

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4261-01
Bill No.: HB 1699
Subject: Motor Vehicles; Revenue Department; Tax Credits; Taxation and Revenue-
Income
Type: Original
Date: April 15, 2008

Bill Summary: This proposal authorizes an income tax credit for up to 50% of the cost to purchase and install idle reduction technology on a class 8 truck.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$73,452 to \$15,000,000)	(77,448 to \$15,000,0000)	(\$79,772)
Total Estimated Net Effect on General Revenue Fund	(\$73,452 to \$15,000,000)	(77,448 to \$15,000,0000)	(\$79,772)

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Department of Revenue	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 FTE

☐ 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
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Revenue** assume this proposal establishes a tax credit. Tax credits reduce the amount of tax due; therefore, reduce state revenues. Personal Tax requires one Tax Processing Technician I for every 6,000 tax credits claimed and one Tax Processing Technician I to process the credit application to the apportionment requirements.

Due to the Statewide Information Technology Consolidation, the department's response to a proposal will now also reflect the cost estimates prepared by OA-IT for impact to the various systems. As a result, the impact shown may not be the same as previous fiscal notes submitted. In addition, if the legislation is Truly Agreed to and Finally Passed the OA-IT costs shown will be requested through appropriations by OA-IT.

Office of Administration Information Technology (ITSD DOR) estimates 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 2 existing CIT III for 2 months for modifications to MINITS. The estimated cost is \$29,302.

In response to similar legislation filed this year, officials at the **Missouri Department of Transportation** assume that there is no fiscal impact from this proposal for their respective departments.

Oversight assumes the proposal would create an unknown reduction in income tax collections in the General Revenue Fund beginning in FY 2009. Oversight assumes that if only 100 vehicles take advantage of the tax credit then the cost would be \$350,000. Oversight assumes that the loss to General Revenue would be Unknown but less than \$15,000,000 as the tax credit is capped at \$15,000,000 per year.

Officials from the **Office of the 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 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, 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 the

ASSUMPTION (continued)

office can sustain with the 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.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE			
<u>Cost - Department of Revenue</u>			
Tax credit for adoption of idle reduction technology on class 8 trucks	(\$0 to \$15,000,000)	(\$0 to \$15,000,000)	\$0
<u>Cost - Department of Revenue</u>			
Personal Service	(\$42,292)	(\$52,273)	(\$53,841)
Fringe Benefits	(\$18,702)	(\$23,115)	(\$23,808)
Equipment and Expense	(\$12,458)	(\$2,060)	(\$2,123)
<u>Total Costs - DOR</u>	<u>(\$73,452)</u>	<u>(\$77,448)</u>	<u>(\$79,772)</u>
FTE Change -DOR	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$73,452 to \$15,000,000)</u>	<u>(\$77,448 to \$15,000,000)</u>	<u>(\$79,772)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This could impact businesses that apply for the tax credit.

JH:LR:OD (12/07)

FISCAL DESCRIPTION

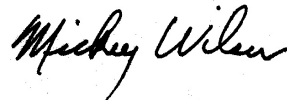
Beginning January 1, 2008, this bill authorizes an income tax credit for up to 50% of the cost to purchase and install idle reduction technology on a class 8 truck. A "class 8 truck" is defined as a heavy duty vehicle with a gross vehicle weight in excess of 33,000 pounds. The maximum amount of the tax credit is \$3,500 per truck. No more than \$15 million in tax credits can be issued during any one fiscal year, and no more than \$30 million can be issued during the life of the program. If the amount of credits claimed in any one fiscal year exceeds \$15 million, the Department of Revenue must apportion the tax credits equally among all eligible taxpayers. The tax credit can only be claimed by Missouri residents and may be taken against individual and corporate income tax, corporate franchise tax, and express company tax liability. The tax credit is not transferable or refundable, but can be carried forward and claimed for up to three taxable years.

The provisions of the bill will expire two years from the effective date.

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
Department of Revenue
Missouri Department of Transportation



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Director
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