

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1458-02
Bill No.: HB 544
Subject: Taxation and Revenue – Property; Revenue Dept.; Elderly
Type: Original
Date: March 2, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
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 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* – Expected to exceed \$100,000.

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 **Department of Health and Senior Services and State Tax Commission** assume no fiscal impact to their agencies.

Officials with the **Department of Revenue (DOR)** assume its Division of Taxation will have internal costs estimated to be \$53,862 and 1 FTE with 1 Tax Season Temporary associated with the implement of this legislation; however, the division believes it can manage these costs at current appropriation levels unless there is a material change in the division's other responsibilities.

This legislation will increase the number of people eligible to file the PTC. To maintain current processing times for claims, correspondence and errors, Personal Tax will have reallocate from other return processing areas 1 Tax Processing Tech for every additional 25,000 claims filed to work the errors and correspondence and utilize an additional Tax Season Temp for every 11,000 additional returns filed to key the information. MINITS mainframe will have to be modified to allow the tables changes for exemptions, minimum and maximum income and for the 1/16 to 1/32 rate change. DOR assume all related costs could be absorbed by existing or planned resources.

ASSUMPTION (continued)

Officials with the **Office of Administration – Division of Budget and Planning (BAP)** assume that raising the spousal exemption, minimum base, and maximum upper limit for the Senior Citizens' Property Tax Credit would likely increase the number eligible claimants or redemption amounts. BAP does not have the corresponding data to calculate these impacts precisely. BAP estimates that under current law, \$103 million in such credits is projected to be redeemed.

Oversight assumes there would be a significant unknown fiscal impact to General Revenue—exceeding \$100,000—as a result of this proposal, stemming from an increase in eligible senior citizens claiming larger property tax credits.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
---	---------------------	---------	---------

GENERAL REVENUE

<u>Loss</u> – Increased Tax Credit Redemptions	(Unknown)	(Unknown)	(Unknown)
--	-----------	-----------	-----------

ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Unknown)*</u>	<u>(Unknown)*</u>	<u>(Unknown)*</u>
--	--------------------------	--------------------------	--------------------------

* – Expected to exceed \$100,000

<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

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

DESCRIPTION

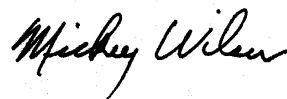
This proposal changes the qualifications for and the amount of credit allowed under the senior citizen/disabled person property tax credit, commonly known as circuit breaker.

This legislation: increases from \$2,000 to \$4,000 the amount of the exemption allowed for a married couple; increases from \$25,000 to \$30,000 the maximum income allowed to claim the credit; and increases the minimum base from \$13,000 to \$18,000. The minimum base is the maximum level of income at which the taxpayer receives a credit for all property taxes paid up to the maximum of \$750.

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



Mickey Wilson, CPA
Director
March 2, 2005