

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1770-03  
Bill No.: HB 901  
Subject: Tax Credits; Taxation and Revenue- Income; Revenue Department  
Type: Original  
Date: April 12, 2011

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Bill Summary: This proposal prohibits taxpayers from claiming tax credits for jobs under certain circumstances when the jobs are relocated from a contiguous state.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<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 2012	FY 2013	FY 2014
<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 2012	FY 2013	FY 2014
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Budget and Planning (BAP)** assume this bill prohibits the issuance of a tax credit under certain programs if:

- the job moves to Missouri from a neighboring state,
- and from within 30 miles of the Missouri border,
- and if the contiguous state prohibits the analogous tax credits in their own state.

This proposal may impact general and total state revenues if the issuance of tax credits is reduced, but BAP does not have data to estimate such impacts.

Officials at the **Department of Economic Development** assume an unknown positive impact over \$100,000 as a result of this proposal depending on the number and size of the projects relocating to Missouri from a contiguous state. This proposal prohibits tax credits to be issued for a job that qualifies under the BUILD (100.700-100.850), Business Facility/Enterprise Zone (135.100-135.258), Enhanced Enterprise Zone (135.900-135.973), Business Extension Service Team (620.1023), and Missouri Quality Jobs (620.1875-620.1910) programs if the job relocates from a contiguous state within 30 miles of the border of Missouri and the contiguous state prohibits tax credits or incentives for job creation or does not award any job relocation incentive for any job that relocates from Missouri to the contiguous state and the new location is within 30 miles of the border of Missouri.

Officials at the **Department of Insurance, Financial Institutions and Professional Registration** and the **Department of Revenue** assume that there is no fiscal impact from this proposal.

**Oversight** assumes it is unclear which projects could have a savings from not issuing tax credits because of this proposal. Oversight for the fiscal note will show the range as zero to Unknown savings.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
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**GENERAL REVENUE**

<u>Savings - Dept of Economic Development tax credits not issued</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
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<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>	<b><u>\$0 to Unknown</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill prohibits the issuance of a tax credit under certain programs for an otherwise qualifying job if the job relocates to Missouri from a contiguous state and from within 30 miles of the Missouri border if the contiguous state prohibits any tax credit for jobs or economic incentives for job creation or an incentive for any job that moves from Missouri to the contiguous state and the new location is within 30 miles of the Missouri border. The programs include the Missouri Business Use Incentives for Large-Scale Development Program (Sections 100.700 - 100.850, RSMo); Business Facility Tax Credit Program (Sections 135.100 - 135.258); Enhanced Enterprise Zone Tax Credit Program (Sections 135.950 - 135.973); qualified community development projects (Section 620.1023); Missouri Quality Jobs Program (Sections 620.1875 - 620.1890); and the Manufacturing Jobs Act (Section 620.1910).

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

Budget and Planning  
Department of Economic Development  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Revenue

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

Mickey Wilson, CPA  
Director  
April 12, 2011