

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0797S.06F  
Bill No.: SS for SCS for HB 121  
Subject: Children and Minors; Tax Credits  
Type: Original  
Date: May 8, 2025

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Bill Summary: This proposal modifies provisions relating to services for new families.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	More or Less than (\$149,382)	More or Less than (\$5,404,932)	More or Less than (\$5,467,489)
<b>Total Estimated Net Effect on General Revenue</b>	<b>More or Less than (\$149,382)</b>	<b>More or Less than (\$5,404,932)</b>	<b>More or Less than (\$5,467,489)</b>

\***Oversight** reflects costs for \$5 million tax credit adjusted annually by CPI in Section §135.315 until it reaches \$75 million. (Oversight is assuming a 2% annual growth) as well as costs for DOR (1) FTE, and STO (1) FTE.

\*§453.650 reflects a transfer to the Zero-Cost Adoption Fund.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Safe Place for Newborns Fund*	\$0	\$0	\$0
"Zero-Cost Adoption Fund"***	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\***Oversight** assumes funds in the Safe Place for Newborns Fund will be disbursed in the same year it is received. Therefore, Oversight will reflect the income and expenses to the fund as “\$0 to Unknown” and net to \$0. Because the total amount available to the fund from state sources and donations under such a match program shall be up to \$10,000 for each newborn safety incubator installed, Oversight assumes income and expenses of under \$250,000 annually.

\*\*\*Distributions and transfers net to zero.

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
General Revenue	0 FTE	Up to 2 FTE	Up to 2 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>0 FTE</b>	<b>Up to 2 FTE</b>	<b>Up to 2 FTE</b>

☒ 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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2026</b>	<b>FY 2027</b>	<b>FY 2028</b>
Local Government Entities*	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<b>Local Government</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>	<b>\$0 to Unknown</b>

\*The total amount available to the fund from state sources and donations under such a match program shall be up to \$10,000 for each newborn safety incubator installed.

## FISCAL ANALYSIS

### ASSUMPTION

#### §135.315 – Zero-Cost Adoption Fund Act

Officials from the **Department of Revenue (DOR)** assume this proposal will allow a qualified taxpayer to claim a tax credit equal to 100% of a contribution made to the fund. This proposal does not clearly identify which fund these contributions are to be made to in order to get the credit.

The tax credit is to be certified by the State Treasurer and is not to exceed 50% of a taxpayer's state liability in the year the credit is claimed. The credit is not transferable, sellable or refundable. The credit can be carried forward for four years. DOR assumes that the State Treasurer is to certify the contribution amount made and the issuance of a tax credit certificate.

This proposal says that the cumulative amount of credits shall not exceed \$5 million in the first year. The cap shall be annually adjusted by the CPI until it reaches \$75 million, where the cap will remain. Additionally, this proposal states that the credits are to be issued on a first-come, first-served basis according to rules established by the Department. However, this proposal does not identify which Department is to handle the credits. DOR assumes that since the State Treasurer is to certify the credits, they will keep track of the cap and not distribute more credits than allowed under the cap.

DOR notes that this becomes effective on January 1, 2026, and the first time the credit can be claimed on the tax return would be January 2027 (FY 2027). DOR uses a 2% inflation rate when calculating the fiscal notes. This will result in the following impact.

Fiscal Year	Loss to General Revenue
2026	\$0
2027	(\$5,000,000)
2028	(\$5,100,000)
2029	(\$5,202,000)

\*Increasing to \$75 million in future years

This proposal creates a new tax credit that would require a new line being added to the Form MO-TC (\$2,200), updates to the Department website and changes to the DOR individual income tax computer system (\$1,832). These changes are estimated to cost \$4,032. DOR's existing tax credit staff is no longer able to take on any additional tax credits without additional resources. Due to the intensive knowledge of credits that is needed DOR is not able to use temporary staff to help with processing these returns. This proposal would require at least 1 FTE Associate Customer Service Rep at a salary of \$37,020.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the estimated impact by DOR in the fiscal note.

In response to a similar proposal, HCS for HB Nos. 1012 & 1376 (2025), officials from the **Office of the State Treasurer (STO)** assumed Section 4 requires STO to certify tax credits. Section 5 makes it unclear who “The department” refers to. Section 6 & 7 also require the STO to implement some of the procedures for the tax credits.

