

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5044H.01I
 Bill No.: HB 2384
 Subject: Tax Credits; Taxation and Revenue - Sales and Use; Department of Revenue;
 Taxation and Revenue - General; Charities
 Type: Original
 Date: February 20, 2024

Bill Summary: This proposal extends the sunset provisions of the Diaper Bank Tax Credit.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue*	\$0	Could Exceed (\$169,164)	Could Exceed (\$169,164)
Total Estimated Net Effect on General Revenue	\$0	Could Exceed (\$169,164)	Could Exceed (\$169,164)

Oversight notes the estimated impact is based on the average tax credit issuance from 2021 to 2023. The impact could exceed this amount up to the annual program cap of \$500,000 annually.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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
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 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 135.621 Diaper Bank Tax Credit

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

This proposal extends the sunset on the diaper bank tax credit program from six years after August 28, 2018, to August 28, 2024. This will not have any additional fiscal impact.

DOR notes this program was adopted in 2018 and has a cap of \$500,000 annually. No changes have been made to the program since it started. For informational purposes, DOR is showing the issuances and redemptions over the course of the tax credit.

Year	Issued	Total Redeemed
FY 2023	\$136,018.86	\$150,009.87
FY 2022	\$182,018.00	\$122,610.97
FY 2021	\$189,453.90	\$137,330.65
FY 2020	\$189,628.19	\$40,082.23
FY 2019	\$0.00	\$0.00
FY 2018	\$0.00	\$0.00
TOTALS	\$697,118.95	\$450,033.72

Oversight notes this proposal extends the sunset date for this program. The average three years tax credit issuance was \$169,164 (round to nearest dollar) for FY 2021 to FY 2023. Therefore, Oversight will reflect an amount that could exceed \$169,164 annually effective FY 2026 and thereafter.

Officials from the **Office of Administration – Budget & Planning** and the **Department of Social Services** both assume 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 both organization.

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

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			
Costs - §§135.621 – Diaper Bank Tax Credit	\$0	Could Exceed (\$169,164)	Could Exceed (\$169,164)
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0	Could Exceed (\$169,164)	Could Exceed (\$169,164)

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	\$0	\$0	\$0

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

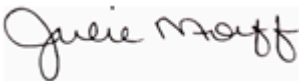
FISCAL DESCRIPTION

This bill reauthorizes the provisions of the Diaper Bank Tax Credit by extending the sunset date to December 31, 2030.

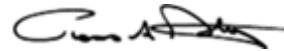
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Office of Administration – Budget & Planning
Department of Social Services
Oversight Division
Joint Committee on Administrative Rules
Office of the Secretary of State



Julie Morff
Director
February 20, 2024



Ross Strobe
Assistant Director
February 20, 2024