

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3722-01
BILL NO.: SB 809
SUBJECT: Taxation and Revenue - Income; Social Services Department; Health Care; Health Care Professionals; Revenue Department
TYPE: Original
DATE: February 1, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
All State Funds	\$0 to (\$2,000,000)	\$0 to (\$2,000,000)	\$0 to (\$2,000,000)
Total Estimated Net Effect on <u>All</u> State Funds	\$0 TO (\$2,000,000)	\$0 TO (\$2,000,000)	\$0 TO (\$2,000,000)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0 TO (\$1,000,000)	\$0 TO (\$1,000,000)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Secretary of State** assume this proposal would not fiscally impact their agency.

Department of Revenue (DOR) officials state the number of taxpayers eligible for this credit is unknown at this time. The Division of Taxation and Collection would need one (1) Tax Processing Technician I for every 2,000 credits claimed per year (processing) and one Tax Season Temporary for every 130,000 credits claimed per year (key entry). One (1) Tax Processing Technician I would be needed for six months for every 30,000 additional individual income tax error generated from this proposal and one Tax Processing Technician I for every 3,000 pieces of correspondence generated from this proposal. The Business Tax Bureau would need one Tax Processing Technician I for every 3,680 credit claims received on a corporate tax return. DOR also states the proposal would require modifications to the income and corporate tax systems and credit application system. The Division of Taxation and Collections estimates the modifications, including programming changes, would require 1,384 hours of overtime at a cost of \$41,617. Modifications to the income tax return and schedules would be completed with existing resources. State Data Center charges would increase due to the additional storage and fields to be captured. Funding in the amount of \$9,007 for implementation and \$451 would be needed for on-going costs.

Officials of the **Department of Social Services, Division of Budget and Finance (DBF)** state this portion of the proposal would authorize state tax credits for contributions to qualified unplanned pregnancy resource centers in this state. This portion of the proposal would create additional responsibilities for the Division of Budget and Finance (DBF). It is assumed that DBF staff would be responsible for determining which facilities meet the provisions of this portion of the proposal. DBF would also be responsible for establishing procedures to equitably allocate credits to qualifying resource centers. The cumulative amount of tax credits allowable in any fiscal year is \$2,000,000. DBF staff would perform an initial allocation of the credits at the beginning of each fiscal year then redetermine the apportionment of the unused credits to ensure maximum use of the credits.

The number of staff requested is a function of the number of participating facilities. Based on a telephone conversation with Missouri Right to Life staff, there are between 50 and 100 such facilities which would meet the criteria of this proposal. Based on a midpoint estimate of 85 facilities, DBF could perform the requirements of the legislation with one FTE. If the number of facilities wishing to be classified as unplanned pregnancy resource centers exceeds this amount, additional staff may be needed.

ASSUMPTION (continued)

Officials of the **Department of Insurance (INS)** state this portion of the proposal would grant tax credits against an insurer's premium tax payments (chapter 148 RSMo.) for contributions to Unplanned Pregnancy Resource Centers. There are approximately 300 domiciled insurance companies in Missouri which pay premium tax to the state. There are over 1,800 insurance companies licensed to conduct business in the state. For purposes of estimating fiscal impact, the INS anticipates that only domiciled companies would contribute. Credits would capped at \$50,000 per year. A range of \$0 to \$2,000,000 is projected for decreased payments.

Officials from the **Office of Administration - Division of Budget and Planning (BAP)** did not respond to our fiscal impact request. However, in responding to a similar proposal last session, BAP stated the total amount of tax credits is capped at \$2 million per fiscal year. Therefore, BAP estimated that the revenue reduction would be \$0 to \$2 million per fiscal year.

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

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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ALL STATE FUNDS

Loss to All State Funds

Tax credits for contributions made to Unplanned Pregnancy Resource Centers	\$0 to <u>(\$2,000,000)</u>	\$0 to <u>(\$2,000,000)</u>	\$0 to <u>(\$2,000,000)</u>
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ESTIMATED NET EFFECT ON ALL STATE FUNDS

	<u>\$0 TO</u> <u>(\$2,000,000)</u>	<u>\$0 to</u> <u>(\$2,000,000)</u>	<u>\$0 to</u> <u>(\$2,000,000)</u>
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***The tax credit in this proposal may be used by individuals and corporations, therefore the revenue impact of the tax credits on all state funds has been reflected as \$0 to (\$2,000,000).**

<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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FISCAL IMPACT - Local Government FY 2001 FY 2002 FY 2003
 (10 Mo.)

SCHOOL DISTRICTS

Loss - School Districts

County Foreign Insurance Tax	<u>\$0</u>	<u>\$0 to</u> <u>(\$1,000,000)</u>	<u>\$0 to</u> <u>(\$1,000,000)</u>
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**ESTIMATED NET EFFECT ON
 LOCAL SCHOOL DISTRICTS**

<u>\$0</u>	<u>\$0 TO</u> <u>(\$1,000,000)</u>	<u>\$0 TO</u> <u>(\$1,000,000)</u>
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FISCAL IMPACT - Small Business

Small businesses would be expected to be fiscally impacted to the extent that they would make contributions to unplanned pregnancy resource centers and receive tax credits.

DESCRIPTION

This proposal would allow a tax credit for persons contributing to unplanned pregnancy resource centers. Section 135.630, RSMo, defines "unplanned pregnancy resource center" as one that provides predominantly free assistance in the event of an unplanned pregnancy but does not perform childbirths or abortions and is tax exempt. If a taxpayer would contribute at least \$100, then he or she may take a tax credit of up to fifty percent of the amount contributed to a resource center. The credit may not exceed \$50,000 in a year and any amount exceeding the taxpayer's state tax liability may be carried over for four years. Each year, the director of the Department of Social Services would determine which facilities are unplanned pregnancy resource centers and may request information in order to determine this status. The cumulative amount of tax credits claimed due to contributions may not exceed two million dollars in any fiscal year. The director would have the authority to reallocate tax credits among unplanned pregnancy resource centers, if necessary. Each resource center would provide to the Department of Revenue the identity of each taxpayer who has contributed to the center and the amount of the contribution. This proposal would become effective January 1, 2001 and would apply to all taxable years after December 31, 2000.

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

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Department of Social Services
Department of Revenue
Office of Secretary of State
Department of Insurance

NOT RESPONDING: Office of Administration - Division of Budget and Planning

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is written in a cursive, somewhat stylized font.

Jeanne Jarrett, CPA
Director
February 1, 2000