

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3684-03  
Bill No.: SB 901  
Subject: Taxation and Revenue - Property, Real and Income  
Type: Original  
Date: January 22, 2002

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
General Revenue	(\$32,097)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on <u>All</u> State Funds*</b>	<b>(\$32,097)</b>	<b>(Unknown)</b>	<b>(Unknown)</b>

\*Not expected to exceed \$100,000 annually.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
None			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

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## **FISCAL ANALYSIS**

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### **ASSUMPTION**

Officials from the **Department of Revenue (DOR)** state this legislation increases the maximum upper limit for senior citizens property tax relief from \$25,000 to \$30,000 beginning January 1, 2003, to \$35,000 beginning January 1, 2004, and \$40,000 for tax years beginning on or after January 1, 2005.

Taxation will have to modify the PTC tables on the MINITS and PC systems. DOR estimated that 692 hours of programming at a cost of \$23,085 will be needed. State Data Center costs would be \$9,012. Personal Tax will need One Tax Season Temporary for every 10,000 additional claims filed, One Tax Processing Tech I for every 20,000 additional errors generated by this legislation (PTC has a 25% error rate) and One Tax Processing Tech I for every 3,000 additional pieces of correspondence received regarding this new legislation. This legislation will create additional walk-ins and phones calls for the new qualifiers in the tax assistance areas. One Tax Collection Tech I will be need for every 2,149 walk-ins to help complete their claims and One Tax Collection Tech I for every 15,000 additional calls received on the income tax hotline (751-3505 and 751-7200).

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**Oversight** assumes the DOR will request any additional FTE needed through the budget request. Oversight has included in this fiscal estimate the administrative costs for programming and implementation costs of \$32,097.

Officials from the **Office of Administration - Budget and Planning (BAP)** defer to estimates provided by University of Missouri - Research Center and/or the Department of Revenue regarding SB 901 and for other legislation that purports to change the parameters of the Senior Citizen Property Tax Rebate Program. At this time, BAP does not have a Senior Citizen Property Tax Rebate “model” that would be needed to perform such simulations. This bill would not affect the Office of Administration.

Officials from the **University of Missouri Research Center (UMRC)** state this legislation would only increase the eligible households by 135. Unless the lower limit is increased or the percentages in the table adjusted, the increase in the upper income limit of the credit makes little difference. With this legislation, a few senior citizens could actually have a decrease in their credit. Therefore, **Oversight** assumes this legislation, as written, will have an unknown impact, expected to be less than \$100,000.

**This legislation will decrease total state revenues.**

FISCAL IMPACT - State Government

FY 2003  
(10 Mo.)

FY 2004

FY 2005

**GENERAL REVENUE FUND**

Loss - General Revenue Fund

Increase in Property Tax Credit

\$0

(Unknown)

(Unknown)

Cost - Dept. of Revenue

Programming changes

(\$32,097)

\$0

\$0

**ESTIMATED NET EFFECT ON  
GENERAL REVENUE FUND\***

**(\$32,097)**

**(UNKNOWN)**

**(UNKNOWN)**

\*Not expected to exceed \$100,000  
annually

FISCAL IMPACT - Local Government

FY 2003  
(10 Mo.)

FY 2004

FY 2005

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

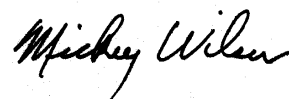
DESCRIPTION

This act increases the maximum upper limit of the income thresholds by five thousand dollars in the years 2003, 2005 and 2007. The act also removes outdated language from Section 135.030, RSMo.

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  
Budget and Planning  
University of Missouri  
Research Center



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January 22, 2002