028 taxpayer’s refund donation</u>	Less than \$10,000	Less than \$10,000	Less than \$10,000
<u>Distribution - to Memorial</u>	<u>(Less than \$10,000)</u>	<u>(Less than \$10,000)</u>	<u>(Less than \$10,000)</u>
ESTIMATED NET EFFECT ON THE KANSAS CITY REGIONAL LAW ENFORCEMENT MEMORIAL FOUNDATION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2020 (10 Mo.)	FY 2021	FY 2022
SOLDIERS MEMORIAL MILITARY MUSEUM IN ST. LOUIS FUND			
<u>Revenue</u> - DOR §143.1029 taxpayer's refund donation	Less than \$10,000	Less than \$10,000	Less than \$10,000
<u>Distribution</u> - to Memorial	<u>(Less than \$10,000)</u>	<u>(Less than \$10,000)</u>	<u>(Less than \$10,000)</u>
ESTIMATED NET EFFECT ON SOLDIERS MEMORIAL MILITARY MUSEUM IN ST. LOUIS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Current law provides for an option for taxpayers to donate a portion of his or her income tax refund to the Pediatric Cancer Research Trust Fund. Such tax income donation option shall sunset on December 31, 2019. This act re-authorizes the program until December 31, 2024.

For all tax years beginning on or after January 1, 2019, and ending before January 1, 2024, this bill creates the Kansas City Regional Law Enforcement Memorial Foundation Fund to allow a taxpayer to donate a portion of his or her tax refund to the fund. The Department of Revenue will distribute moneys deposited into the fund to the Kansas City Regional Law Enforcement Memorial Foundation.

FISCAL DESCRIPTION (continued)

For all tax years beginning on or after January 1, 2019, and ending before January 1, 2024, this bill creates the Soldiers Memorial Military Museum in St. Louis Fund to allow a taxpayer to donate a portion of his or her tax refund to the fund. The Department of Revenue will distribute moneys deposited into the fund to the Missouri Historical Society.

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
Office of Administration
Division of Budget and Planning
Office of the State Treasurer



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April 29, 2019

Ross Strobe
Assistant Director
April 29, 2019