COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1943H.02C
Bill No.: HCS for HB 1095
Subject: Taxation and Revenue - General; Tax Credits; Taxation and Revenue - Income; Revenue, Department of; Economic Development
Type: Original
Date: March 10, 2021

Bill Summary: This proposal would modify provisions relating to tax credits.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2022	FY 2023	FY 2024	FY 2028
General Revenue Fund*	$0 to could exceed ($16,980,580)	Up to ($667,348) to could exceed ($22,935,580)	Could exceed ($19,632,529) to $2,635,703	Could exceed ($10,643,128) to $11,625,104
Total Estimated Net Effect on General Revenue	**$0 to could exceed ($16,980,580)**	**Up to ($667,348) to could exceed ($22,935,580)**	**Could exceed ($19,632,529) to $2,635,703**	**Could exceed ($10,643,128) to $11,625,104**

*Oversight assumes increasing the cap on a tax credit program does not necessarily increase utilization of the program, therefore, some of the programs may not be impacted by the changes ($0 fiscal impact).
Also, the amounts above do not reflect the savings from the LIHTC program sunsetting (§135.365) in 2029 and the eventual phase-out of tax credit-generating projects.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2022	FY 2023	FY 2024	FY 2028
Total Estimated Net Effect on Other State Funds	**$0**	**$0**	**$0**	

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2022	FY 2023	FY 2024	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	**$0**	**$0**	**$0**	

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2022	FY 2023	FY 2024	FY 2028
Total Estimated Net Effect on FTE	**0**	**0**	**0**	

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☒ Estimated Net Effect (savings or increased revenues) expected to exceed $250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS				
FUND AFFECTED	FY 2022	FY 2023	FY 2024	FY 2028
Local Government	**$0**	**$0**	**$0**	

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration – Budget & Planning Division (B&P)** state this proposed legislation could increase TSR by $24,671,357 once fully implemented. This proposed legislation may impact the calculation under Article X, Section 18(e).

Section 32.110 – Neighborhood Assistance Act

Officials from the **Missouri Department of Revenue (DOR)** state this section would increase the cap on the Neighborhood Assistance and Affordable Housing Tax Credit(s). The current cap is $26 million and this would increase it to $30 million starting July 1, 2021. This will result in an additional loss to General Revenue (GR) of $4 million annually. Since the first returns claiming this credit can be filed starting January 2022 this will result in an impact starting in Fiscal Year 2022.

Fiscal Year	Loss to General Revenue
2022	($4,000,000)
2023	($4,000,000)
2024	($4,000,000)

In response to the previous version of this proposed legislation, officials from the **Missouri Department of Economic Development – Business and Community Solutions Division (BCS)** stated the current cap for the Neighborhood Assistance Tax Credit program of $26 million includes $16 million for the Neighborhood Assistance Tax Credit program, $6 million for the Development Tax Credit, which sunset with the Missouri Works statute, and $4 million was added in 1999 as the legislature passed the Family Development Account Tax Credit program, which left $4 million in this section that was not used.

BCS assumes this legislation would simply add $4 million for the Neighborhood Assistance Tax Credit program.

BCS notes Section 32.115 currently states that, in no event shall the total amount of all other tax credits allowed pursuant to Section(s) 32.100 to 32.125 exceed $32 million. BCS assumes this cap should fluctuate accordingly (up or down) with changes made to the cap referenced in Section 32.110.

BCS anticipates the need for one (1) FTE for the additional $4 million in tax credits.

Oversight assumes, since the Neighborhood Assistance Tax Credit program is an existing tax credit program within the Missouri Department of Economic Development, that BCS can absorb the responsibilities of the increased tax credit cap.

However, should the increase in the cap result in a significant increase in the participation of the tax credit program, BCS may seek additional FTE through the appropriations process.

Officials from **B&P** state this section would increase the annual authorization cap from the current $26 million to $30 million beginning with Fiscal Year 2022. B&P notes that both the Affordable Housing and Neighborhood Assistance tax credit programs fall under this cap. Based on the most recent tax credit analysis reports, the cap for Affordable Housing is $10 million (plus $1 million for specific programs) and the cap for Neighborhood Assistance is $16 million. Assuming the $4 million in additional authorizations allowed under this proposal are distributed among both credit programs, B&P estimates that the cap for Affordable Housing may increase by $1,538,462, while the cap for Neighborhood Assistance may increase by $2,461,538.

Using historic authorization/redemption information for both tax credit programs, B&P estimates that this provision may reduce TSR and GR $358,662 in FY22. Once fully implemented, this provision may reduce TSR and GR by $4,000,000 annually.

Oversight notes this section increases the total amount of tax credits that may be granted for programs approved pursuant to Section(s) 32.100 to 32.125 from twenty-six million dollars ($26,000,000) to thirty million dollars ($30,000,000) beginning in each fiscal year beginning on or after July 1, 2021 (Fiscal Year 2022).

Oversight notes the Missouri Department of Economic Development – Business and Community Solutions Division assumes this section will specifically increase the cap for the Neighborhood Assistance Tax Credit from sixteen million dollars ($16,000,000) to twenty million dollars ($20,000,000). For purposes of this fiscal note, Oversight will assume the increase to the cap of four million dollars ($4,000,000) is specific to the Neighborhood Assistance Tax Credit.

Oversight notes the changes made to the Neighborhood Assistance Tax Credit under this proposed legislation do not change the qualifying features of the tax credit program.

Oversight notes, per the most recent Tax Credit Analysis received from the Missouri Department of Economic Development, the Neighborhood Assistance Tax Credit recognized the following activity:

Neighborhood Assistance Tax Credit	FY 2018	FY 2019	FY 2020	FY 2021 (Year To Date)	FY 2022 (Budget Year)
Certificates Issued (#)	1678	1546	1432	-	1734
Projects/Participants (#)	75	74	67	-	74
Amount Authorized	$14,981,906	$15,035,823	$13,890,324	-	$16,000,000
Amount Issued	$12,367,630	$10,377,614	$8,703,761	-	$13,600,000
Amount Redeemed	$10,922,807	$8,947,216	$9,471,231	-	$12,648,000

Oversight notes projects that qualify for the tax credit(s) created under Section(s) 32.100 to 32.125 after July 1, 2021 would not file their Tax Year 2021 tax return claiming the credit until after January 1, 2022. Therefore, Oversight will report the fiscal impact for this section beginning in Fiscal Year 2022.

Oversight will report a revenue reduction equal to $0 (participation in the program remains unchanged) up $4,000,000, the increase in the cap, beginning in Fiscal Year 2022.