In response to a similar version of the bill, HCS for HB 2547 (2024), the **STO** assumed the amount of the tax credit claimed shall not exceed fifty percent of the qualified taxpayer's state tax liability for the tax year for which the credit is claimed. The state treasurer shall certify the tax credit amount to the qualified taxpayer. A qualified taxpayer may carry the credit forward to any of such taxpayer's four subsequent tax years. All tax credits authorized under this section shall not be transferred, sold, assigned, or otherwise conveyed, and are not refundable.

The state treasurer shall provide a standardized format for a receipt to be issued to a qualified taxpayer to indicate the value of a qualifying contribution received. The department of revenue shall require a qualified taxpayer to provide a copy of this receipt if claiming the tax credit authorized by this section.

The state treasurer and the department of revenue shall promulgate all necessary rules and regulations for the administration of this section including, but not limited to, rules relating to the verification of a taxpayer's qualifying contribution.

In addition, STO states they do not have access to tax credit information. If the wording does not get changed, then there will be financial impact, as it would require additional processes be put in place. The financial impact is unknown. The STO may require an FTE.

**Oversight** notes the STO assumes the need for up to 1 FTE, Processing Clerk at \$42,000 annually. Therefore, Oversight will reflect the STO estimated impact in the fiscal note effective FY 2027.

#### §453.650 – Establishment of Zero-Cost Adoption Fund

Officials from the **Department of Revenue (DOR)** assume this proposal creates a new state fund called the Zero-Cost Adoption Fund that is to receive money appropriated by the general assembly and any gifts, bequests and donations. This proposal states how the money in this fund can be spent. This proposal allows DSS to create rules on the uses of the funding. DOR assumes no impact from the creation of the fund.

**Oversight** assumes this proposal creates the Zero-Cost Adoption Fund. For simplicity, Oversight assumes all funds will be utilized in the year in which they were received.

**Oversight** will reflect a donation from general revenues, bequest, and donations range from a zero (no donation was appropriated into the fund) to an unknown amount (donation was appropriated from the general revenues) into the Zero Cost Adoption Fund in FY 2027 and thereafter.

In response to a similar proposal, HCS for HB Nos. 1012 & 1376 (2025), officials from the **Department of Social Services** assumed the proposal would have no fiscal impact on their organization.

**Oversight** notes the proposal, §453.650.1 denotes the Department of Social Services may promulgate all necessary rules and regulations for the administration of this section.

**Oversight** notes the DSS, via additional conversations through e-mail in response to the similar proposal, HCS for HB 2547 (2024), stated it was able to absorb the impact with existing staff.

**Oversight** assumes DSS is provided with core funding to handle a certain amount of activity each year. Oversight assumes DSS could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DSS could request funding through the appropriation process.

#### §135.600 - Maternity Home Tax Credit

Officials from the **Department of Revenue (DOR)** assume this proposal modifies the Maternity Home tax credit program. The Maternity Home Tax Credit program gives a taxpayer who makes a contribution to a maternity home a tax credit equal to 70% of the contribution amount.

This tax credit was created in 1997 and given a \$2 million cap. The cap was raised to \$2.5 million in 2014 and was raised again to \$3.5 million in 2021. The cap was removed starting July 1, 2022.

For informational purposes they are providing the amount issued and redeemed for this credit.

Year	Issued	Total Redeemed
FY 2024	\$5,224,936.69	\$3,656,629.17
FY 2023	\$5,224,936.69	\$2,987,535.91
FY 2022	\$2,443,743.68	\$2,234,748.48
FY 2021	\$2,625,830.84	\$2,658,767.57

FY 2020	\$2,678,033.86	\$2,263,523.03
FY 2019	\$2,390,514.11	\$1,538,938.55
FY 2018	\$2,499,951.44	\$2,098,721.06
FY 2017	\$2,482,713.51	\$2,422,510.02
FY 2016	\$2,499,405.47	\$1,657,322.88
FY 2015	\$2,104,022.19	\$1,511,157.00
FY 2014	\$1,810,789.52	\$2,051,027.90
FY 2013	\$1,999,957.83	\$1,138,969.33

This proposal would not allow a single taxpayer to receive more than \$100,000 in tax credits annually. This is not expected to result in any additional impact to the state.

