

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3551H.02C
 Bill No.: HCS for HB Nos. 2183 & 2529
 Subject: Taxation and Revenue - General; Taxation and Revenue - Property; Property, Real and Personal; Department of Revenue; Children and Minors; Business and Commerce
 Type: Original
 Date: February 23, 2024

Bill Summary: This proposal modifies and establishes provisions relating to child care.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Fund*	Could exceed (\$8,923)	Less than or Could Exceed (\$97,894,139)	Less than or Could Exceed (\$97,704,784)
Total Estimated Net Effect on General Revenue	Could exceed (\$8,923)	Less than or Could Exceed (\$97,894,139)	Less than or Could Exceed (\$97,704,784)

*Oversight notes the total expenditure for the Success Tax Credit could potentially reach \$96,630,945. Additionally DOR will need 16 additional FTE to process the tax credits.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Blind Pension Fund (0621)	\$0	\$0 or (Unknown)*	\$0 or (Unknown)*
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0 or (Unknown)*	\$0 or (Unknown)*

*Oversight assumes the fiscal impact to the Blind Pension Fund would likely not reach the \$250,000 threshold based upon the number of licensed childcare providers provided by the Office of Childhood (DESE).

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue - DOR	0 FTE	16 FTE	16 FTE
Total Estimated Net Effect on FTE	0 FTE	16 FTE	16 FTE

- 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 2025	FY 2026	FY 2027
Local Government*	\$0	\$0 or (Unknown)	\$0 or (Unknown)

*Oversight notes this impact could be reduced if taxing authorities are able to increase the levy to other taxpayers to make up for the loss of property tax revenue resulting from this proposal.

FISCAL ANALYSIS

ASSUMPTION

Section 71.796 Improvement of business districts by local governments

In response to the similar proposal, HB 2529 (2024), officials from the **Office of Administration – Budget & Planning**, the **Department of Economic Development**, the **Department of Health and Senior Services**, the **Department of Mental Health**, the **Department of Revenue**, the **Department of Public Safety**, **Department of Labor and Industrial Relations** and the **Office of the State Public Defender** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies for this section.

In response to the similar proposal, HB 2529 (2024), officials from the **City of Kansas City** and the **City of O’Fallon** both assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for above local political organizations.

Section 135.2560 SUCCESS Tax Credit

Officials from the **Office of Administration - Budget and Planning (B&P)** state beginning tax year 2025, this proposal would grant a tax credit for qualifying dependent care expenses. A tax credit of \$1,800 shall be granted for expenses incurred for children ages 1-0 and a tax credit of \$1,200 shall be granted for expenses incurred for children ages 2-5. B&P notes that this tax credit is non-refundable, cannot be carried forward or back, and is not transferrable.

In order to qualify for this deduction, a taxpayer must qualify for the federal dependent care deduction. In addition, taxpayers must have a Missouri adjusted gross income (MAGI) of \$75,000 (\$150,000 married filing combined) or less. Furthermore, an eligible taxpayer may only claim expenses for up to two children per year.

Based on IRS data there were 112,971 Missouri resident income tax returns that claimed the child and dependent credit in tax year 2021 (the most recent year available). Based on tax return data, B&P notes that on average, single and married filing combined returns claim one child dependent, while head of household returns claim an average of two dependents. Therefore, B&P estimates that 96,244 children could qualify under this proposal.

Using the 2022 U.S. Census population counts, B&P estimates that of the 96,244 children 30,994 are ages 0-1 and 65,250 are ages 2-5. Table 1 shows the estimated number of children by filing status and age.

Table 1: Estimated Qualifying Children by Filing Status

Filing Status	Children 0-1	Children 2-5	Total
Single	1,064	2,244	3,308
Head of Household	11,724	24,670	36,394
Married Filing Joint	18,206	38,336	56,542
Total	30,994	65,250	96,244

Using actual income tax liability data, B&P estimates that this proposal could reduce TSR and GR by \$96,630,945 annually, beginning FY26. Table 2 shows the estimated impact by filing status.

