

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0215-01  
Bill No.: HB 76  
Subject: Revenue Dept.; Taxation and Revenue - General; Taxation and Revenue -  
Income; Veterans  
Type: Original  
Date: March 7, 2007

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Bill Summary: Would provide an income tax credit for donations to veterans of the  
Global War on Terror.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
General Revenue	(More than \$131,188)	(More than \$132,248)	(More than \$133,216)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(More than \$131,188)</b>	<b>(More than \$132,248)</b>	<b>(More than \$133,216)</b>

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

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

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

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

☐ 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).

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

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## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** provided the following response to a similar proposal (HB 266, LR 0720-01).

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 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 **Office of Administration, Division of Budget and Planning (BAP)** assume this proposal would not result in additional costs or savings to their organization. BAP officials stated that the proposal would create a tax credit for donations made by taxpayers to families of veterans of the Global War on Terror. The proposal would define a taxpayer as anyone subject to taxes in RSMo 143, which includes individual and corporate income taxes. The proposal places no cap on the available credits, and contains a carry-forward provision. BAP has no estimate of potential donations; therefore, this proposal could reduce general and total state revenues by an unknown, perhaps significant, amount.

**Oversight** assumes this proposal would have a negative fiscal impact to the state General Revenue Fund in excess of \$100,000 per year.

Officials from the **Department of Revenue** assume this proposal would create a tax credit beginning on or after January 1, 2007, equal to the cumulative value of all donations made to the qualifying veteran or the veteran's family in that tax year. The credit is non-refundable but could be carried forward 5 years, and the credit could be transferred, sold, or assigned. In the event a veteran is deemed missing, the taxpayer may claim the credit for all subsequent years donations are made to the qualifying veteran or the veteran's family.

ASSUMPTION (continued)

DOR stated that Personal Tax would normally require 1 Tax Processing Tech I for every 4,000 credits claimed, however, due to the amount of research involved, Personal Tax would require 1 FTE for every 2,000 credits claimed.

DOR also stated that Customer Service would anticipate a larger volume of phone calls, but assumes the phone calls can be handled with existing staff.

Information Technology anticipates that this legislation could be implemented with existing resources at a value of 5 CIT III for three months at a cost of \$62,790.

DOR submitted a cost estimate including the additional 1.0 FTE and related benefits, equipment, and expenditures totaling \$37,233 for FY 2008, \$39,085 for FY 2009, and \$40,076 for FY 2010.

**Oversight** has, for fiscal note purposes only, changed the starting salary for the additional 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 equipment and expense amounts in accordance with OA budget guidelines. Oversight assumes that one additional employee could be accommodated in existing office space. If unanticipated additional costs are incurred or if multiple proposals are enacted which increase the DOR workload, resources could be requested through the budget process.

Officials from the **Office of Administration, Administrative Hearing Commission, and the Department of Public Safety, Office of the Director, Missouri Veterans Commission, and Missouri National Guard** assume this proposal would have no fiscal impact on their organizations.

**This proposal could reduce Total State Revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>GENERAL REVENUE FUND</b>			
<u>Cost - DOR</u>			
Personal Service (1.0 FTE)	(\$17,820)	(\$22,026)	(\$22,686)
Fringe Benefits	(\$7,851)	(\$9,704)	(\$9,996)
Expense and Equipment	(\$5,517)	(\$518)	(\$534)
Total	<u>(\$31,188)</u>	<u>(\$32,248)</u>	<u>(\$33,216)</u>
<u>Revenue reduction</u>			
Tax credits	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>	<u>(More than \$100,000)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(More than \$131,188)</u></b>	<b><u>(More than \$132,248)</u></b>	<b><u>(More than \$133,216)</u></b>
Estimated Net FTE Change for General Revenue Fund	1.0	1.0	1.0
<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

An incorporated small business which made a donation to an eligible veteran would have a tax credit if this proposal was enacted.

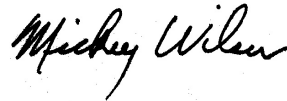
#### FISCAL DESCRIPTION

This proposal provide an income tax credit for donations to veterans of the Global War on Terror.

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 Administration  
    Administrative Hearing Commission  
    Division of Budget and Planning  
Department of Revenue  
Department of Public Safety  
    Office of the Director  
    Missouri Veterans Commission  
    Missouri National Guard

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

Mickey Wilson, CPA  
Director  
March 7, 2007