

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5094-01
Bill No.: HB 1248
Subject: Veterans; Taxation and Revenue - Income; Revenue Dept.
Type: Original
Date: February 23, 2012

Bill Summary: This proposal would authorize a check-off box for the Missouri Veterans' Medical Research Trust Fund to be added to the individual and corporate income tax forms, and would allow for a separate donation to be sent in with the tax forms.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Missouri Veterans' Medical Research Trust	Less than \$100,000	Less than \$100,000	Less than \$100,000
Total Estimated Net Effect on <u>Other</u> State Funds	Less than \$100,000	Less than \$100,000	Less than \$100,000

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
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 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** assume 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 Secretary of State's Office 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 **Joint Committee on Administrative Rules**, the **Office of the State Treasurer**, and the **Department of Public Safety, Missouri Highway Patrol and Missouri Veterans Commission** assume that this proposal would not have a fiscal impact on their organizations.

ASSUMPTION (continued)

Officials from the **Office of Administration, Division of Budget and Planning** (BAP) assume this proposal would not result in additional costs or savings to their organization.

BAP officials stated that this proposal would create an income tax check-off to benefit a fund, which would be established in this proposal and would be titled the Missouri Veterans' Medical Research Trust Fund. Taxpayers could designate a portion of their refund to the fund and could also write a check for donations to the fund.

To the extent the check-off is used, this proposal would increase Total State Revenues. BAP officials noted that \$313,610 in designations were made via income tax check-offs in FY 2011.

Officials from the **Department of Revenue** (DOR) assume this proposal would create the Missouri Veterans Medical Research Trust Fund, and would provide a check-off process to allow tax return filers to designate part of their refund to be credited to the fund. DOR officials assume that their organization would need to make form changes, and DOR and ITSD-DOR would need to make programming changes to various tax systems.

DOR officials did not provide an estimate of the cost to implement this proposal and **Oversight** assumes DOR could absorb the cost with existing resources. If unanticipated costs are incurred or if multiple proposals are implemented which increase the DOR workload, resources could be requested through the budget process.

DOR officials also provided an estimate of the IT cost to implement the proposal of \$17,808 based on 672 hours of programming to make changes to DOR systems.

Oversight assumes ITSD (DOR) is provided with core funding to handle a certain amount of activity each year. Oversight assumes ITSD (DOR) could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial cost, ITSD (DOR) could request funding through the budget process.

Oversight assumes that the participation rate and the amount of revenue which could be provided for the Veterans' Medical Research Trust Fund in this proposed check-off program are unknown.

ASSUMPTION (continued)

Oversight notes that the Office of Administration, Division of Budget and Planning response indicated a total of \$313,610 in donations was made for all income tax check-off programs during FY 2011. Oversight reviewed the DOR report of checkoff trust fund collections for the years ended June 30, 2009 and 2010, and noted that only one program had collections in excess of \$100,000 per year. Average collections for the each of the twenty programs in FY 2010 was \$16,600.

For fiscal note purposes, Oversight will indicate annual revenue less than \$100,000 for the Veterans' Medical Research Trust Fund. The program would be effective for tax years beginning January 1, 2012, and Oversight assumes the donations would be made from refunds beginning in January, 2013 (FY 2013).

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
VETERANS' MEDICAL RESEARCH TRUST FUND			
<u>Revenue - donations</u>	<u>Less than</u> <u>\$100,000</u>	<u>Less than</u> <u>\$100,000</u>	<u>Less than</u> <u>\$100,000</u>
ESTIMATED NET EFFECT ON VETERANS' MEDICAL RESEARCH TRUST FUND	<u>Less than</u> <u>\$100,000</u>	<u>Less than</u> <u>\$100,000</u>	<u>Less than</u> <u>\$100,000</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<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.

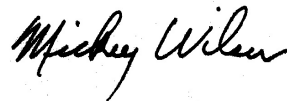
FISCAL DESCRIPTION

This proposal would authorize a a check-off box for the Missouri Veterans' Medical Research Trust Fund to be added to the individual and corporate income tax forms, and would allow for a separate donation to be sent in with the tax forms.

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 the State Treasurer
Joint Committee on Administrative Rules
Office of Administration
 Division of Budget and Planning
Department of Public Safety
 Missouri Highway Patrol
 Missouri Veterans Commission
Department of Revenue



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Director
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