Table 2: Estimated Tax Credits by Filing Status

Filing Status	Est. Credits
Single	\$1,915,690
Head of Household	\$20,719,445
Married Filing Joint	\$73,995,811
Total Credits	\$96,630,945

Officials from the **Department of Revenue (DOR)** noted:

This proposal allows a taxpayer that qualifies for the federal child and dependent care tax credit to apply to receive a tax credit on their Missouri return for the same qualifying child. The credit is for expenses paid out for childcare. Starting January 1, 2025, a qualified taxpayer can receive a tax credit of \$1,800 for each child under the age of 2 and \$1,200 for each child ages 2 to 5 for which they received the federal credit. The tax credit is not refundable and must be reported as the last credit on their return. The credit is nontransferable and shall not be carried forward or back and cannot be claimed for more than two kids.

This proposal has a provision that restricts the credit to those with a Missouri adjusted gross income of less than \$75,000 for those filing single, head of household and qualified widow(er) and \$150,000 for those filing married filed combined. Since the taxpayer must still qualify for the federal tax credit to be eligible for the Missouri credit, the Department used the IRS published data for tax year 2020 (most recent released) on those that claimed the federal tax credit on their income tax return. Based on tax return data, those that file a single return and those that file a married filing combined return, on average report one dependent child while those filing as head of household report two children. Therefore, DOR estimated that 96,244 children could qualify under this proposal.

Using the 2022 U.S. Census population counts by age, DOR was able to determine that the 96,244 qualifying kids would result in 30,944 kids are ages 0-1 and 65,250 kids are ages 2-5. Using their actual tax liability data, DOR were able to estimate the impact to general revenue of **\$96,630,945** starting in FY 2026 when the first returns are filed claiming the tax credit.

This proposal will require changes to the MO-1040 and MO-TC tax forms, website and individual income tax computer system. These costs are estimated at \$8,923.

DOR notes this proposal requires this credit to be nonrefundable and to be applied as the last credit. Additionally, while the taxpayer must qualify under the federal program to be eligible for this credit, the credit is calculated on the taxpayer's eligible employment related expenses and not the amount of federal credit they received. This will result in the staff needing to manually review each return to see if they qualify and to adjust the return, so this credit is applied last. The Department's temporary staff is not authorized to manually adjust returns only full-time employees. Based on the estimate of over 96,244 returns, DOR would need one FTE for every 6,000 tax returns. This will result in DOR needing at least 16 FTE Associate Customer Service Representatives (\$35,880).

Oversight will assume the DOR and B&P estimates are probable and will note the costs could be less than or exceed the \$96,630,945 of the estimated amount.

Oversight notes this tax credit is nonrefundable, nontransferable and may not be carried back or forward to other tax years. Also, the credit shall be used against the taxpayers tax liability after all other credits have been utilized. Therefore, **Oversight** assumes the amount of tax credit redemptions could perhaps be smaller than the amounts listed above.

Oversight notes the DOR assumes the proposal will have a direct impact on the Department. Oversight does not have any information to the contrary. Therefore, **Oversight** will reflect a DOR need for 16 FTE (\$35,880 annual - per each) impact in the fiscal note, effective FY 2026 (filing for TY 2025).

Additionally, **Oversight** will note the DOR costs for the changes to MO-1040 and MO-TC tax forms and website, as one time expenditure, in amount of \$8,923 in FY 2025.

Officials from the **Oversight Division** state they are responsible for providing a Sunset Report pursuant to Section 23.253 RSMo; however, Oversight assumes it is able to absorb the cost with the current budget authority.

Officials from the **Department of Social Services** note Section 135.2560 is created to establish the "Supporting Use of Child Care for Economic Stability and Security Tax Credit" which provides a tax credit against the tax due under chapter 143, excluding withholding tax under 143.191 to 143.265 to an eligible taxpayer if voters approve a constitutional amendment. The

tax credit will be in place for all tax years beginning on or after January 1st of the calendar year immediately following the adoption of a constitutional amendment.

Family Support Division (FSD) determines eligibility for MO HealthNet using Modified Adjusted Gross Income (MAGI) for individuals that are not aged, blind, or disabled. Per 42 CFR 435.603(e) MAGI programs follow the Internal Revenue Service (IRS) tax code for federal income taxable income when determining what income and expenses are included in the eligibility determination. Therefore, any change in MO state income tax provisions will not affect the eligibility criteria for MAGI.

Therefore, there is no fiscal impact to FSD due to the provisions in Section 135.2560.

Officials from the DSS assume §135.2560 of the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for DSS for this Section.

