

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0452-01
Bill No.: HB 226
Subject: Motor Vehicles; Revenue Dept.; Taxation and Revenue – General; Taxation and Revenue – Income
Type: Original
Date: February 8, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	(\$92,951) to (\$5,092,951)	(\$29,602) to (\$5,029,602)	(\$30,342) to (\$5,030,342)
Total Estimated Net Effect on General Revenue Fund	(\$92,951) to (\$5,092,951)	(\$29,602) to (\$5,029,602)	(\$30,342) to (\$5,030,342)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> 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 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Revenue (DOR)** assume this proposal would require changes to a number of their information and tax processing systems, as well as modifications to tax form MO-TC.

Personal Tax will require 1 Tax Processing Tech for every 6,000 credits claimed to process the credit and tract the carry forward provisions.

Information Technology will need 4 programmers for 2 months for the MINITS, Speed-up and Giddy-up systems for 1,384 hours of programming for a cost of \$46,170. COINS and Café systems will require programming of 2 programmers for 2 months for 692 hours of programming at a cost of \$23,085. Programmers will need to modify the systems and test for production.

Customer Assistance does not anticipate a large volume of walk-ins. However, if this assumption is incorrect, 1 Tax Processing Tech will be needed for every 4,800 contacts.

Officials from the **Office of Secretary of State (SOS)** assume the proposal may result in the Attorney General's Office rescinding, amending, or promulgating rules to implement the provisions of this act. These rules would be published in the Missouri Register and the Code of

ASSUMPTION (continued)

State Regulations. These rules could require as many as 6 pages in the Code of State Regulations and half again as many pages in the Missouri Register, as cost statements, fiscal notes, and the like are not repeated in the Code. The estimated cost of a page in the Missouri Register is \$23 and the estimated cost of a page in the Code of State Regulations is \$27. Based on these costs, the estimated cost of the proposal is \$369 in FY 06 and unknown in subsequent years. The actual cost could be more or less than the numbers given. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded, or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which would require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Oversight assumes the cap on the total amount of tax credits authorized as a result of this proposal would be \$5,000,000.

Oversight has, for fiscal note purposes only, changed the starting salary for 1 Tax Processing Tech to correspond to the second step above minimum for comparable positions in 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.

This legislation would reduce Total State Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE			
<u>Loss</u> – Income Tax Credits	Up to (\$5,000,000)	Up to (\$5,000,000)	Up to (\$5,000,000)
<u>Cost</u> – DOR			
Salaries	(\$16,610)	(\$20,750)	(\$21,269)
Fringe Benefits	(\$7,086)	(\$8,852)	(\$9,073)
Programming	<u>(\$69,255)</u>	<u>\$0</u>	<u>\$0</u>
<u>Total Cost</u> – DOR	<u>(\$92,951)</u>	<u>(\$29,602)</u>	<u>(\$30,342)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	(\$92,951) to <u>(\$5,092,951)</u>	(\$29,602) to <u>(\$5,029,602)</u>	(\$30,342) to <u>(\$5,030,342)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses to that sell new hybrid vehicles could see an increase in sales as a result of this proposal..

DESCRIPTION

This proposal allows an income tax credit for the purchase of qualified hybrid motor vehicles. For tax years beginning on or after January 1, 2005, any taxpayer who purchases a qualified hybrid motor vehicle is eligible for a credit for the tax year in which the vehicle was purchased, in an amount equal to the lesser of \$2,500 or 10% of vehicle's purchase price. The cumulative amount of tax credits which may be claimed for purchased of such vehicles in any one year shall not exceed \$5,000,000.

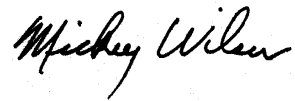
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

RK:LR:OD (12/02)

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SOURCES OF INFORMATION

Department of Revenue
Office of Secretary of State

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 8, 2005