<u>Section 135.327 – Adopting Special Needs Child Tax Credit</u>

Officials from **DOR** state, currently, a tax credit is available for taxpayers who adopt a special needs child in an amount up to $10,000 for nonrecurring adoption expenses. A business entity that provides funds to an employee to enable the employee to adopt a special needs child can also receive a tax credit up to $10,000 for nonrecurring expenses paid. This proposed legislation, starting January 1, 2022, would remove the restriction that this tax credit be only for the adoption of special needs children and will allow for the adoption of any child.

The current cap is set at $2 million annually but can be adjusted based on appropriation by the General Assembly.

Year	Total Redeemed
FY 2020	$29,404.00
FY 2019	$19,185.00
FY 2018	$88,706.00
FY 2017	$127,211.00
FY 2016	$231,367.00
FY 2015	$380,715.00
FY 2014	$718,495.00
FY 2013	$744,155.00
FY 2012	$1,036,226.00
TOTALS	$3,375,464.00

This proposed legislation, in addition to expanding those that qualify for the credit, also increases the cap on the program starting July 1, 2021 (Fiscal Year 2022). This will result in an additional loss to GR of $2 million annually. Since the first returns claiming this credit can be filed starting January 2022 this will result in an impact starting in Fiscal Year 2022.

DOR notes this proposed legislation adds language that requires the taxpayers who adopted a resident special needs child be given priority in receiving the tax credit. It is noted that this is an apportioned tax credit, in which the credit upon reaching the cap is apportioned amongst all filers in the same proportion. Giving priority to certain taxpayers over others and apportioning the credit equally among the filers appears contradictory and DOR is not sure, at this time, how this could be implemented without specific language regarding how to prioritize, or if there would be additional costs from this language.

The proposed legislation adds the definition of a child which will include children under the age of 18 and children that cannot care for themselves. This could add additional parents that may be eligible for this tax credit, which were not included in the calculations previously. DOR assumes no additional impact from this provision as the credit will be apportioned equally among all filers.

Fiscal Year	Loss to General Revenue
2022	($2,000,000)
2023	($2,000,000)
2024	($2,000,000)

Officials from **B&P** state this proposed legislation would rename the Special Needs Adoption Tax Credit to the Adoption Tax Credit. In addition, this proposal would allow any person residing in the state who proceeds with the adoption of a child on or after January 1, 2022, regardless of whether such child is a special needs child, to receive a tax credit of up to $10,000 for nonrecurring adoption.

Section 135.327 would increase the redemption limit from the current $2 million per year to $4 million dollars per year beginning with Fiscal Year 2022. Therefore, B&P estimates that this provision may reduce TSR and GR by $2,000,000 annually, beginning with Fiscal Year 2022.

Oversight notes, per the Tax Credit Analysis submitted to Oversight by the Department of Revenue, the Special Needs Adoption Tax Credit had the following activity as it is currently administered:

Special Needs Adoption Tax Credit	**FY 2018 ACTUAL**	**FY 2019 ACTUAL**	**FY 2020 ACTUAL**	**FY 2021 (year to date)**	**FY 2021 (Full Year – est.)**	**FY 2022 (Budget Year – est.)**
Amount Redeemed	$88,706	$19,185	$29,404	*$0*	$45,000	$45,000

Oversight notes, based on information provided to Oversight by DOR, the three year average amount of Special Needs Adoption Tax Credit claimed and allowed on tax returns totals $45,765.

Oversight notes, per DOR, the estimated amount of Special Needs Adoption Tax Credit that will be claimed and allowed on tax returns during Fiscal Year 2022 totals $45,000. Oversight notes the modifications to the Special Needs Adoption Tax Credit proposed in this legislation would begin January 1, 2022. Tax returns for Tax Year 2022 would not be filed until after January 1, 2023 (Fiscal Year 2023).

However, the change in the cap would begin July 1, 2021 (Fiscal Year 2022).

Therefore, for purposes of this fiscal note, Oversight will show a reduction to GR equal to a range, beginning at $0 (participation in the tax credit program does not change) up to $2 million Fiscal Year 2022 (increase in cap from $2 million to $4 million).

Beginning in Fiscal Year 2023, Oversight will report a revenue reduction equal to $0 (participation in the tax credit program does not change) up to $3,955,000, the difference between the estimated amount to be redeemed in Fiscal Year 2022 (assuming participation increases as a result of the changes made to the qualifications of the tax credit and the increase in the tax credit cap).

Section 135.341 – Champion for Children Tax Credit

Officials from **DOR** state the Champion for Children Tax Credit program allows taxpayers who make contributions to a qualified CASA, child advocacy center or crisis care center to claim a tax credit equal to fifty percent (50%) of their donation.

DOR provides information on what has been redeemed each of the last few fiscal years:

Year	Total Redeemed
FY 2020	$827,942.00
FY 2019	$999,995.00
FY 2018	$999,986.00
FY 2017	$999,873.00
FY 2016	$999,987.00
FY 2015	$999,990.00
FY 2014	$930,769.00
FY 2013	$792,368.00
FY 2012	$629,456.00
TOTALS	$8,180,366.00

This proposed legislation will increase the annual cap from $1.5 million to $3 million starting July 1, 2021. The first returns filed claiming the credit will be in January 2022 (Fiscal Year 2022).

Fiscal Year	Loss to General Revenue
2022	($1,500,000)
2023	($1,500,000)
2024	($1,500,000)

Officials from **B&P** state this provision would increase the redemption limit for the Champion for Children Tax Credit from $1.5 million annually to $3.0 million annually beginning in Fiscal Year 2022. Therefore, B&P estimates that this provision will reduce TSR and GR by $1,500,000 annually starting in Fiscal Year 2022.

Officials from the **Missouri Department of Social Services (DSS)** state this section changes the limit on the amount of tax credits from $1.5 million to $3 million. DSS assumes this may impact state revenues.

For purposes of this fiscal note, Oversight will report a revenue reduction equal to $0 (participation in the tax credit program does not change) up to $1.5 million, the increase in the cap.

<u>Section 135.352 & 135.365 – Missouri Low Income Housing Tax Credit</u>

Officials from **DOR** state this proposed legislation changes the amount of the cap on the 9% Low-Income Housing Tax Credit to $80 million. DOR notes the 2021 federal housing credit allowance for Missouri is $17,303,051. This credit is a 10 year credit and therefore, the full amount of the federal credit is $173,030,510. Per this proposed legislation, the Missouri tax credit will be set at $80 million.

This could result in a yearly savings of $9,303,051 [($173,030,510- $80,000,000) / 10] if the full credit is authorized.