In response to the similar proposal, HB 2529 (2024), officials from the **Department of Health and Senior Services**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety**, and the **Office of the State Public Defender** each assumed the proposal will have no fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, **Oversight** will reflect a zero impact in the fiscal note.

In response to the similar proposal, HB 2529 (2024), officials from the **City of Kansas City** and the **City of O'Fallon** both assumed the proposal will have no fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for above respective organization for this Section.

Section 137.099 Childcare Property Tax Exemption

Officials from the **Department of Social Services (DSS)** noted Section 137.099 RSMo is created to provide exemptions for real and personal property taxes for eligible child care facilities and child care homes if voters approve a constitutional amendment. Property used primarily for care of a child outside of their home by child care facilities that are licensed under section 210.221 or unlicensed and registered with the department of elementary and secondary education will be exempt from all taxation of all real and personal property. If a portion of the property of an individual or a for-profit or nonprofit corporation, organization, or association is used for such child care, an assessing authority shall exempt the portion used for child care from taxation.

Property used primarily for care of a child outside of their home by child care homes that are licensed under section 210.221 or unlicensed and registered with the department of elementary and secondary education will receive an annual exemption equal to fifty percent of the applicable state and local property taxes. If a portion of the property is used, the assessing authority shall

extend the exemption for the portion used for child care. These exemptions will be in place for all tax years beginning on or after January 1st of the calendar year immediately following the adoption of a constitutional amendment.

Blind Pension is funded from 0.03% of each \$100 assessed valuation of taxable property. Property Tax income for the BP fund in SFY 2023 was \$41,900,031 or approximately \$41.9 million (rounded down). The amount collected from real and personal property of child care facilities and child care homes used primarily for child care provided to children outside of their home is unknown. To determine the impact of this legislation, FSD made the assumption that a reduction of up to 1% of property tax revenue could occur if a constitutional amendment is approved and the provisions of this legislation are enacted. 1% of the property tax revenue collected for the BP fund is \$419,000 ($\$41,900,031 * .01 = \$419,000.31$, rounded down). Therefore, the impact to the BP fund is up to \$419,000 beginning in SFY 26.

Officials from the **State Tax Commission** have determined an unknown fiscal impact on local taxing jurisdictions such as school districts, counties, cities who rely on property tax assessments as a source of revenue. The bill, if approved, exempts childcare facilities from 50% of the assessed value of real or personal property assessed. The agency would not have data to determine how many childcare facilities would meet the proposed criteria and eligibility.

This would cause minimal negative fiscal impact on the **Newton County Health Department** depending upon the number of exemptions causing a decreased amount of collected property tax.

Officials from the **County Employees Retirement Fund (CERF)** note the CERF has reviewed HCS/HB 2183 (3551H.02C). The review indicates that the section 137.099 will result in reductions in contribution revenue to CERF of an unknown amount annually. A certain portion of the moneys that are used to fund the County Employees' Retirement Fund are tied to the collection of property taxes. Data is not available to quantify how changes to the taxation of property used for child care, as provided under HCS/HB 2183, would impact contribution revenue but CERF assumes there would be a negative impact.

In response to the similar proposal, HB 2183 (2024), officials from **Lincoln County Assessor** state this could cause tax burden shift to property owners that do not receive the exemption. Taxing entities would need to raise levies to offset any revenue losses. This would vary from county to county on fiscal impact due to higher numbers of facilities in larger counties.

Officials from the **Lincoln County Assessor** state this would have no fiscal impact with the assessment process.

In response to the similar proposal, HB 2183 (2024), officials from the **Eureka Fire Protection District** noted the district provides services to several for profit and several non-profit Child care facilities. It is estimated that they generate about \$2,500 in taxes to the FPD annually. In addition to any emergency response the District provides inspections, evacuation drills, and Public Education to these facilities.

In response to the similar proposal, HB 2183 (2024), officials from the **City of Osceola** assumed a fiscal impact to their city but did not provide any additional details.

Officials from the **City of Kansas City** assumed the proposed legislation will have a negative fiscal impact of an indeterminate amount.

Officials from the **Rolling Hills Consolidated Library** assume that any time a business is exempted from paying property taxes, it will have a negative effect on public library budgets that are funded by a property tax levy. Given that there are not very many child care business in their district that are outside of a home or not already operated by a tax-exempt or non-profit entity, the impact of this bill on public library funding is assumed to be negligible even if it reduces property tax income.

