

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4629-01
Bill No.: HB 2467
Subject: Revenue Dept.; Taxation and Revenue - Income
Type: Original
Date: April 9, 2008

Bill Summary: Would change the individual income tax rates.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$323,000,000)	(\$323,000,000)	(\$323,000,000)
Total Estimated Net Effect on General Revenue Fund	(\$323,000,000)	(\$323,000,000)	(\$323,000,000)

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 **Department of Revenue** (DOR) assume this proposal would not have a fiscal impact on their organization. DOR officials also provided an estimate of the IT cost to implement the proposal.

Officials from the **Office of Administration, Information Technology Services** Division (ITSD/DOR) assume this proposal would be accomplished with existing resources; however, if priorities shift, additional FTE/overtime would be needed. ITSD/DOR officials estimated that implementing the proposal would require two FTE existing CIT III for two months at a total cost of \$16,744.

Officials from the **University of Missouri, Economic Policy Analysis and Research Center** (EPARC) assume this proposal would change the rate paid by individual income tax filers at the highest income bracket. Specifically, filers whose taxable income is over \$8,000 would see their tax rate fall from 6 percent to 5.5 percent. EPARC officials projected a revenue reduction of \$323 million in individual income taxes if this proposal was implemented.

Oversight notes that the proposal would change the individual income tax rates effective January 1, 2008 and the first fiscal impact would be in FY 2009.

Officials from the **Office of Administration, Division of Budget and Planning** did not respond to our request for information.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
<u>Revenue reduction - tax rate reduction</u>	<u>(\$323,000,000)</u>	<u>(\$323,000,000)</u>	<u>(\$323,000,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$323,000,000)</u>	<u>(\$323,000,000)</u>	<u>(\$323,000,000)</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

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

FISCAL DESCRIPTION

This proposal would change the individual income tax rates.

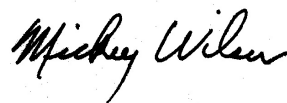
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
University of Missouri
Economic Policy Analysis and Research Center

NOT RESPONDING

Office of Administration
Division of Budget and Planning



Mickey Wilson, CPA
Director
April 9, 2008