For all fiscal years beginning on or after July 1, 2021, no more than two million dollars ($2,000,000) annually in state tax credits shall be authorized each fiscal year to projects financed through tax-exempt bond issuance. DOR notes the current cap is $6 million annually for those credits issued through tax-exempt bonds.

DOR notes that the current QAP on the program does not allow for more than $3 million to be authorized for these projects. Since the proposed limit is less than the current limit, this would result in $1 million in <u>savings</u> to the state.

DOR notes the Low-Income Housing Tax Credits had not been authorized the last two (2) fiscal years as the Missouri House of Representatives had not approved the authorization amount. The Missouri Housing Development Commission who administers the program also had not adopted a QAP to allow for the authorization of the credits. However, the Low-Income Housing Credits began to be authorized again in Fiscal Year 2020.

In response to the previous version of this proposed legislation, officials from the **Missouri Department of Economic Development – Missouri Housing Development Commission (MHDC)** stated this proposed legislation reduces the amount available for annual allocations for both the 9% and 4% Missouri Low Income Housing Tax Credits (MOLIHTC), and it shortens the redemption period from ten (10) years to five (5) years. This proposed legislation imposes a sunset date on the MOLIHTC program.

MHDC states the authorization limit for 9% MOLIHTCs is capped at $80 million per fiscal year and the authorization limit for 4% MOLIHTCs is capped at $2 million per fiscal year.

MHDC assumes the changes made to the MOLIHTC program will result in the following savings to GR:

Fiscal Year	Savings to GR
2024	$3,303,051
2025	$5,028,808
2026	$7,101,309
2027	$9,522,032
2028	$12,292,452
2029	$35,414,048
2030	$58,888,294
2031	$82,716,669
2032	$106,900,649
2033	$131,441,711
2034	$133,038,281
2035	$136,572,180

Officials from **B&P** state **Subsection 135.352.1** requires Missouri LIHTC credits be available for five years starting the year in which a qualified project is placed into service.

Subsection 135.352.3 would reduce the cap on projects not financed through tax-exempt bonds to $80 million per fiscal year, beginning in FY22. B&P notes that the 2020 QAP for LIHTC, MHDC set the amount of state LIHTC available up to an amount equal to 70% of the available and authorized Federal LIHTC allocation amount. The MHDC estimates that the annualized 2021 Federal LIHTC available to Missouri is $17,303,051, or $173M over 10 years. Of this, 70% would be $12,112,136, or $121.1M over 10 years. Therefore, this proposal could result in a reduction in the credit limit of $41,121,357 ($121,121,357 - $80,000,000).

Subsection 135.352.4 would reduce the cap on projects financed with tax-exempt bonds from the current limit of $6.0 million to $2.0 million beginning with FY22. While savings from this change could be up to $2M, B&P notes that MHDC's 2020 QAP allows for only $3M in authorizations of these credits.

Section 135.352.9 would allow DED to establish an evaluation metric for scoring LIHTC applicants and would allow DED to offer preference to minority groups or women.

Section 135.365 would sunset the low-income housing tax credit program beginning August 28, 2027. For the purpose of this fiscal note, B&P will assume that all FY27 low-income housing tax credits will be issued prior to the sunset date.

Based on historical authorization and redemption data and accounting for the QAP changes to the authorization limits, B&P estimates that this provision may increase TSR and GR by $16,725 in FY22. Once fully implemented, this provision could increase TSR and GR by $42,121,357 annually. Based on historical authorizations and redemption patterns, a significant portion of these savings may not be realized until future years. Further, these changes may impact related economic activity. B&P cannot estimated the induced revenue impacts.

Oversight assumes that MHDC has reported the fiscal impact two (2) years after the authorization of the tax credit(s). Oversight assumes MHDC assumes, typically, MOLIHTCs are issued two (2) years after such tax credits are authorized.

Oversight notes this section states the commission shall establish an evaluation rubric and score applicants for qualified Missouri projects against such rubric. This section state that the commission may authorize a preference for minority groups or women as part of a point system or rubric. This section also adds a sunset date for this tax credit program. Under this proposed legislation, this tax credit program would sunset December 31, 2027, unless reauthorized by the General Assembly. Oversight notes the fully implemented impact of this section would not be recognized before the tax credit is scheduled to sunset. Oversight notes individuals that are awarded the tax credits during Tax Year 2027 would not file their Tax Year 2027 tax return until after January 1, 2028 (Fiscal Year 2028). Therefore, Oversight will report the revenue reduction, as estimated by MHDC beginning in Fiscal Year 2024 and ending in Fiscal Year 2028.

<u>Section 135.460 – Youth Opportunities Tax Credit</u>

Officials from **DOR** state the Youth Opportunities Tax Credit program allows a taxpayer to receive a tax credit equal to 30% of property donated or 50% of monetary contributions made to youth opportunity or violence prevention program. The taxpayer is not allowed to claim a credit of more than $200,000 annually for monetary contributions or property contributions.

Additionally a taxpayer can claim a credit of no more than $10,000 annually for funding an internship or apprenticeship. The annual cap on the program is $6 million.

DOR provides information on what has been redeemed each of the last few fiscal years:

Year	Authorized	Issued	Total Redeemed
FY 2020	$1,212,623.00	$4,086,770.50	$5,217,305.70
FY 2019	$5,169,666.00	$5,822,539.00	$4,040,657.57
FY 2018	$6,826,426.00	$5,726,775.00	$4,818,711.26
FY 2017	$5,642,936.00	$6,349,945.00	$5,451,115.04
FY 2016	$6,375,728.00	$5,411,972.00	$4,706,636.11
FY 2015	$7,041,012.00	$5,325,506.00	$4,247,824.65
FY 2014	$5,941,601.50	$5,080,128.00	$5,239,666.42
FY 2013	$5,609,784.00	$5,571,555.00	$3,906,262.62
FY 2012	$5,843,692.62	$4,152,310.83	$4,979,894.20
TOTALS	$49,663,469.12	$47,527,501.33	$42,608,073.57

This proposed legislation increases the limit an individual taxpayer can claim from $200,000 to $500,000 for monetary or property contributions and from $10,000 to $20,000 for internships. These increased taxpayers limits begin July 1, 2021. DOR notes that while these increased limits may encourage more donations and therefore greater utilization of the credit, this proposed legislation does not change the cap on the program and therefore this will have no additional fiscal impact.

Officials from **BCS** state this section changes how much a taxpayer can donate and how much can be paid to a person participating in the employment program. BCS states, currently, the full amount of tax credits available is authorized each year.

Officials from **B&P** state Subsection 135.460 would increase the tax credit limit for contributions from $200,000 per taxpayer per year to $500,000 per taxpayer per year, beginning with Fiscal Year 2022.