Oversight will show the impact to local taxing entities as either \$0 (Constitutional Amendment is not approved by voters AND/OR the local political subdivisions may be able to increase the levy to all other taxpayers to replace the lost property tax revenues from qualifying childcare facilities) or an unknown negative fiscal impact to all local taxing entities beginning in FY 2026. **Oversight** notes the Blind Pension Fund (0621) is calculated as an annual tax of three cents on each one hundred dollars valuation of taxable property ((Total Assessed Value/100)*.03).

Oversight notes this proposal requires enabling language to be voter-approved prior to the enactment of this proposal. Oversight will show the impact as either \$0 (Constitutional amendment is not approved by voters AND/OR the local political subdivisions may be able to increase the levy to all other taxpayers to replace the lost property tax revenues from qualifying childcare facilities) or an unknown amount to the Blind Pension Fund beginning in FY 2026.

Oversight notes that for informational purposes the Office of Childhood (DESE), in response to a similar proposal HB 870 (2023), provided Oversight the licensed childcare facilities in Missouri as follows:

Year	Licensed Childcare Providers
2017	1,676
2018	1,594
2019	1,488
2020	1,191
2021	1,324
Reported as of 11/2022	1,176

Oversight notes if the average value of the 1,176 facilities above is \$200,000, the amount of reduction to the Blind Pension fund would be approximately \$6,703 ($1,176 \times \$200,000 \times 0.5 \times 19\% \times .03/100$) for residential day-cares to \$11,290 ($1,176 \times \$200,000 \times 0.5 \times 32\% \times .03/100$) for commercial/business daycares.

Oversight notes this would not take into account the personal property associated with the care of a child. Also, it would not take into account the day care centers that are not registered with the Department of Elementary and Secondary Education – however, Oversight assumes with the language “used primarily for the care of a child outside of his or her home”, these would not be eligible for the exemption. Therefore, Oversight assumes this proposal would not reach the \$250,000 threshold impact to the Blind Pension Fund.

Oversight notes property tax revenues are designed to be relatively revenue neutral from year to year. The tax rate is adjusted relative to the assessed value to produce roughly the same revenue from the prior year with an allowance for growth.

Oversight notes some taxing entities have tax rate ceilings that are at their statutory or voter approved maximum or are at a fixed rate. For these taxing entities, any decrease in the assessed values would not be offset by a higher tax rate (relative to current law), rather it would result in an actual loss of revenue.

In response to the similar proposal, HB 2183 (2024), officials from the **Kansas City Police Dept.** and the **St. Louis County Police Dept** each assumed the proposal will have no fiscal impact on their respective organizations.

Section 191.776 Child Day Care facilities – Tobacco Use

Oversight notes this section notes that anyone violating the tobacco use restrictions shall be guilty of class B misdemeanor.

Officials from the **Office of Administration – Budget & Planning (B&P)** note this section prohibits individuals from using marijuana products in childcare facilities, including vehicles, regardless of whether they are licensed by DESE. B&P notes that this proposal also expands the tobacco prohibition to unlicensed childcare facilities. Any person who knowingly violates the provisions of this section shall be guilty of a class B misdemeanor.

To the extent additional fines or penalties are deposited into the state treasury, TSR may be impacted.

In response to the similar proposal, HB 2529 (2024) the **Department of Economic Development**, the **Department of Health and Senior Services**, the **Department of Mental Health**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, and the **Office of the State Public Defender** each assume the proposal will have no fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, **Oversight** will reflect a zero impact in the fiscal note for all above respective organizations.

In response to the similar proposal, HB 2529 (2024), officials from the **City of Kansas City** and the **City of O’Fallon** both assumed the proposal will have no fiscal impact on their organization.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Section 210.223 Child Protection and Reformation - Safe sleep policy to be maintained

In response to the similar proposal, HB 2529 (2024), officials from the **Office of Administration – Budget & Planning**, the **Department of Economic Development**, the **Department of Health and Senior Services**, the **Department of Mental Health**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, and the **Office of the State Public Defender** each assumed the proposal will have no fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, **Oversight** will reflect a zero impact in the fiscal note.

