

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4314-02
Bill No.: HB 2199
Subject: Revenue Dept.; Taxation and Revenue - Income
Type: Original
Date: February 27, 2008

Bill Summary: Would lower income tax rates for Missouri residents and increase individual income tax deduction amounts.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$78,700,000)	(\$78,700,000)	(\$78,700,000)
Total Estimated Net Effect on General Revenue Fund	(\$78,700,000)	(\$78,700,000)	(\$78,700,000)

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 4 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
Total Estimated Net Effect on FTE	0	0	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 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assume there would be no added cost to BAP as a result of this proposal. This proposal would make changes to marginal income tax rates. This proposal would lower general and total state revenues. BAP defers to EPARC for an estimate of reduced revenues.

Officials from the **Department of Revenue** (DOR) assume this proposal would have no fiscal impact on their organization. DOR officials provided this estimate of the IT cost to implement the proposal.

The Office of Administration, Information Technology Services Division (ITSD/DOR) estimates the IT portion of this request could be implemented utilizing two existing CIT III for two months for modifications to MINITS at a total estimated cost of \$16,744. ITSD/DOR assumes this proposal could be implemented with existing resources; however, if priorities shift, additional FTE/overtime would be needed.

Officials from the **University of Missouri, Economic and Policy Analysis Research Center** (EPARC) estimated the fiscal impact of this proposal. The EPARC analysis indicated a reduction in personal income tax revenues and total state revenues of \$78.7 million.

This proposal would reduce total state revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
<u>Revenue reduction - personal income tax</u>	<u>(\$78,700,000)</u>	<u>(\$78,700,000)</u>	<u>(\$78,700,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$78,700,000)</u>	<u>(\$78,700,000)</u>	<u>(\$78,700,000)</u>

FISCAL IMPACT - Local Government

FY 2009
(10 Mo.)

FY 2010

FY 2011

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

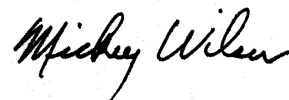
FISCAL DESCRIPTION

This proposal would lower income tax rates for Missouri residents and increase individual income tax deduction amounts.

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
Division of Budget and Planning
Department of Revenue
University of Missouri
Economic and Policy Analysis Research Center



Mickey Wilson, CPA
Director
February 27, 2008