Subsection 135.460.5 would increase the tax credit allowed for employment, internships, and apprenticeships from $10,000 per taxpayer per year to $20,000 per taxpayer per year starting in Fiscal Year 2022.

B&P notes that if these authorization caps increase the usage of youth opportunities tax credits, then TSR and GR may be reduced.

Oversight notes the changes made in this section may increase participation in the tax credit program. Oversight estimates the three (3) year average amount of tax credits issued totals $5,212,028.

For purposes of this fiscal note, Oversight will report a revenue reduction equal to $0 (participation in the tax credit program does not change) up to $787,972 (difference in average 3 year amount issued and cap of $6,000,000) beginning in Fiscal Year 2022.

Section 135.550 – Contributions to Shelters for Victims of Domestic Violence Tax Credit

Officials from **DOR** state, currently, a taxpayer shall be allowed to claim a tax credit against the taxpayer's state tax liability, in an amount equal to fifty percent (50%) of the amount such taxpayer contributed to a shelter for victims of domestic violence. No taxpayer is allowed to claim more than $50,000 and the cumulative cap on the program is two million dollars ($2,000,000) annually.

DOR notes the current tax credit program has issued the following amount of credits:

Year	Issued
FY 2020	$1,858,165.23
FY 2019	$752,800.86
FY 2018	$1,881,995.47
FY 2017	$1,611,058.21
FY 2016	$1,892,974.11
FY 2015	$1,426,180.09
FY 2014	$1,256,761.49
FY 2013	$1,075,861.66
FY 2012	$1,088,440.04

This proposed legislation changes the annual cap starting July 1, 2021 (Fiscal Year 2022) from $2 million to $4 million. This is expected to result in a loss to GR of the increased $2 million cap. The first returns claiming this credit can be filed starting January 1, 2022 (Fiscal Year 2022).

Fiscal Year	Loss to General Revenue
2022	($2,000,000)
2023	($2,000,000)
2024	($2,000,000)

Officials from **DSS** state this proposed legislation raises the total limit of tax credits from $2 million to $4 million. The three (3) year average amount of tax credits authorized by DSS is $1.83 million. Currently, various domestic violence agencies are not using all of the tax credit(s) allocated to them. DSS assume this could result in a fiscal impact by an unknown amount.

Officials from **B&P** state this provision would increase the redemption cap for domestic violence tax credits from $2 million to $4 million, beginning in Fiscal Year 2022. Based on historical authorization/redemption data, B&P estimates that this provision may reduce TSR and GR by $1,396,501 in Fiscal Year 2022. Once fully implemented, this provision may reduce TSR and GR by $2,000,000 annually.

Oversight notes the changes made to this tax credit program do not change the qualifications for the tax credit. Therefore, for purposes of this fiscal note, Oversight will report a revenue reduction equal to $0 (participation in the tax credit program does not change) up to $2 million as a result of the increased cap beginning in Fiscal Year 2022.

<u>Section 135.600 – Contributions to Maternity Homes Tax Credit</u>

Officials from **DOR** state, currently, a taxpayer shall be allowed to claim a tax credit against the taxpayer's state tax liability, in an amount equal to fifty percent (50%) of the amount such taxpayer contributed to a maternity home. No taxpayer is allowed to claim more than $50,000 and the total cumulative cap on the program is three million five hundred thousand dollars ($3,500,000) annually.

DOR notes the current tax credit program has issued the following amount of credits:

Year	Issued
FY 2020	$2,678,033.86
FY 2019	$2,390,514.11
FY 2018	$2,499,951.44
FY 2017	$2,482,713.51
FY 2016	$2,499,405.47
FY 2015	$2,104,022.19
FY 2014	$1,810,789.52
FY 2013	$1,999,957.83
FY 2012	$1,471,340.43
TOTALS	$19,936,728.36

This proposed legislation changes the annual cap starting July 1, 2021 (Fiscal Year 2022) from $3.5 million to $4 million. This is expected to result in a loss to GR of the increased $500,000 cap. The first returns claiming this credit can be filed starting January 1, 2022.

Officials from **DSS** state this proposed legislation changes the tax credit limit from $3.5 million to $4 million. DSS notes the current tax credit limit equal to $3.5 million was implemented last year. DSS notes various maternity homes are not yet utilizing the full limit of the tax credits available to them. DSS assume this could result in a fiscal impact by an unknown amount up to $500,000.

Officials from **B&P** state this provision would increase the Maternity Home Tax Credit redemption cap from $3.5 million to $4.0 million starting in Fiscal Year 2022. Based on historical authorization/redemption data, B&P estimates that this provision may reduce TSR and GR by $389,862 in Fiscal Year 2022. Once fully implemented, this provision may reduce TSR and GR by $500,000 annually.

Oversight notes the changes made to this tax credit program do not change the qualifications for the tax credit. Therefore, for purposes of this fiscal note, Oversight will report a revenue reduction equal to $0 (participation in the tax credit program does not change) up to $500,000 as a result of the increased cap beginning in Fiscal Year 2022.

Section 135.621 – Diaper Bank Tax Credit

Officials from **DOR** state the Diaper Bank Tax Credit allows taxpayers to claim a tax credit in the amount of 50% of their contribution to a diaper bank. The tax credit cannot exceed $50,000 per year per taxpayer. The Diaper Bank Tax Credit has an annual cap of $500,000.

It should be noted that this credit was created in 2018 and has issued the following amount of credits:

Year	Issued	Total Redeemed
FY 2020	$189,628.19	$40,082.23

This proposed legislation changes the annual cap starting July 1, 2021 (Fiscal Year 2022) from $500,000 to $2 million. This is expected to result in a loss to GR of the increased $1.5 million cap. The first returns claiming this credit can be filed starting January 1, 2022.

Fiscal Year	Loss to General Revenue
2022	($1,500,000)
2023	($1,500,000)
2024	($1,500,000)

Officials from **DSS** state this proposed legislation changes the tax credit limit from $500,000 to $2 million. DSS notes the Diaper Bank Tax Credit was first utilized in Fiscal Year 2020. DSS notes the various diaper bank agencies are not fully utilizing the full limit. DSS assume this could result in a fiscal impact by an unknown amount up to $1.5 million.

Officials from **B&P** state this provision would increase the diaper bank tax credit redemption cap from $500,000 to $2.0 million beginning in Fiscal Year 2022. Based on historical authorization/redemption data, B&P estimates that this provision may reduce TSR and GR $317,059 in Fiscal Year 2022. Once fully implemented, this provision may reduce TSR and GR by $1,500,000.

