

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3586-01  
Bill No.: HB 1595  
Subject: Housing, Property, Real and Personal, Revenue Dept., Tax Credits, Taxation and Revenue - Income  
Type: Original  
Date: January 23, 2008

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Bill Summary: Would authorize an income tax credit for 50% of the cost of the construction of a storm shelter or \$2,000, whichever is less.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
General Revenue	(More than \$132,001)	(More than \$133,228)	(More than \$134,225)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(More than \$132,001)</b>	<b>(More than \$133,228)</b>	<b>(More than \$134,225)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<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 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	1	1	1
<b>Total Estimated Net Effect on FTE</b>	<b>1</b>	<b>1</b>	<b>1</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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **FISCAL ANALYSIS**

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### **ASSUMPTION**

Officials from the **University of Missouri, Economic Policy Analysis and Research Center (EPARC)** stated that they did not have information on the number of people who might take the tax credit and were unable to estimate the fiscal impact of this proposal.

Officials from **Officials from the Office of Administration, Division of Budget and Planning (BAP)** assume this proposal would have no fiscal impact on their organization. BAP officials also stated that the proposal would result in an unknown reduction in general and total state revenues.

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 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 this proposal would create a new tax credit; therefore, it would; reduce total state revenues. The proposal would allow a tax credit for the costs incurred in building a storm shelter on or after January 1, 2003. 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.

DOR also provided this estimate of the IT costs to implement the proposal.

Office of Administration, Information Technology Services Division (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 1 existing CIT III for 2 months for modifications to MINITS at a total cost of \$8,372.

ASSUMPTION (continued)

In summary, DOR submitted a cost estimate to implement this proposal including one additional FTE and related equipment and expense of \$36,726 for FY 2009, \$38,723 for FY 2010, and \$39,884 for FY 2011.

**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 adjusted the DOR estimate of equipment and expenditure costs in accordance with OA budget guidelines, and Oversight assumes that one additional FTE could be accommodated in existing office space. Oversight assumes the IT requirements for the proposal could be implemented using existing staff.

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

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

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
<u>Cost - Department of Revenue</u>			
Personal Service	(\$18,350)	(\$22,681)	(\$23,361)
Fringe Benefits	(\$8,114)	(\$10,029)	(\$10,330)
Expense and Equipment	<u>(\$5,537)</u>	<u>(\$518)</u>	<u>(\$534)</u>
	<u>(\$32,001)</u>	<u>(\$33,228)</u>	<u>(\$34,225)</u>
Revenue reduction due to tax credit for storm shelter construction.	<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 \$132,001)</u></b>	<b><u>(More than \$133,228)</u></b>	<b><u>(More than \$134,225)</u></b>
Estimated Net FTE Effect on General Revenue Fund	1	1	1

FISCAL IMPACT - Local Government

FY 2009  
(10 Mo.)

FY 2010

FY 2011

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

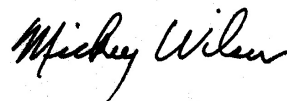
FISCAL DESCRIPTION

This proposal would authorize an income tax credit for 50% of the cost of the construction of a storm shelter or \$2,000, whichever is less.

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 Analysis and Research Center



Mickey Wilson, CPA  
Director  
January 23, 2008