

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3905-01
Bill No.: HB 1212
Subject: Taxation and Revenue - Income
Type: Original
Date: February 9, 2004

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|------------------|------------------|------------------|
| FUND AFFECTED | FY 2005 | FY 2006 | FY 2007 |
| General Revenue | (Unknown) | (Unknown) | (Unknown) |
| Total Estimated Net Effect on General Revenue Fund | (UNKNOWN) | (UNKNOWN) | (UNKNOWN) |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|--|------------|------------|------------|
| FUND AFFECTED | FY 2005 | FY 2006 | FY 2007 |
| | | | |
| | | | |
| Total Estimated Net Effect on Other State Funds | \$0 | \$0 | \$0 |

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 3 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 from the **Department of Revenue** and the **Office of Administration, Budget and Planning** assume this proposal would not impact their agencies. This proposal will allow certain net operating losses to be carried forward for income tax purposes. This proposal could have an unknown negative impact on state revenues.

This proposal could decrease Total State Revenues.

| | | | |
|---|---------------------|---------|---------|
| <u>FISCAL IMPACT - State Government</u> | FY 2005 (10 Mo.) | FY 2006 | FY 2007 |
|---|---------------------|---------|---------|

GENERAL REVENUE FUND

| | | | |
|-------------------------------|------------------|------------------|------------------|
| <u>Loss - General Revenue</u> | | | |
| NOL carry-forward | <u>(Unknown)</u> | <u>(Unknown)</u> | <u>(Unknown)</u> |

| | | | |
|---|-------------------------|-------------------------|-------------------------|
| TOTAL ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | <u>(UNKNOWN)</u> | <u>(UNKNOWN)</u> | <u>(UNKNOWN)</u> |
|---|-------------------------|-------------------------|-------------------------|

FISCAL IMPACT - Local Government

FY 2005
(10 Mo.)

FY 2006

FY 2007

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Small businesses with certain net operating losses could be expected to benefit as a result of this proposal.

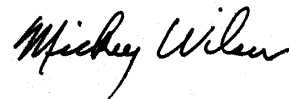
DESCRIPTION

This proposal clarifies the current process for claiming net operating losses in the computation of state income tax. The bill allows any net operating losses claimed on the federal tax return but not allowed on the Missouri tax return after June 18, 2002, to be carried forward to future tax years. The bill also clarifies that losses may be taken against future income of the taxpayers.

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



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Director
February 9, 2004