In response to the similar proposal, HB 2529 (2024), officials from the **City of Kansas City** and the **City of O’Fallon** both assumed the proposal will have no fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight notes subsection 6 of the section allows for the state, subject to appropriation to pay for completing the required training. Therefore, **Oversight** will reflect a range in costs as \$0 (money is not appropriated by general assembly) to Unknown (the general assembly will appropriate the money) for necessary training in the fiscal note effective FY 2025.

Section 210.906 – Family Care – Safety Registry

In response to the similar proposal, HB 2529 (2024), officials from the **Office of Administration – Budget & Planning**, the **Department of Economic Development**, the **Department of Health and Senior Services**, the **Department of Mental Health**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, and the **Office of the State Public Defender** each assumed the proposal will have no fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, **Oversight** will reflect a zero impact in the fiscal note.

In response to the similar proposal, HB 2529 (2024), officials from the **City of Kansas City** and the **City of O’Fallon** both assumed the proposal will have no fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight notes subsection 3 of the section allows for the state, subject to appropriation to pay for completing the required criminal background check.

Oversight will reflect a range in costs as \$0 (money is not appropriated by general assembly) to Unknown (the general assembly will appropriate the money) for necessary background checks, in the fiscal note effective FY 2025.

Section 210.1080 Background Checks, Child care staff members

In response to the similar proposal, HB 2529 (2024), officials from the **Office of Administration – Budget & Planning**, the **Department of Economic Development**, the **Department of Health and Senior Services**, the **Department of Mental Health**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety**, and the **Office of the State Public Defender** each assumed the proposal will have no fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, **Oversight** will reflect a zero impact in the fiscal note for these agencies.

In response to the similar proposal, HB 2529 (2024), officials from the **City of Kansas City** and the **City of O’Fallon** both assumed the proposal will have no fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight notes subsection 3 of the section allows for the state, subject to appropriation to pay for completing the required criminal background check.

Oversight will reflect a range in costs as \$0 (money is not appropriated by general assembly) to Unknown (the general assembly will appropriate the money) for necessary background check, in the fiscal note effective FY 2025.

Legislation as a whole

Officials from the **Department of Social Services (DSS)** note Section 71.796 is amended to include the governing body in establishing and maintaining a business district will have necessary powers to carry out improvements to construct, operate, lease, or contract with child-care facilities. Section 191.776 is amended to proscribe the use of marijuana on the property or in a vehicle of a childcare facility. Section 210.223 is amended to include the how costs incurred in training on safe sleep can be paid. Section 210.906 is amended to include the cost of the criminal background check may be paid by the individual, the provider, for applicants receiving public assistance by the state, a public or private third party, or the state. Section 210.1080 is amended to include the cost of the criminal background check will the responsibility of the childcare staff member but can be reimbursed by the childcare provider, a public or private third party, or the state.

The provisions of these sections do not affect eligibility requirements for Child Care Subsidy. Therefore, there is no fiscal impact to FSD due to the provisions in Sections 71.796, 191.776, 210.223, 210.906, and 210.1080.

Oversight note the officials from the DSS assume above sections will have no fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for DSS for all aforementioned Sections.

Officials from the **Department of Economic Development, Department of Elementary and Secondary Education, the Office of the State Auditor, the Office of the State Courts Administrator, the Missouri Office of Prosecution Services and the Department of Mental Health** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Officials from the **Callaway County SB 40 Board** assume the proposal will have an impact on their respective organization; however, they did not provide any additional information.

Officials from the **Newton County and Health Department** assume the proposal will have no fiscal impact on their organization.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other local political subdivisions were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note 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 SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with its core budget. Therefore, the SOS reserves 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.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE			
<u>Costs – Section 135.2560 "SUCCESS Tax Credit" (p. 3-5)</u>	\$0	Less or Could Exceed (\$96,630,945)	Less or Could Exceed (\$96,630,945)
<u>Costs – Section 135.2560 "SUCCESS Tax Credit" DOR updates to tax form and website (p.6)</u>	(\$8,923)		
<u>Costs - Section 135.2560 "SUCCESS Tax Credit"</u>		Up to...	Up to...
Personnel Service - DOR	\$0	(\$585,562)	(\$597,273)
Fringe Benefits	\$0	(\$462,989)	(\$467,261)
Expense & Equipment	\$0	(\$214,643)	(\$9,305)
<u>Total Costs - DOR</u>	<u>\$0</u>	<u>(\$1,263,194)</u>	<u>(\$1,073,839)</u>
FTE Change (p.5)	0 FTE	16 FTE	16 FTE
<u>Costs – Section 210.223 Safe Sleeping Policy training (p.11)</u>	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Costs – Section 210.906 Family Care – Safety Registry (p. 11-12)</u>	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Costs – Section 210.1080 - potential appropriation for background checks (p. 12)</u>	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	Could exceed (\$8,923)	Less than or Could Exceed (\$97,894,139)	Less than or Could Exceed (\$97,704,784)
Estimated Net FTE Change on General Revenue	0 FTE	16 FTE	16 FTE

