

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5004-01
Bill No.: HB 1194
Subject: Charities; Tax Credits
Type: Original
Date: February 14, 2014

Bill Summary: This proposal raises the fiscal year cap on the Food Pantry Tax Credit from \$1.25 million to \$2 million.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	\$0 to (\$750,000)	\$0 to (\$750,000)	\$0 to (\$750,000)
Total Estimated Net Effect on General Revenue Fund	\$0 to (\$750,000)	\$0 to (\$750,000)	\$0 to (\$750,000)

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 4 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 no fiscal impact to BAP from this proposal. This proposal increases the cap on the Food Pantry Tax Credit from \$1.25 million to \$2 million. Therefore, this proposal may reduce General and Total State Revenue by \$.75 million annually.

Officials at the **Department of Revenue** assume no fiscal impact on the Department from this proposal. However, it may reduce state revenues.

Oversight assumes the Food Pantry tax credit began in 2008, and had a sunset of 2011. The program at that time had a \$2 million annual cap. In Fiscal Year 2013, the Food Pantry tax credit was reauthorized and given a cap of \$1.25 million annually. Due to the time period between which this credit did not exist and the reauthorization of the tax credit, Oversight does not have any recent redemption data to use to determine if this tax credit is being redeemed near its annual cap.

Oversight assumes this proposal raises the current cap on the Food Panty tax credit from \$1.25 million to \$2 million starting August 28, 2014 (FY 2015). Therefore, Oversight will show a loss to state revenue of \$0 (no additional redemptions) to \$750,000 per year (additional redemptions up to the new cap).

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
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GENERAL REVENUE

<u>Revenue Reduction</u> - increasing the cap on the Food Pantry tax credit	<u>\$0 to (\$750,000)</u>	<u>\$0 to (\$750,000)</u>	<u>\$0 to (\$750,000)</u>
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ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 to (\$750,000)</u>	<u>\$0 to (\$750,000)</u>	<u>\$0 to (\$750,000)</u>
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<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 can claim this tax credit may be impacted.

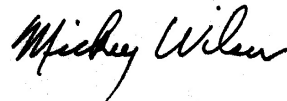
FISCAL DESCRIPTION

Currently, taxpayers that make donations to food pantries may be eligible for an income tax credit. The amount of food pantry tax credits that may be issued in a fiscal year is limited to \$1.25 million. This act raises the cap to \$2 million, beginning with the 2015 fiscal year.

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
Office of Administration
Division of Budget and Planning



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Director
February 14, 2014

Ross Strobe
Assistant Director
February 14, 2014