

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0199-02
Bill No.: HCS HB 227
Subject: Revenue Dept.; Taxation and Revenue - General; Taxation and Revenue - Income
Type: Original
Date: February 16, 2007

Bill Summary: Would authorize an income tax credit for storm shelter construction.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue*	(\$31,188 to Unknown)	(\$32,248 to Unknown)	(\$33,216 to Unknown)
Total Estimated Net Effect on General Revenue Fund *	(\$31,188 to Unknown)	(\$32,248 to Unknown)	(\$33,216 to Unknown)

* Expected to exceed \$100,000.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
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 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	1.0	1.0	1.0
Total Estimated Net Effect on FTE	1.0	1.0	1.0

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration, Division of Budget and Planning** assume the proposal would have no fiscal impact on their organization.

Officials from the **Office of the Secretary of State (SOS)** provided the following response. Many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize 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, we reserve 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 **Department of Revenue (DOR)** assume the proposal would allow a tax credit for the costs incurred in building a storm shelter. The credit would be limited to \$2,000 or 50% of the costs incurred; the credit cannot exceed the taxpayer's tax liability and cannot be refunded or transferred. DOR assumes Personal Tax would require 1 Tax Processing Technician I per 4,000 credits claimed.

Information Technology (ITSD/DOR) assumes the IT portion of this request can be accomplished within existing resources, however; if priorities shift, additional FTE/overtime would be needed to implement. (ITSD/DOR estimates that this legislation could be implemented utilizing 4 existing CIT III for 2 months at a rate of \$33,488.

In summary, DOR submitted a cost estimate to implement this proposal including 1.0 additional FTE and related equipment and expense of \$37,623 for FY 2008, \$39,742 for FY 2009, and \$40,935 for FY 2010.

ASSUMPTION (continued)

Oversight has, for fiscal note purposes only, changed the starting salary the new position 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. Oversight has also adjusted the DOR estimate of equipment and expenditure costs in accordance with OA budget guidelines. Oversight assumes the IT requirement for the proposal could be implemented using existing staff. Finally, Oversight assumes the additional staff could be located in existing office space.

Officials from the **University of Missouri Economic Policy and Research Center** stated they could not provide an estimate of the revenue reduction for a previous version of this proposal.

Oversight assumes that this proposal would result in an unknown loss to the General Revenue Fund in excess of \$100,000.

This proposal would reduce Total State Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
GENERAL REVENUE FUND			
<u>Cost - Department of Revenue</u>			
Personal Service (1.0 FTE)	(\$17,820)	(\$22,026)	(\$22,686)
Fringe Benefits	(\$7,851)	(\$9,704)	(\$9,996)
Expense and Equipment	<u>(\$5,517)</u>	<u>(\$518)</u>	<u>(\$534)</u>
Total	<u>(\$31,188)</u>	<u>(\$32,248)</u>	<u>(\$33,216)</u>
Revenue reduction due to tax credit for storm shelter construction. *	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND *	<u>(\$31,188 to Unknown)</u>	<u>(\$32,248 to Unknown)</u>	<u>(\$33,216 to Unknown)</u>
* Expected to exceed \$100,000.			
Estimated Net FTE Change for General Revenue Fund	1.0 FTE	1.0 FTE	1.0 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal could have a fiscal impact to small businesses which sell or install storm shelters.

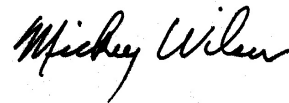
FISCAL DESCRIPTION

The proposal would authorize an income tax credit for construction of American-made storm shelters.

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

Office of the Secretary of State
Office of Administration
 Division of Budget and Planning
Department of Revenue
University of Missouri
 Economic Policy and Research Center



Mickey Wilson, CPA
Director
February 16, 2007