

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4047-01
Bill No.: HB 1159
Subject: General Assembly
Type: Original
Date: March 26, 2014

Bill Summary: This proposal allows for the budget committee of the House of Representatives to impose limits on the amount of tax credits issued each taxable year.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Office of Administration's Division of Budget and Planning (BAP)** assume this proposal would not fiscally impact BAP. This proposal stipulates that the House Budget Committee must impose limits on the amounts of all tax credits issued each tax year. To the extent that this would lower the amount of tax credits issued, this could increase Total State Revenues.

Officials at the **Department of Revenue** assume that if tax credits are no longer funded, expiration dates need to be added to those specific credits. This action requires form changes. Depending on the timing of the decision, this legislation could result in additional notices and phone calls if the Department denies credits that a taxpayer anticipated receiving.

Depending on when the decision is made on the limits of a tax credit, taxpayers could submit a return and claim a credit which is not being funded. It is unclear if the taxpayer would be responsible for penalty and interest on the claimed credit. This legislation could result in additional telephone calls and correspondence. Some type of notification will be needed to notify affected taxpayers.

Officials at the **Department of Natural Resources** assume the Department's State Historic Preservation Office is responsible for reviewing and approving rehabilitation work of the state historic preservation tax credit. Any changes in the tax credit program may have an impact on the number of rehabilitation projects the State Historic Preservation Office reviews and approves. The Department would not anticipate a significant direct fiscal impact as a result of the changes made to the State Historic Preservation Tax Credit program.

Officials at the **Department of Insurance, Financial Institutions and Professional Registration, Department of Health and Senior Services** and the **Department of Social Services** each defers to the Department of Economic Development, Department of Revenue and the Office of Administration's Division of Budget and Planning for fiscal impact.

Officials at the **Department of Economic Development, Missouri House of Representatives** and the **Missouri Senate** each assume there is no fiscal impact to their respective agencies from this proposal.

ASSUMPTION (continued)

Officials at the **Department of Agriculture** assume an unknown impact as it is not possible to know what the appropriation amount might be during the fiscal note period. The amount could range from zero dollars to an estimated amount of \$162,249 based on average yearly program fee revenues.

Oversight assumes this provision would not have a direct fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses that receive the tax credits may be impacted.

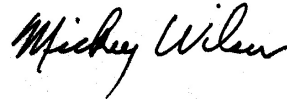
FISCAL DESCRIPTION

This bill allows the Budget Committee of the House of Representatives to impose limits on the amounts of all tax credits issued in each taxable year as it deems necessary.

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 Agriculture
Department of Economic Development
Department of Insurance, Financial Institutions and Professional Registration
Department of Health and Senior Services
Department of Natural Resources
Department of Revenue
Department of Social Services
Missouri House of Representatives
Missouri Senate
Office of Administration
Division of Budget and Planning



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