Oversight notes the changes made to this tax credit program do not change the qualifications for the tax credit. Therefore, for purposes of this fiscal note, Oversight will report a revenue reduction equal to $0 (participation in the tax credit program does not change) up to $1,500,000 as a result of the increased cap beginning in Fiscal Year 2022.

<u>Section 135.630 – Contributions to Pregnancy Resource Centers Tax Credit</u>

Officials from **DOR** state the Pregnancy Resource Center Tax Credit allows a tax credit for taxpayers who make contributions to a qualified pregnancy resource center. Each taxpayer is limited to no more than $50,000 in tax credits.

DOR provides the amounts issued and redeemed:

Year	Issued	Total Redeemed
FY 2020	$3,274,044.98	$2,381,620.61
FY 2019	$2,498,735.54	$1,259,766.60
FY 2018	$2,499,393.98	$2,094,375.23
FY 2017	$2,443,386.34	$2,183,504.71
FY 2016	$2,499,441.93	$1,845,874.70
FY 2015	$2,326,435.41	$1,581,045.10
FY 2014	$1,998,698.88	$1,715,599.57
FY 2013	$1,621,951.09	$1,194,476.57
FY 2012	$1,844,683.99	$1,892,182.85
TOTALS	$21,006,772.14	$16,148,445.94

This proposed legislation increases that to $100,000 starting July 1, 2021. Currently this program has no annual cap. It would be expected this would increase the amount of credits issued but the amount is unknown. The first returns claiming this credit can be filed starting January 1, 2022.

Fiscal Year	Loss to General Revenue
2022	(Unknown)
2023	(Unknown)
2024	(Unknown)

Officials from **B&P** state this section would increase the Pregnancy Resource Center Tax Credit from $50,000 per taxpayer to $100,000 per taxpayer beginning in Fiscal Year 2022. B&P notes that starting in Fiscal Year 2022, there will be no annual tax credit redemption. Increasing the per taxpayer credit could encourage additional taxpayers to participate in this program. B&P further notes that currently the tax credit is equal to 50% of contributions. During Fiscal Year 2020, total tax credit authorizations were $3,274,045 across 5,159 taxpayers for an average of $634 per taxpayer. Therefore, B&P estimates that this provision may have an unknown negative impact on TSR and GR if larger donations are made more often because of the increased per taxpayer credit.

Officials from **DSS** state this section changes the individual limit for utilization of tax credits from $50,000 to $100,000. This may encourage larger donations to Pregnancy Resource Centers. There is no cap for the total amount of tax credits which may be issued starting in Fiscal Year 2021, so this change may ultimately impact total state revenue.

Oversight notes this section increases the amount of tax credits that a taxpayer can claim in any given year from $50,000 to $100,000. Oversight notes the **current** cap for this tax credit program is $3.5 million. Oversight notes, though, that for all fiscal years beginning on or after July 1, 2021 (Fiscal Year 2022), there shall be no limit imposed on the cumulative amount of tax credits that may be claimed by all taxpayers.

Oversight notes, based on information provided by DOR, the three (3) year average amount of tax credits issued totals $2,757,392.

Therefore, Oversight will report a revenue reduction equal to $0 (participation in the tax credit program does not change) up to an amount that "could exceed" $742,608 (the difference in the three (3) year average amount of tax credits issued and the tax credit cap) beginning in Fiscal Year 2022.

Section 135.647 – Donated Food Tax Credit

Officials from **DOR** state the Food Pantry Tax Credit allows a taxpayer a tax credit for contributions made to a food pantry, soup kitchen or homeless shelter.
DOR amounts issued and redeemed:

Year	Issued	Total Redeemed
FY 2020		$1,131,882.00
FY 2019	$1,380,894.00	$1,380,894.00
FY 2018	$1,679,924.00	$1,679,924.00
FY 2017	$1,584,566.00	$1,584,566.00
FY 2016	$1,155,480.00	$1,155,480.00
FY 2015	$1,118,866.00	$1,118,866.00
FY 2014	$840,234.00	$840,234.00
FY 2013	$72,822.00	$72,822.00
FY 2012	$796,156.10	$796,156.10
TOTALS	$8,628,942.10	$9,760,824.10

This proposed legislation will increase the current cap on the program from $1,750,000 to $4,000,000 annually. This is expected to result in a loss to GR of $2,250,000. The first returns claiming this credit can be filed starting January 1, 2022.

Fiscal Year	Loss to General Revenue
2022	($2,250,000)
2023	($2,250,000)
2024	($2,250,000)

Officials from **B&P** state this section would increase the food pantry allocation limit from $1.75 million to $4.0 million starting in Fiscal Year 2022. Therefore, B&P estimates that this provision may reduce TSR and GR by $2,250,000 beginning in Fiscal Year 2022.

Oversight notes the changes made to this tax credit program do not change the qualifications for the tax credit. Therefore, for purposes of this fiscal note, Oversight will report a revenue reduction equal to $0 (participation in the tax credit program does not change) up to $2,250,000 as a result of the increased cap beginning in Fiscal Year 2022.

Section 135.679 & 135.686– Qualified Beef Tax Credit and Meat Processing Facility Tax Credit

Officials from **DOR** state the Qualified Beef Tax Credit gives a taxpayer a credit for the first qualifying sale and for a subsequent sale of beef animals.

DOR amounts issued and redeemed:

Year	Issued	Total Redeemed
FY 2020	$0.00	$50,926.69
FY 2019	$64,534.69	$59,693.70
FY 2018	$35,626.71	$67,303.59
FY 2017	$79,002.33	$45,327.28
FY 2016	$65,919.97	$278,918.07
FY 2015	$380,527.90	$165,375.78
FY 2014	$188,954.61	$305,552.40
FY 2013	$813,542.34	$522,857.67
FY 2012	$296,409.58	$219,061.99
TOTALS	$1,924,518.13	$1,715,017.17

This would extend from December 31, 2021 to December 31, 2027, the ability of a taxpayer to claim a tax credit for Meat Processing Modernization or expansion related to the taxpayer's meat processing facility. The meat processing facility tax credit shares a $2 million annual cap with the Qualified Beef tax credit.

For informational purposes, the Department is providing information on the amount of the credit issued and redeemed since this credit began in 2018.

Year	Authorized	Issued	Total Redeemed
FY 2020	$1,171,805.57	$1,162,452.67	$380,371.14
FY 2019	$627,807.59	$552,807.59	$214,777.94
FY 2018	$286,781.89	$286,781.89	$5,561.00
TOTALS	$2,086,395.05	$2,002,042.15	$600,710.08

This current cap is $2 million. This proposed legislation would increase the cap starting July 1, 2021 to $4 million. This is expected to result in a loss to GR of $2,000,000. The first returns claiming this credit can be filed starting January 1, 2022.