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
BLIND PENSION FUND			
<u>Revenue Loss</u> - \$137.099 -Childcare Facility property tax exemption if approved by voters (p.9)	\$0	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON BLIND PENSION FUND	\$0	\$0 or (Unknown)	\$0 or (Unknown)

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
LOCAL POLITICAL SUBDIVISIONS			
<u>Costs</u> - counties - administrative expense to exempt portions of property from taxation if approved by voters (p.9)	\$0	\$0 or (Unknown)	\$0 or (Unknown)
<u>Revenue Loss</u> - \$137.099- Childcare Facility property tax exemption* if approved by voters (p.9)	\$0	\$0 or (Unknown)	\$0 or (Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	\$0	\$0 or (Unknown)	\$0 or (Unknown)

FISCAL IMPACT – Small Business

Small childcare businesses could be impacted by this proposal.

FISCAL DESCRIPTION

SUCCESS TAX CREDIT

This bill establishes the "Supporting Use of Child Care for Economic Stability and Security Tax Credit".

Beginning January 1, 2025, an eligible taxpayer shall be allowed a nonrefundable tax credit equal to the employment-related expenses for up to two qualifying children, not to exceed:

- (1) Expenses of \$1,800 for each child who was under two years of age at any time during the tax year for which the tax credit is being sought; and
- (2) Expenses of \$1,200 for each child who was two years of age or older during all of the tax year and under six years of age at any time during the tax year for which the tax credit is being sought.

A tax credit under this proposal shall not be claimed by more than one taxpayer for the same child. This tax credit shall be nontransferable and nonrefundable, and shall not be carried back or forward to any other tax year.

CHILDCARE PROPERTY TAX EXEMPTION

The proposed legislation authorizes a property tax exemption for certain property used for child-care, contingent upon passage and approval by the voters of a constitutional amendment permitting a property tax exemption.

SAFE SLEEP POLICY

This bill adds a new provision providing that, for licensed child care facilities that provide care to children under one year of age, any costs incurred in the completion of required training on safe sleep policies may be paid by the employees or volunteers of the child care facility; the facility itself; a public or private third party; or the State, subject to appropriation.

REGISTRATION FORMS FOR CERTAIN CARE WORKERS

Currently, the Department of Health and Senior Services requires child-care workers, elder-care workers, personal-care workers, and mental health workers to register, as well as complete a criminal background check. The bill adds public or private third parties, as well as the State (subject to appropriation) to the list of eligible entities that may pay the costs of the background check.

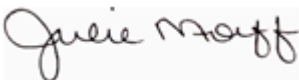
BACKGROUND CHECKS FOR CHILD CARE STAFF MEMBERS

This bill adds public or private third parties, as well as the State (subject to appropriation), to the list of eligible entities that may pay the cost of a criminal background check for a child care staff member prior to his or her employment or presence in a child care facility.

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 Social Services
State Tax Commission
Office of the Secretary of State
Joint Committee on Administrative Rules
Office of the State Auditor
Office of Administration – Budget & Planning
Department of Elementary and Secondary Education
Department of Economic Development
Department of Health and Senior Services
Department of Mental Health
Department of Labor and Industrial Relations
Department of Revenue
Department of Public Safety – Alcohol and Tobacco Control
Office of the State Public Defender
Oversight Division
Newton County Health Department
Lincoln County Assessor
Eureka Fire Protection District
Rolling Hills Consolidated Library
Callaway County SB 40 Board
City of Osceola
City of Kansas City
Kansas City Police Dept.
St. Louis County Police Dept
City of O’Fallon



Julie Morff
Director
February 23, 2024



Ross Strobe
Assistant Director
February 23, 2024