

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3403-01
Bill No.: HB 1376
Subject: Disabilities; Revenue Department; Taxation and Revenue
Type: Original
Date: February 14, 2006

FISCAL SUMMARY

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

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 4 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 Revenue** assume the proposal will not fiscally impact their agency.

Officials from the **Department of Social Services (DOS)** assume no negative fiscal impact will be realized by their Children's Division. The Children's Division currently has the capacity for completing the adoption tax credit forms, both for adoptions within the United States as well as International adoptions. This bill would allow the credit only to adoptive parents of children from the United States. As such, Children's Division staff would no longer sign-off on tax credit forms for international adoptions. The potential savings for the Division however, is negligible due to the low volume of international adoptions.

DOS defers to the Office of Administration for the calculation of any change to state revenue.

Officials from the **Office of Administration - Budget and Planning** state the bill restricts adoption of non-resident special needs children to those currently in the United States. Of the \$4 million current cap, half is reserved for resident and the other \$2 million for non-resident special needs children. The language allows adoption credits for non resident special needs children that have not been used by a certain time to be used for resident special needs children.

ASSUMPTION (continued)

BAP assumes the amount of credits issued for non resident children could remain unchanged. Therefore there would be no impact to general revenue.

Oversight has previously reflected the potential impact to the General Revenue Fund of up to \$4 million in tax credits in the fiscal notes for his program. Therefore, even though this proposal may reduce the utilization of the program by excluding children from outside the United States (therefore increasing revenue collections), Oversight assumes the proposal will not fiscally impact the state by an amount less than what has already been reflected in prior fiscal notes, which was a decrease in General Revenue of \$0 to \$4,000,000 annually.

<u>FISCAL IMPACT - State Government</u>	FY 2007 (10 Mo.)	FY 2008	FY 2009
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<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

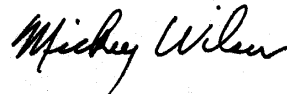
This proposal changes the laws regarding the special needs adoption tax credit.

Beginning July 1, 2006, the bill requires at least 50% of the tax credits allowed to be allocated for the adoption of special needs children who are wards or residents of Missouri. No tax credit will be allowed for special needs children adopted outside the United States.

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 Social Services
Office of Administration
Budget and Planning



Mickey Wilson, CPA
Director
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