Fiscal Year	Loss to General Revenue
2022	($2,000,000)
2023	($2,000,000)
2024	($2,000,000)

Officials from **B&P** extend the Meat Processing Facility Tax credit from December 2021 until December 2027. B&P notes that since this is an extension of an already occurring program, this provision will not impact TSR or the calculation under Article X, Section 18(e).

B&P states this section would increase the tax credit cap for the Qualified Beef Tax Credit (Section 135.679) and the Meat Processing Facility Tax Credit (Section 135.686). B&P notes that both tax credits **share** a joint tax credit issuance limit. The provision would increase the issuance limit from $2.0 million to $4.0 million beginning in Fiscal Year 2022.

Based on the most recent tax credit analysis reports, the three-year average authorizations for the meat processing facility tax credit was $695,465 and the three-year average authorizations for the qualified beef tax credit was $33,387. Assuming the additional $2.0 million in issuances allowed under this provision are distributed between both credit programs in the same proportion as current credits, B&P estimates that this provision may increase meat processing facility authorizations by $1,908,384 annually and qualified beef credits by $91,616 annually.

Using historic authorization/redemption information for both tax credit programs, B&P estimates that this provision may reduce TSR and GR $641,074 in Fiscal Year 2022. Once fully implemented, this provision may reduce TSR and GR by $2,000,000 annually.

Oversight notes, currently, for all tax years beginning on or after January 1, 2017, but ending on or before December 31, 2021, a taxpayer shall be allowed a tax credit for meat processing modernization or expansion as it relates to the taxpayer's meat processing facility.

This proposed legislation modifies the "end date" of this tax credit program by extending it to all tax years beginning on or after January 1, 2017, and ending on or before December 31, 2027.

Oversight notes the Meat Processing Facility Investment Tax Credit and the Qualified Beef Tax Credit have a shared cap of two million dollars ($2,000,000). The Meat Processing Facility Investment Tax Credits and the Qualified Beef Tax Credits are issued on an as-received application basis until the calendar year limit ($2,000,000) is reached.

Oversight's policy is to show the extension of the tax credit program in the fiscal note. Oversight notes the current end date for the Meat Processing Facility Investment Tax Credit is December 31, 2021. Oversight notes this proposed legislation extends the end date to December 31, 2027. Oversight notes that taxpayers who are awarded the Meat Processing Facility Investment Tax Credit in Tax Year 2022 will not file their tax returns claiming the tax credit until after January 1, 2023 (Fiscal Year 2023). Therefore, Oversight will report the impact as a result of extending the end date of this tax credit program beginning in Fiscal Year 2023.

Oversight notes, per the most recent Tax Credit Analysis received from the Missouri Department of Agriculture, the Meat Processing Facility Investment Tax Credit recognized the following activity:

Meat Processing Facility Investment Tax Credit					
Fiscal Year	**2018**	**2019**	**2020**	**2021 (Year To Date)**	**2022 (Budget Year)**
Certificates Issued (#)	6	14	21	0	0
Projects/Participants (#)	6	14	22	0	0
Amount Authorized	$286,782	$627,808	$1,171,806	$0	$0
Amount Issued	$286,782	$552,808	$1,162,453	$0	$0
Amount Redeemed	$5,561	$214,778	$380,371	$31,602	$0

Oversight notes the three (3) year average (Fiscal Year(s) 2018 – 2020) amount of Meat Processing Facility Investment Tax Credits issued equals $667,348.

For purposes of this fiscal note, since the Meat Processing Facility Investment Tax Credit shares a cumulative tax credit cap with the Qualified Beef Tax Credit, Oversight will provide the program activity for the Qualified Beef Tax Credit.

Oversight notes, per the most recent Tax Credit Analysis received from the Missouri Department of Agriculture, the Qualified Beef Tax Credit recognized the following activity:

Qualified Beef Tax Credit					
Fiscal Year	**2018**	**2019**	**2020**	**2021 (Year To Date)**	**2022 (Budget Year)**
Certificates Issued (#)	6	7	0	0	0
Projects/Participants (#)	6	7	0	0	0
Amount Authorized	$35,627	$64,535	$0	$0	$0
Amount Issued	$35,627	$64,535	$0	$0	$0
Amount Redeemed	$67,304	$59,694	$50,927	$2,120	$0

Oversight notes the three (3) year average (Fiscal Year(s) 2018 – 2020) amount of Qualified Beef Tax Credits issued equals $33,387.

Oversight notes, the **combined** three (3) year average amount of tax credits issued (Meat Processing Facility Investment Tax Credit and Qualified Beef Tax Credit) equals $700,735.

Oversight notes the shared cumulative cap for these tax credit programs is two million dollars ($2,000,000). Oversight assumes, when taking into consideration the three (3) year average amount of Qualified Beef Tax Credits issued ($33,387), that $1,966,613 would be available to be issued to the Meat Processing Facility Investment Tax Credit program.

<u>However</u>, Oversight notes, the Qualified Beef Tax Credit program is currently scheduled to end December 31, 2021. Oversight notes this proposed legislation does not extend the expiration date of the Qualified Beef Tax Credit Therefore, should this proposed legislation be signed into law and the Qualified Beef Tax Credit end, the total amount of tax credits available to be issued under the Meat Processing Facility Investment Tax Credit program would be the full cap of $2,000,000.

Therefore, Oversight estimate the extension of the tax credit program to December 31, 2027 could result in a <u>reduction</u> to GR equal to an amount “up to” 667,348 (three (3) year average amount of Meat Processing Facility Investment Tax Credits issued) to $2,000,000 (**current** annual cap).

Oversight notes, though, that this proposed legislation **increases** the shared cap for the Qualified Beef Tax Credit Program and the Meat Processing Facility Investment Tax Credit from $2 million to $4 million.

Therefore, for purposes of this fiscal note, Oversight will report the extension of this tax credit as a <u>reduction</u> to GR by an amount “up to” $667,348 (the three (3) year average amount of Meat Processing Facility Investment Tax Credits issued) to $4,000,000 (the **total** amount available for Meat Processing Facility Tax Credit program if Qualified Beef Tax Credits program ends on December 31, 2021), beginning in Fiscal Year 2023.

<u>Section 135.800 – Tax Credit Accountability Act and Section 191.975 – Adoption Awareness Law</u>

Officials from **DOR** state these sections removes the words “special needs” in reference(s) to the Special Needs Adoption Tax Credit.

Officials from **B&P** state would remove “special needs” from the adoption credit. This section would also replace reference to MO Works under the “training and educational tax credits” with MO One Start. B&P notes that this provision will not impact TSR or the calculation under Article X, Section 18(e).

