

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4914-01
Bill No.: HB 1706
Subject: Taxation and Revenue - Income: Education, Elementary and Secondary
Type: Original
Date: April 8, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	\$0	(\$118,000 to Unknown)	(\$59,871 to Unknown)
Total Estimated Net Effect on General Revenue Fund*	\$0	(\$118,000 to Unknown)	(\$59,871 to Unknown)

*Unknown amount of tax credits could exceed \$100,000 in a given year.

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 5 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	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Elementary and Secondary Education** stated that the proposal would have not directly affect their agency. They noted that the proposal would negatively affect General Revenue, thus leaving less money available for appropriation for elementary and secondary education.

Officials of the **Fort Zumwalt R-II School District** stated that their local government agencies would incur costs associated with identification and tracking of volunteers, mailing required forms to those volunteers. They note that the district has twenty-three school buildings and many volunteers. Keeping track of volunteers and hours and mailing forms would cost from \$15,000 to \$50,000 per year.

They noted that the proposal would negatively affect General Revenue, thus leaving less money available for appropriation for elementary and secondary education.

Officials of the **Francis Howell R-III, St. Charles R-VI, and Wentzville R-IV** school districts had not responded to Oversight's request for fiscal impact at the time the fiscal note was prepared. **Oversight** assumes those districts would have similar types of administrative costs as the Fort Zumwalt district.

ASSUMPTION (continued)

Officials of the Department of Revenue made the following assumptions of administrative impact based on the assumption that the proposed credit could be taken only against individual income taxes.

Personal Tax – the form MO-TC would be modified to allow for the credit. One Tax Processing Tech would be needed for every 4,5000 credit claims received. Personal Tax would require the form completed by the school district and a copy of the taxpayer’s paid real property tax receipt to be attached to their tax return when filing.

MINITS will have to be modified to allow for the tax credit. It is estimated that 1,384 hours of programming will be needed at a cost of \$46,170.

Customer Assistance anticipates that the call volume in the St. Louis Tax Assistance Office could increase. Therefore, 1 Tax Collection Tech I will be need for every 5,200 additional contacts to this office to handle walk-ins and telephone inquiries in the St. Louis Office.

Oversight has, for fiscal note purposes only, adjusted the salary for the Tax Collection Tech and Tax Processing Tech to correspond to the second step above minimum for comparable positions on the state’s merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six-month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research. Oversight assumes the new personnel would be placed in existing space.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
GENERAL REVENUE FUND			
<u>Cost</u> - Department of Revenue (DOR)			
Personal Service (2 FTE)	\$0	(\$40,671)	(\$41,891)
Fringe Benefits	\$0	(\$16,838)	(\$17,343)
Expense and Equipment	<u>\$0</u>	<u>(\$60,491)</u>	<u>(\$637)</u>
Administrative Cost to DOR	\$0	(\$118,000)	(\$59,871)
 <u>Loss</u> - Income Tax Credits	 \$0	 (Unknown)	 (Unknown)
 ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	 <u>\$0</u>	 <u>(\$118,000 to Unknown)</u>	 <u>(\$59,871 to Unknown)</u>

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

**ST. CHARLES COUNTY SCHOOL
DISTRICTS**

<u>Cost</u> - Maintaining Volunteer Information and Providing Form to Volunteers	(Unknown)	(Unknown)	(Unknown)
---	-----------	-----------	-----------

ESTIMATED NET EFFECT ON ST. CHARLES COUNTY SCHOOL DISTRICTS	(Unknown)	(Unknown)	(Unknown)
--	-----------	-----------	-----------

FISCAL IMPACT - Small Business

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

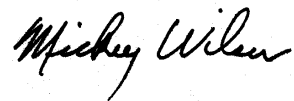
DESCRIPTION

This proposal would allow volunteers at schools in St. Charles County school districts a credit against state income taxes for up to two hundred and fifty dollars (\$250) of real property taxes paid.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. This proposal would affect Total State Revenue.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Revenue
Fort Zumwalt R-II School District



Mickey Wilson, CPA

L.R. No. 4914-01
Bill No. HB 1706
Page 5 of 5
April 8, 2004

Director
April 8, 2004