

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4473-01
Bill No.: SB 784
Subject: Taxation and Revenue - Income
Type: Original
Date: February 17, 2020

Bill Summary: This proposal extends the option to donate income tax refunds to the Missouri National Guard Foundation Fund (0494).

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Missouri National Guard Foundation Fund (0494)*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*Taxpayers donation of tax refunds to the Missouri National Guard Foundation Fund is transferred to the Missouri National Guard Foundation which nets the fund to \$0.

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2021	FY 2022	FY 2023
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 2021	FY 2022	FY 2023
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Budget & Planning Division (B&P)** state this proposed legislation would not have a direct impact on B&P, would not have a direct impact on General Revenue (GR) and Total State Revenues (TSR) and will not impact the calculation pursuant to Article X, Section 18(e).

Oversight notes B&P does not anticipate this proposed legislation to have a fiscal impact on B&P or GR or TSR. Oversight does not have any information to the contrary. Therefore, Oversight will report a zero fiscal impact for B&P.

Officials from the **Missouri Department of Revenue (DOR)** state DOR does not estimate there will be any impact to TSR. This is a checkoff program and taxpayers are allowed to donate a portion of their income tax return refund to the Missouri National Guard Foundation Fund.

Below is a Fiscal Year breakdown of deposits into the Missouri National Guard Foundation Fund from check-off contributions made on Missouri tax returns.

Fiscal Year	Donation Amount
2015	\$5,491
2016	\$920
2017	\$721
2018	\$565
2019	\$587

Under Section 23.253 of the Missouri sunset act:

The provisions of the program authorized under this section shall automatically sunset on August 28, 2014, unless reauthorized by an act of the General Assembly; and if such program is reauthorized, the program authorized under this section shall automatically sunset on December thirty-first twelve years after the effective date of the reauthorization of this section. This proposal extends the sunset date to December 31, 2032.

Oversight notes DOR does not anticipate a fiscal impact as a result of this proposed legislation. Oversight further notes the provisions of the Missouri National Guard Foundation Fund state the provisions of the program shall automatically sunset on December 31st **six years after** August 28, 2014, which is December 31, 2020. This proposed legislation would extend the sunset date to December 31, 2032.

ASSUMPTION (continued)

Oversight notes the Missouri National Guard Foundation Fund (the Fund) checkoff program allows taxpayers to designate a portion or all of their Missouri tax refund to assist Missouri National Guard members and all veterans and their families. Individuals and corporations may designate any amount over \$1 to the Fund. Individuals filing a combined tax returns may designate any amount over \$2 to the Fund. DOR deposits the designated donations into the Fund.

DOR is permitted to retain a portion of the collections from the checkoff donations as reimbursement for any administrative and handling duties; however, as of the end of Fiscal Year 2019, DOR had not retained any collections designated for the charity to cover any administrative costs.

Oversight also notes, as of the end of Fiscal Year 2019, while corporations are allowed to contribute to the Fund, no designations have been made to the Fund by any corporation through tax refund(s).

Oversight notes there would be no fiscal impact to GR or TSR as these donations are made from moneys that would otherwise be refunded to taxpayers. Rather than the refund, or portion of the refund, be issued to the taxpayer through direct mail or direct deposit, the moneys donated to the fund, as designated by the taxpayer(s), are transferred to the Fund by DOR.

For purposes of this fiscal note, Oversight will show the Fund's fiscal impact as netting to \$0; additional revenue will be deposited into the Fund through donations made by Missouri taxpayers and will then, biannually, be transferred to the Missouri National Guard Foundation. Oversight will report the additional revenue to the Fund and transfer out of the Fund in an amount equal to the five year average of donations, as calculated using the amount of donations provided by DOR.

Currently, Section 143.1027 states the provisions of this program shall sunset on December 31, 2020, which is only six months into Fiscal Year 2021. Individuals do not file their income taxes until after January 1 in the calendar year following the close of each tax year. Therefore, Oversight assumes additional revenues may be recognized as early as Fiscal Year 2021 (January 2021 - June 2021).

Oversight notes the **Missouri State Treasurer's Office** and the **Missouri Department of Public Safety - Missouri National Guard Division** have stated the proposed legislation would not have a direct fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these organizations.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (6 Mo.)	FY 2022	FY 2023
MISSOURI NATIONAL GUARD FOUNDATION FUND (0494)			
<u>Additional Revenue</u> - Section 143.1027 - Extension of the Missouri National Guard Foundation Fund Check-off Program's sunset date	\$1,657	\$1,657	\$1,657
<u>Transfer Out</u> - Missouri National Guard Foundation Fund transferred to Missouri National Guard Foundation	<u>(\$1,657)</u>	<u>(\$1,657)</u>	<u>(\$1,657)</u>
ESTIMATED NET EFFECT ON MISSOURI NATIONAL GUARD FOUNDATION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2021 (6 Mo.)	FY 2022	FY 2023
	<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 an option for taxpayers to donate a portion of his or her income tax refund to the Missouri National Guard Foundation Fund. Such tax income donation option shall sunset on December 31, 2020. This act reauthorizes the program until December 31, 2032. (Section 143.1027)

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 & Planning Division
Missouri Department of Revenue
Missouri State Treasurer's Office
Missouri Department of Public Safety - Missouri National Guard Division



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February 17, 2020



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