

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1259-01
Bill No.: HB 373
Subject: Elderly; Housing; State Tax Commission; Taxation and Revenue – General;
Taxation and Revenue – Income
Type: Original
Date: February 23, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	\$0	\$0 to (\$6,923,085)	\$0 to (\$6,900,000)
Total Estimated Net Effect on General Revenue Fund	\$0	\$0 to (\$6,923,085)	\$0 to (\$6,900,000)

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 4 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 **State Tax Commission** assume this proposal would have no fiscal impact on their agency.

Officials with the **Department of Revenue (DOR)** assume this legislation will allow more low-income senior citizen and disabled taxpayers to be eligible for the circuit breaker credit. DOR assumes that with the increase in the number of people eligible, Personal Tax will need 1 Tax Season Temporary for every additional 10,705 returns to key and 1 Tax Processing Tech for every additional 25,000 returns to process.

DOR assumes that with the increase in the number of people eligible, the following will be needed: 1 Tax Processing Tech for every 4,800 contact in the field; 1 Tax Collection Tech for every 24,000 contact on the 751-3505 hotline; and 1 Tax Collection Tech for every 15,000 contact on the 751-7200 delinquent tax line.

DOR assumes its MINITS system will need to change the edits on the PTC systems and the Giddy-up systems. It is estimated that (4 programmers 1 month) 692 hours of programming will be needed at a cost of \$23,085.

RK:LR:OD (12/02)

ASSUMPTION (continued)

Oversight assumes that any additional taxpayer-related volume of work created by this proposal can be handled by existing personnel and resources.

Officials with the **Office of Administration – Division of Budget and Planning (BAP)** assume this proposal increases the minimum base, the maximum upper income limit, and the maximum credit allowable for the Senior Citizens' Property Tax Credit, or the Circuit Breaker.

The proposal raises the maximum credit from \$750 to \$800, an increase of 6.7%. In Fiscal Year 2006, \$103 million in credits is projected to be redeemed. Therefore, increased redemptions of \$6.9 million could be expected.

However, BAP assumes that not every claimant claims the full amount of the credit. This factor would likely lower the negative impact of the proposal. Conversely, the impact of the changes in minimum base and maximum upper limit would likely increase the number of eligible claimants or redemption amounts, which would increase the negative impact. BAP does not have the corresponding data to calculate these impacts precisely.

Therefore, BAP estimates this proposal will have a negative impact on Total State Revenues and General Revenues of \$0 to \$6.9 million.

This proposal could reduce Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE			
<u>Cost</u> – DOR			
Systems Programming Overtime	\$0	\$23,085	\$0
<u>Loss</u> – Increased Tax Credit Claims		\$0 to	\$0 to
	<u>\$0</u>	<u>(\$6,900,000)</u>	<u>(\$6,900,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>\$0 to (\$6,923,085)</u>	<u>\$0 to (\$6,900,000)</u>

FISCAL IMPACT - Local Government

FY 2006
(10 Mo.)

FY 2007

FY 2008

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

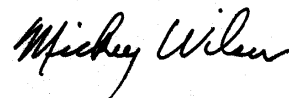
DESCRIPTION

This legislation increases to the senior citizens' property tax credit available to taxpayers from \$750 to \$800. It also increases both the upper income limit and the lower limit that begins the phase-out of the available credit. Those increases are from \$13,000 to \$13,500 and from \$25,000 to \$25,500.

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

State Tax Commission
Department of Revenue
Office of Administration
Division of Budget and Planning



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Director
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