COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4350S.01I
Bill No.: SB 1044
Subject: Tax Credits
Type: Original
Date: March 18, 2026

Bill Summary: This proposal authorizes a tax credit for providing services to homeless persons.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	($135,400)	Up to ($1,242,374)	Up to ($1,229,243)
Total Estimated Net Effect on General Revenue	**($135,400)**	**Up to ($1,242,374)**	**Up to ($1,229,243)**

*****Oversight assumes a potential fiscal impact up to the tax credit cap of $1 million, as well as 1 FTE for the Department of Economic Development and 1 FTE for the Department of Revenue.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on Other State Funds	**$0**	**$0**	**$0**

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on <u>All</u> Federal Funds	**$0**	**$0**	**$0**

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	1 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	**1 FTE**	**2 FTE**	**2 FTE**

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Local Government	**$0**	**$0**	**$0**

FISCAL ANALYSIS

ASSUMPTION

§135.390 - Tax Credit Providing Services to Homeless Persons

Officials from the **Department of Economic Development (DED)** assume §135.390.2 RSMo defines the core tax credit for employment/housing providers for homeless individuals, allowing up to a $10,000 credit per fiscal year. Annual total cap of up to $1 million per FY. A reduction to TSR for the Tax Credits up to $1,000,000 per fiscal year.

Additionally, the sunset clause allows the credit to automatically expire on December 31, 2032, unless the General Assembly acts to extend it.

DED anticipates 1 FTE will be required to administer program.

Oversight notes officials from the DED assume the proposal will have a direct fiscal impact and require one FTE (Senior Economic Development Specialist at $86,712 annually plus E&E). Oversight does not have any information to the contrary. Therefore, Oversight will reflect the estimated impact provided by DED in the fiscal note.

Officials from the **Department of Revenue (DOR)** assume starting January 1, 2027, an eligible taxpayer will be allowed to claim a $10,000 tax credit for being a qualified provider of employment services or qualified provider of housing to the homeless. The Department of Economic Development is to provide guidelines for determining if a person is a qualified taxpayer under this proposal. The qualified taxpayer will submit an application to the Department of Economic Development and prove their qualifications. If approved, they will receive a certificate to file with their tax return to redeem the credit.

The total amount of credits that can be issued in one year is $1 million annually. The credits are not refundable or transferrable but can be carried forward for three years. This will result in a loss to general revenue of the $1 million cap annually starting January 1, 2028, the first year the credits are claimed on the tax return. This tax credit will automatically be sunset on December 31, 2032.

Fiscal Year	Loss to General Revenue
2027	$0
2028	($1,000,000)
2029+	($1,000,000)

This proposal creates a new tax credit that would require a new line being added to the Form MO-TC ($2,200), updates to our website and changes to our individual income tax computer system ($1,887). These changes are estimated to cost $4,087. DOR's existing tax credit staff is no longer able to take on any additional tax credits without additional resources. Due to the intensive knowledge of credits that is needed DOR is not able to use temporary staff to help with processing these returns. This proposal would require at least 1 FTE Associate Customer Service Rep at a salary of $42,953 (including years of service pay).

Oversight notes the DOR assume the proposal will have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect the estimated impact provided by DOR in fiscal note.

Officials from the **Office of Administration – Budget & Planning (B&P)** assume this proposal creates a tax credit for providers of employment services, providers of employment, or providers of housing services to homeless persons. The credit is limited to $10,000 for an eligible taxpayer each tax year. This credit is not refundable or transferable but can be carried forward for three years. The amount of tax credits available for this program is $1M annually. Therefore, this proposal could lower general revenues by up to $1 million beginning in FY2028. This provision could impact general and total state revenues and the calculation under Article X, Section 18(e). Due to the carryforward provision in any given year, the amount redeemed may exceed the estimate shown after the first full fiscal year.

Oversight assumes a potential fiscal impact up to the tax credit cap of $1 million, as well as 1 FTE for the Department of Economic Development and 1 FTE for the Department of Revenue.

Officials from the **Oversight Division** state they are responsible for providing a Sunset Report pursuant to Section 23.253 RSMo; however, Oversight can absorb the cost with the current budget authority.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note 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 $5,000. 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 its 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.

FISCAL IMPACT – State Government	FY 2027 (10 Mo.)	FY 2028	FY 2029
GENERAL REVENUE			
Cost – (§135.390) Homeless Tax Credit	$0	Up to ($1,000,000)	Up to ($1,000,000)
Cost – DED (§135.390) p.3			
Personnel Service	($72,260)	($88,446)	($90,215)
Fringe Benefits	($42,676)	($51,909)	($52,621)
Expense & Equipment	($20,464)	($6,676)	($6,809)
Total Costs - DED	($135,400)	($147,031)	($149,645)
FTE Change - DED	1 FTE	1 FTE	1 FTE
Cost – DOR (§135.390) p.4			
Personnel Service	$0	($43,812)	($44,688)
Fringe Benefits	$0	($33,957)	($34,310)
Expense & Equipment	$0	($17,574)	($600)
Total Costs - DOR	$0	($95,343)	($79,598)
FTE Change - DOR	0 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE	**($135,400)**	**Up to ($1,242,374)**	**Up to ($1,229,243)**
Estimated Net FTE Change on General Revenue	1 FTE	2 FTE	2 FTE

FISCAL IMPACT – Local Government	FY 2027 (10 Mo.)	FY 2028	FY 2029
	$0	**$0**	**$0**

FISCAL IMPACT – Small Business

A direct fiscal impact on small businesses who are allowed to participate in the tax credit would be expected as a result of this proposal.

FISCAL DESCRIPTION

For all tax years beginning on or after January 1, 2027, this act allows eligible taxpayers to receive a tax credit for providing certain services to homeless persons. An eligible taxpayer is defined as a qualified provider of employment services to homeless persons, a qualified provider of employment to homeless persons, or a qualified provider of housing to homeless persons. The amount of the tax credit shall not exceed $10,000 per tax year, and the total amount of tax credits authorized under the act per fiscal year shall not exceed $1 million.

The Department of Economic Development shall publish guidelines for determining who is a qualified provider of employment services, employment, or housing to homeless persons, as described in the act.

This act shall sunset on December 31, 2032, unless reauthorized by the General Assembly.

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 the Secretary of State
Joint Committee on Administrative Rules
Oversight Division
Department of Economic Development

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March 18, 2026

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March 18, 2026

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