**Oversight** notes this proposal, §135.600 3., allows taxpayers to redeem \$100,000 per tax year (previously, the cap was \$50 thousand dollars per tax year). The change to the higher amount of allowable tax credit funds per taxpayer could increase the amount of redemption each year. Therefore, **Oversight** will reflect an unknown cost in the fiscal note.

#### §135.621 Diaper Bank Tax Credit

Officials from the **Department of Revenue (DOR)** assume this proposal modifies the diaper bank tax credit program by restarting the program and extending the sunset clause. The credit sunset December 31, 2024, and this proposal would extend the sunset clause language date.

DOR notes this program was adopted in 2018 and had 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	Authorized	Issued
FY 2024	\$173,152.90	\$173,152.90
FY 2023	\$136,018.86	\$136,018.86
FY 2022	\$182,018.00	\$182,018.00
FY 2021	\$189,453.90	\$189,453.90
FY 2020	\$189,628.19	\$189,628.19
FY 2019	\$0.00	\$0.00
FY 2018	\$0.00	\$0.00

This proposal would be restarting the program which would result in a cost of \$500,000 annually. Additionally, it would require us to update their computer program at a cost of \$1,832.

In response to a similar/identical bill, SB 95 (2025), officials from the **Office of Administration – Budget & Planning (B&P)** assumed his proposal would restart the diaper bank credit, makes various definition changes, increases the amount of credits that may be redeemed each year, and removes the sunset provision. In FY24, \$175,525 was redeemed for this tax credit program.

This proposal would restart this tax credit, keeping the current annual redemption limit of \$500,000. Therefore, B&P estimates that this provision could reduce TSR and GR by \$175,525 to \$500,000 per year starting FY26.

**Oversight** notes the following for the Diaper Bank Tax Credit:

Year	Authorized	Issued	Redeemed
FY 2024	\$173,153	\$173,153	\$175,525
FY 2023	\$136,019	\$136,016	\$150,010
FY 2022	\$182,018	\$182,018	\$122,611
FY 2021	\$189,454	\$189,454	\$137,331
FY 2020	\$189,628	\$189,628	\$40,082

\*Source: Tax Credit Analysis Forms – January 2025 submission

**Oversight** notes this proposal extends the sunset date for this program. The average, based on the three-year tax credit redemption, was \$149,382 ( $\$175,525 + \$150,010 + \$122,611 / 3$ ), rounded to nearest dollar, for FY 2022 to FY 2024.

**Oversight** also notes this section currently allows sunset as of December 31, 2024; however, this proposal extends the sunset to December 31, 2031 (FY 2032). Therefore, Oversight will reflect the potential full impact of the tax credit cap, as an average of \$149,382, in continued costs to general revenue in FY 2026 and thereafter.

#### §210.950 - "Safe Place for Newborns Fund"

In response to a previous version, officials from the **Fruitland Area Fire Protection District** stated that, although this legislation would have no serious fiscal impact to their organization, it could assist agencies to offset the costs involved with installation of these devices and get more of these lifesaving devices in the State.

**Oversight** does not have any information to the contrary. Therefore, Oversight assumes the Fruitland Area Fire Protection District will not require any additional staff or resources and will reflect no fiscal impact to the Fruitland Area Fire Protection District for fiscal note purposes.

Officials from the **Department of Health and Senior Services (DHSS)** assume no fiscal impact from this proposal.

However, in response to a previous version, DHSS stated § 210.950.13(1) creates the Safe Place for Newborns Fund, consisting of consist of moneys appropriated by the general assembly from general revenue and any gifts, bequests, or donations.

Section 210.950.14 creates a program providing matching funds for the installation of newborn safety incubators, up to \$10,000 per installed incubator.

It is assumed that the Department can absorb the costs of this bill with current resources. However, if the workload significantly increased or other legislation was enacted, additional resources would be requested through the appropriation process.