Section 348.505 – Family Farm Breeding Livestock Tax Credit

Officials from **DOR** state the Farm Breeding Livestock program allows a tax credit for 100% of the amount of interest waived by a lender on a loan.

DOR amounts issued and redeemed:

Year	Issued	Total Redeemed
FY 2020	$16,817.30	$9,636.08
FY 2019	$39,235.88	$34,022.54
FY 2018	$52,507.91	$106,558.44
FY 2017	$70,892.19	$27,178.36
FY 2016	$48,967.77	$35,495.50
FY 2015	$39,309.78	$24,981.60
FY 2014	$34,251.88	$22,770.02
FY 2013	$35,044.24	$32,032.50
FY 2012	$32,228.75	$53,947.47
TOTALS	$369,255.70	$346,622.51

The current cap is $300,000. This proposed legislation would increase the cap starting July 1, 2021 to $2 million. This is expected to result in a loss to GR of $1,700,000.The first returns claiming this credit can be filed starting January 1, 2022.

Fiscal Year	Loss to General Revenue
2022	($1,700,000)
2023	($1,700,000)
2024	($1,700,000)

Officials from **B&P** state this section would increase the authorization cap for the Family Farms Tax Credit program from $300,000 to $2.0 million beginning in Fiscal Year 2022. Based on historical redemption/authorization data B&P estimates that this provision may reduce TSR and GR by $1,700,000 annually beginning in Fiscal Year 2022.

Oversight notes the changes made to this tax credit program do not change the qualifications for the tax credit. Therefore, for purposes of this fiscal note, Oversight will report a revenue reduction equal to $0 (participation in the tax credit program does not change) up to $1,700,000 as a result of the increased cap beginning in Fiscal Year 2022.

Legislation as a Whole –

Officials from the **Missouri Department of Agriculture**, and the **Office of State Courts Administrator** do not anticipate this proposed legislation will result in a fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will not report a fiscal impact for this proposed legislation.

FISCAL IMPACT – State Government	FY 2022 (10 Mo.)	FY 2023	FY 2024	FY 2028
GENERAL REVENUE FUND				
Revenue Reduction – Section 32.3110 – Increase In Neighborhood Assistance Tax Credit	$0 to ($4,000,000)	$0 to ($4,000,000)	$0 to ($4,000,000)	$0 to ($4,000,000)
Revenue Reduction – Section 135.327 – Change In Adoption Tax Credit Qualifications and Increase In Cap	$0 to ($2,000,000)	$0 to ($3,955,000)	$0 to ($3,955,000)	$0 to ($3,955,000)
Revenue Reduction – Section 135.341 – Increase In Champion For Children Tax Credit Cap	$0 to ($1,500,000)	$0 to ($1,500,000)	$0 to ($1,500,000)	$0 to ($1,500,000)
Revenue Gain – Section(s) 135.352 & 135.365 Modification To MOLIHTC Cap(s)	$0	$0	$3,303,051	$12,292,452

<u>Revenue Reduction</u> – Section 135.460 - Changes Amounts That Can Be Donated/Received In Youth Opportunities Tax Credits	$0 to ($787,972)	$0 to ($787,972)	$0 to ($787,972)	$0 to ($787,972)
<u>Revenue Reduction</u> – Section 135.550 – Increase In Domestic Violence Tax Credit Cap	$0 to ($2,000,000)	$0 to ($2,000,000)	$0 to ($2,000,000)	$0 to ($2,000,000)
<u>Revenue Reduction</u> – Section 135.600 – Increase In Maternity Home Tax Credit Cap	$0 to ($500,000)	$0 to ($500,000)	$0 to ($500,000)	$0 to ($500,000)
<u>Revenue Reduction</u> – Section 135.621 – Increase In Diaper Bank Tax Credit Cap	$0 to ($1,500,000)	$0 to ($1,500,000)	$0 to ($1,500,000)	$0 to ($1,500,000)
<u>Revenue Reduction</u> – Section 135.630 – Increase In Amount Of Pregnancy Resource Tax Credits Taxpayers Can Claim	$0 to could exceed ($742,608)	$0 to could exceed ($742,608)	$0 to could exceed ($742,608)	$0 to could exceed ($742,608)

Revenue Reduction – Section 135.647 – Increase In Food Pantry Tax Credit Cap	$0 to ($2,250,000)	$0 to ($2,250,000)	$0 to ($2,250,000)	$0 to ($2,250,000)
Revenue Reduction – Section(s) 135.679 & 135.686 – Increase In Qualified Beef/Meat Processing Tax Credit(s)	$0	Up to ($667,348) to ($4,000,000)	Up to ($667,348) to ($4,000,000)	Up to ($667,348) to ($4,000,000)
Revenue Reduction – Section 348.505 – Increase In Family Farm Breeding Livestock Tax Credit Cap	$0 to ($1,700,000)	$0 to ($1,700,000)	$0 to ($1,700,000)	$0 to ($1,700,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	**$0 to could exceed ($16,980,580)**	**Up to ($667,348) to could exceed ($22,935,580)**	**Could exceed ($19,632,529) to $2,635,703**	**Could exceed ($10,643,128) to $11,625,104**

FISCAL IMPACT – Local Government	FY 2022 (10 Mo.)	FY 2023	FY 2024	FY 2028
	$0	**$0**	**$0**	**$0**

FISCAL IMPACT – Small Business

This proposed legislation could positively impact any small business that qualifies for any of the tax credits modified as such small business **could** potentially claim an amount of tax credits in amount(s) greater than such small business would have otherwise been permitted under current law. Oversight assumes the aforementioned would result in reduced or eliminated tax liabilities for such small businesses.

This proposed legislation could negatively impact any small business that receives Missouri Low Income Housing Tax Credits after this proposed legislation is in effect, as such small business could be required to claim tax credits in an amount less than such small business would have otherwise been permitted under current law.

FISCAL DESCRIPTION

NEIGHBORHOOD ASSISTANCE ACT (Section 32.110, RSMo)

Currently, tax credits awarded under the Neighborhood Assistance Act (Sections 32.100 to 32.125) shall not exceed $26 million per fiscal year. This bill increases that amount to $30 million per fiscal year, beginning on July 1, 2021.

ADOPTION TAX CREDITS (Sections 135.325, 135.326, 135.327, 135.335, 135.800, and 191.975)

This bill renames and alters the current "Special Needs Adoption Tax Credit Act" to the "Adoption Tax Credit Act".

