

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3241-01
Bill No.: HB 1140
Subject: Law Enforcement Officers and Agencies; Revenue Department; Taxation and Revenue.
Type: Original
Date: February 6, 2006

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
General Revenue	\$0	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	\$0	(Unknown)*	(Unknown)*

* – Expected to be less than \$100,000

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
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 2007	FY 2008	FY 2009
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2007	FY 2008	FY 2009
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Natural Resources, Department of Conservation, Department of Transportation** and the **Department of Public Safety - Office of the Director, Capitol Police, Water Patrol, Fire Safety** and the **Highway Patrol** each assume this proposal would not fiscally impact their respective agencies.

In response to a similar proposal from last year (HB 92), the **Department of Corrections** assumed the proposal would not fiscally impact their agency.

Officials from the **Department of Revenue (DOR)** state the proposal would allow a tax credit against the tax otherwise due under Chapter 143, excluding withholding taxes. DOR states Taxation will need to modify the MO-TC form to add this credit information, or add another line on the MO-1040 and related forms. DOR assumes this can be done with existing resources.

DOR states this legislation will require modifications to individual and corporate income tax systems. Taxation estimates these modifications will require a MINITS programming costs of \$46,170 (1,384 hours). COINS will also need to be modified for a programming cost of \$23,085 (692 hours). The department proposes to cover these costs with current IT staff. Effective July 1,

ASSUMPTION (continued)

2006, DOR's IT staff will be moved to the Office of Administration pursuant to consolidation, but DOR has no reason to believe this transfer will limit our ability to absorb these costs. In the event multiple new credits/deductions are passed, this cost could exceed current appropriation levels and result in additional funds being requested.

DOR assumes taxpayers will be required to submit a copy of the property tax receipt showing the amount paid. DOR assumes there will not be a large quantity of qualifying taxpayers using this credit and that Personal Tax / Customer Service will handle the additional workload with existing personnel.

Officials from the **Office of Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$1,500. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Office of Administration - Budget and Planning** state this proposal would have an unknown negative impact on Total State Revenues and General Revenue.

Officials from the **Department of Public Safety** stated the number of law enforcement deaths (including Department of Corrections) in the past several years has been 8 in 2005, 3 in 2004, 2 in 2003, 6 in 2002, 6 in 2001 and 5 in 2000. These do not include firefighters, park rangers, emergency medical technicians or other categories of public safety officers eligible under the proposal. Assuming the number of public safety officers dying in the line of duty per year of 10 and a property tax bill of \$1,500, this would result in loss of general revenue of \$15,000 in a given year. Many factors could impact this estimate, therefore, **Oversight** will assume the proposal would have negative fiscal impact on General Revenue, expected to be less than \$100,000.

This proposal will decrease Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
GENERAL REVENUE			
<u>Loss</u> – Income Tax Credits Claimed	\$0	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>(Unknown)*</u>	<u>(Unknown)*</u>
* – Expected to be less than \$100,000			

<u>FISCAL IMPACT - Local Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<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 authorizes an individual income tax credit for tax years beginning on or after January 1, 2007, for the amount of real property taxes paid on a homestead by surviving spouses of certain public safety officers. The public safety officer must have been killed in the line of duty and must have been an employee of the State of Missouri or any political subdivision of the state.

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
 Department of Public Safety
 Department of Natural Resources
 Department of Conservation
 Department of Transportation

SOURCES OF INFORMATION (continued)

Department of Corrections
Office of the Secretary of State
Office of Administration
 Budget and Planning

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

Mickey Wilson, CPA
Director
February 6, 2006