

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3857-01
Bill No.: HB 1290
Subject: Taxation and Revenue - Income; Charities
Type: Original
Date: February 2, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(\$69,255)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	(\$69,255)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
American Cancer Society Fund*	\$0	\$0	\$0
ALS Lou Gehrig's Disease Fund*	\$0	\$0	\$0
American Lung Assn of Missouri Fund*	\$0	\$0	\$0
Multiple Sclerosis Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

*Assumes an unknown amount of contributions distributed to charities semiannually.

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Office of Administration, Division of Budget and Planning (BAP)** assume this proposal has no impact on BAP. BAP assumes the following: In each tax year beginning January 1, 2004, a taxpayer entitled to a tax refund may designate a portion of that refund go to one of the following funds which are created by this proposal:

- American Cancer Society, Heartland Division, Inc., Fund
- ALS Lou Gehrig's Disease Fund
- American Lung Association of Missouri Fund
- Gateway Area Chapter of the National Multiple Sclerosis Society Fund
- Two additional funds that may be created in the future for other qualified organizations

This proposal would have no impact on general revenue or but will raise Total State Revenue by the minimum of \$4,000, the amount an organization must submit to the Director of Revenue as an application fee. BAP has no basis for estimating the amount of contributions to this fund.

ASSUMPTION (continued)

Officials of the **State Treasurer (STO)** assume this legislation:

Adds charitable donations to the front page of the tax returns;

Creates the "American Cancer Society, Heartland Division, Inc., Fund" (143.1015.5 (1))

- in the treasury
- STO is custodian of the fund
- STO shall approve disbursements from the fund in accordance with this section and Sections 30.170 and 30.180, RSMo (STO doesn't approve disbursements)
- exempt from the biennial transfer
- STO shall invest in same manner as all other funds
- retains interest earnings;

Creates the "ALS Lou Gehrig's Disease Fund" (143.1015.5 (2))

- in the treasury
- STO is custodian of the fund
- STO shall approve disbursements from the fund in accordance with this section and Sections 30.170 and 30.180, RSMo (STO doesn't approve disbursements)
- exempt from the biennial transfer
- STO shall invest in same manner as all other funds
- retains interest earnings;

Creates the "American Lung Association of Missouri Fund" (143.1015.5 (3))

- in the treasury
- STO is custodian of the fund
- STO shall approve disbursements from the fund in accordance with this section and Sections 30.170 and 30.180, RSMo (STO doesn't approve disbursements)
- exempt from the biennial transfer
- STO shall invest in same manner as all other funds
- retains interest earnings; and

Creates the "Gateway Area Chapter of the National Multiple Sclerosis Society Fund" (143.1015.5 (4))

- in the treasury
- STO is custodian of the fund
- STO shall approve disbursements from the fund in accordance with this section and Sections 30.170 and 30.180, RSMo (STO doesn't approve disbursements)
- exempt from the biennial transfer

ASSUMPTION (continued)

- STO shall invest in same manner as all other funds
- retains interest earnings

Section 33.170 states, "No claim or account shall be pre-approved by the Commissioner of Administration, nor shall any warrant be paid by the State Treasurer, unless the money has been previously appropriated by law; nor shall the whole amount drawn for or paid, under any one head, ever exceed the amount appropriated by law for that purpose." STO only ensures that payments are made from lawful appropriation and that they don't exceed the amount of the appropriation.

STO requests one FTE at the Accountant I level plus the corresponding expense and equipment to reconcile the new funds and to monitor these disbursements.

Oversight assumes STO's current staff can handle the increase in workload created by this proposal since this proposal would require twelve deposits and two distributions for each charitable fund annually.

Officials of the **Department of Revenue (DOR)** state this legislation establishes an individual and corporate tax check off for American Cancer Society Heartland Division Inc, the ALS Lou Gehrig's Disease Fund, the American Lung Association Missouri Fund and the Gateway Area Chapter of the National Multiple Sclerosis Society Fund. The check boxes are to be unambiguously printed on the first page of the income return. DOR will provide the Office of Administration monthly information for the transfer by the state to each fund.

Taxation will have to modify the MINITS and COINS systems to allow for the check off to be added to the tax returns and for the accountability of the contributions. DOR assumes it will take 1,384 hours of programming on the MINITS system and 692 hours of programming on the COINS system, at a cost of \$69,255.

DOR defers any revenue impact to BAP.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (6 Mo.)	FY 2006	FY 2007
GENERAL REVENUE FUND			
<u>Cost - Dept. of Revenue</u>			
Programming	<u>(\$69,255)</u>	<u>\$0</u>	<u>\$0</u>
TOTAL ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$69,255)</u>	<u>\$0</u>	<u>\$0</u>
VARIOUS CHARITABLE FUNDS			
<u>Income - contributions</u>	Unknown	Unknown	Unknown
<u>Transfers Out -</u>			
American Cancer Society	(Unknown)	(Unknown)	(Unknown)
ALS Assn.	(Unknown)	(Unknown)	(Unknown)
American Lung Assn.	(Unknown)	(Unknown)	(Unknown)
MS Society	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
Total	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON VARIOUS CHARITABLE FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2005 (6 Mo.)	 FY 2006	 FY 2007
	<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.

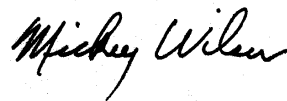
DESCRIPTION

This proposal creates one dollar check-offs on the Missouri income tax return. The money designated by the check-offs will be distributed semiannually to the American Cancer Society Heartland Division, Inc., the Amyotrophic Lateral Sclerosis Association, the American Lung Association of Missouri, and the Gateway Area Chapter of the Multiple Sclerosis Society. The one dollar check-offs are primarily for taxpayers who are to receive a refund. However, taxpayers who owe taxes may also contribute to the funds and any taxpayer may elect to contribute more than one dollar, but not more than two hundred dollars on a single or combined return.

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
State Treasurer



Mickey Wilson, CPA
Director
February 2, 2004