Currently, any person residing in this state who proceeds in good faith with the adoption of a special needs child who is a resident or ward of a resident of this state is eligible for a $10,000 nonrefundable tax credit for nonrecurring adoption expenses for each child. Additionally, any business entity providing funds to an employee to enable that employee to proceed in good faith with the adoption of a special needs child is eligible to receive a tax credit of up to $10,000 for nonrecurring adoption expenses for each child, except that only one $10,000 credit is available for each special needs child that is adopted.

Beginning January 1, 2022, this bill removes the special needs and residency requirements for adoptions to be eligible for the tax credit. Priority will be given to applications to claim the tax credit for special needs children who are residents or wards of residents of this state at the time the adoption is initiated. This bill changes the definition of "handicap" to "disability" and modifies the definition of "special needs child". This bill defines a "child" as any individual under 18 years old or over 18 but is physically or mentally incapable of caring for themselves.

CHAMPION FOR CHILDREN TAX CREDIT (Section 135.341)

Currently, taxpayers may claim a tax credit for contributions to certain qualified agencies under the Champion for Children Tax Credit. The cumulative amount of tax credits redeemed per fiscal year shall not exceed $1,500,000.

This bill increases that amount to $3 million per fiscal year, beginning on July 1, 2021.

MISSOURI LOW-INCOME HOUSING TAX CREDIT (Sections 135.352 and 135.365)

Currently, no more than $6 million in Missouri low-income housing tax credits shall be authorized each fiscal year for projects financed through tax-exempt bond issuance.

This bill reduces that amount to $2 million and limits the aggregate amount of tax credits for projects not financed through tax-exempt bond issuance in each fiscal year to not exceed $80 million, beginning July 1, 2021.

Under this bill, the amount of Missouri low-income housing tax credits allocated with respect to a qualified project shall be available to a taxpayer each year for five consecutive tax years beginning with the tax year in which a qualified project is placed into service.

Additionally, this bill sunsets the Missouri Low-Income Tax Credit Program on December 31, 2027, unless reauthorized by the General Assembly. This sunset shall not be construed to limit or in any way impair the Department of Revenue's ability to issue tax credits authorized on or before the date the program expires or a taxpayer's ability to redeem such tax credits.

YOUTH OPPORTUNITIES AND VIOLENCE PREVENTION ACT (Section 135.460)

Currently, a taxpayer may receive a tax credit for contributions to certain approved youth programs not to exceed $200,000 per tax year, per taxpayer. Additionally, a taxpayer may receive a tax credit worth half of the amount paid to an intern or apprentice, not to exceed $10,000, for certain approved employment/internship/apprenticeship programs in business or trades for persons less than 20 years of age.

This bill increases these limits to $500,000 for contributions and $20,000 for the amount paid to an intern or apprentice.

CONTRIBUTIONS TO SHELTERS FOR VICTIMS OF DOMESTIC VIOLENCE TAX CREDIT (Section 135.550)

Currently, a taxpayer may claim a tax credit in an amount equal to 50% of the amount such taxpayer contributed to a shelter for victims of domestic violence. The cumulative amount of tax credits which may be claimed by all the taxpayers contributing to shelters for victims of domestic violence for each fiscal year shall not exceed $2 million.

This bill increases that amount to $4 million.

CONTRIBUTIONS TO MATERNITY HOMES TAX CREDIT (Section 135.600)

Currently, a taxpayer shall be allowed to claim a tax credit against the taxpayer's state tax liability, in an amount equal to 50% of the amount such taxpayer contributed to a maternity home. The cumulative amount of tax credits which may be claimed by all the taxpayers contributing to maternity homes in any one fiscal year shall not exceed $3.5 million.

This bill increases that amount to $4 million.

CONTRIBUTIONS TO DIAPER BANKS TAX CREDIT (Section 135.621)

Currently, a taxpayer shall be allowed to claim a tax credit against the taxpayer's state tax liability, in an amount equal to 50% of the amount such taxpayer contributed to a diaper bank. The cumulative amount of tax credits which may be claimed by all the taxpayers contributing to diaper banks in any one fiscal year shall not exceed $500,000.

This bill increases that amount to $2 million.

CONTRIBUTIONS TO PREGNANCY RESOURCE CENTERS TAX CREDIT (Section 135.630)

Currently, a taxpayer shall be allowed to claim a tax credit against the taxpayer's state tax liability, in an amount equal to 70% of the amount such taxpayer contributed to a pregnancy resource center. The amount of tax credits which may be claimed by a taxpayer contributing to a pregnancy resource center shall not exceed $50,000 per tax year.

This bill increases that amount to $100,000.

DONATED FOOD TAX CREDIT (Section 135.647)

Currently, any donation of cash or food made to a local soup kitchen or local homeless shelter, unless such food is donated after the food's expiration date, shall be eligible for a tax credit in an amount equal to 50% of the value of the donations made to the extent such amounts that have been subtracted from federal adjusted gross income or federal taxable income are added back in the determination of Missouri adjusted gross income or Missouri taxable income before the credit can be claimed. The cumulative amount of such tax credits which may be claimed by all the taxpayers contributing to in any one fiscal year shall not exceed $1.75 million.

This bill increases that amount to $4 million.

QUALIFIED BEEF TAX CREDIT and MEAT PROCESSING FACILITY TAX CREDIT (Section(s) 135.679 & 135.686)

Currently, for all tax years ending on or before December 31, 2021, a taxpayer shall be allowed a tax credit for the first qualifying sale and for a subsequent qualifying sale of all qualifying beef animals. The tax credit amount for the first qualifying sale shall be $0.10 per pound for qualifying sale weights under 600 pounds and $0.25 per pound for qualifying sale weights of 600 pounds or greater, shall be based on the backgrounded weight of all qualifying beef animals at the time of the first qualifying sale, and shall be calculated as described in the bill. Additionally, the amount of tax credits that may be issued to all eligible applicants claiming tax credits authorized in this program and the Meat Processing Facility Investment Tax Credit Program in a calendar year shall not exceed $2 million.

This bill changes that amount to $4 million per fiscal year.

TAX CREDIT FOR FAMILY FARM LIVESTOCK PROGRAM (Section 348.505)

Currently, any eligible lender under the family farm livestock loan program under current law shall be entitled to receive a tax credit equal to 100% of the amount of interest waived by the lender under current law on a qualifying loan for the first year of the loan only. The amount of the tax credits that may be issued to all eligible lenders claiming tax credits authorized in a fiscal year shall not exceed $300,000.

This bill increases that amount to $2 million.

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 Administration – Budget & Planning Division
Missouri Department of Revenue
Missouri Department of Economic Development
Missouri Department of Social Services
Missouri Department of Agriculture
Office of State Courts Administrator

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March 10, 2021

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