**Oversight** assumes DHSS is provided with core funding to handle a certain amount of activity each year. Oversight assumes DHSS could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DHSS could request funding through the appropriation process. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

**Oversight** notes that, according to an article by Anna Claire Vollers published in the Missouri Independent on February 28, 2024:

*In Missouri, a newborn girl was anonymously surrendered to a drop-off box two weeks ago [February 2024] at a Mehlville Fire Protection District station in St. Louis County... It was the first time a drop-off box was used in Missouri since a law legalizing them was passed in 2021.*

*The initial cost of a baby box is about \$20,000. That price includes the leasing of the box from Safe Haven Baby Boxes, which owns the patent and contracts with a manufacturer, as well as costs for installation, electrical and alarm system hookups, and staff training on how to use it. There's also a \$500 annual service fee, paid to Safe Haven Baby Boxes, to ensure the box continues working properly.*

**Oversight** is uncertain how much would be appropriated and transferred into the Safe Place for Newborns Fund, if any, but notes the total amount available to the fund from state sources under such a match program shall be up to ten thousand dollars for each newborn safety incubator installed. Oversight assumes a fiscal impact of “\$0 to Unknown” for the transfer from General Revenue and assumes the transfer is not likely to exceed the \$250,000 threshold annually.

**Oversight** assumes funds in the Safe Place for Newborns Fund will be disbursed in the same year it is received. Therefore, Oversight will reflect the income and expenses to the fund as “\$0 to Unknown” and net to \$0.

Responses regarding the proposed legislation as a whole



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

Officials from the **Department of Corrections** and the **Kansas City Police Department** 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.

In response to a previous version, officials from the **Department of Social Services**, the **Oversight Division**, the **Phelps County Sheriff's Department**, the **Branson Police Department**, and the **St. Louis County Police Department**, each assumed the proposal would 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.

**Oversight** only reflects the responses received from state agencies and political subdivisions; however, other sheriffs' departments, police departments, fire protection districts, emergency services agencies and hospitals 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.

In response to a previous version, officials from the **Office of the Secretary of State (SOS)** noted 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 2026 (10 Mo.)	FY 2027	FY 2028
<b>GENERAL REVENUE</b>			

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<u>Transfer Out – (\$210.950) To the Safe Place for Newborns Fund</u>	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Transfer - Out – (\$453.650.1) Any appropriations from General Revenue to the "Zero-Cost Adoption Fund"</u>	\$0	\$0 to (Unknown)	\$0 to (Unknown)
<u>Costs – DOR (§135.315) "Zero-Cost Adoption Fund Act"</u>			
Personnel Service	\$0	(\$37,760)	(\$38,516)
Fringe Benefits	\$0	(\$30,926)	(\$31,229)
Expense & Equipment	\$0	(\$13,463)	(\$582)
<u>Total Costs – DOR</u>	\$0	(\$82,149)	(\$70,327)
FTE Change	0 FTE	1 FTE	1 FTE
<u>Costs – STO (§135.315. 4 to 7) Implementation of various provisions of the - "Zero-Cost Adoption Fund Act"</u>	Up to...	Up to...	Up to...
Personnel Service	\$0	(\$42,840)	(\$43,697)
Fringe Benefits	\$0	(\$32,962)	(\$33,306)
Expense & Equipment	\$0	(\$15,000)	(\$0)
<u>Total Costs – STO</u>	\$0	(\$90,802)	(\$77,003)
FTE Change	0 FTE	Up to 1 FTE	Up to 1 FTE
<u>Costs – DOR (§135.600) Maternity Home Tax Credit</u>	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs – DOR (§135.621) Diaper Bank Tax Credit</u>	More or less than (\$149,382)	More or less than (\$149,382)	More or less than (\$149,382)
<u>Loss – DOR (§135.315.5 (1)) "Zero-Cost Adoption Fund Act" tax credits and CPI adjustment in FY 2028</u>	\$0	\$0 to (\$5,000,000)	\$0 to (\$5,100,000)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>More or Less than (\$149,382)</u></b>	<b><u>More or Less than (\$5,404,932)</u></b>	<b><u>More or Less than (\$5,467,489)</u></b>

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
Estimated Net FTE Change on General Revenue	0 FTE	Up to 2 FTE	Up to 2 FTE
<b>SAFE PLACE FOR NEWBORNS FUND</b>			
<u>Transfer In</u> - (\$210.950) From General Revenue Fund	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Income</u> – (\$210.950) From Gifts, Contributions, Grants, Bequests, etc.	\$0 to <u>Unknown</u>	\$0 to <u>Unknown</u>	\$0 to <u>Unknown</u>
<u>Transfer Out</u> - (\$210.950) Disbursed to entities that install incubators	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>	\$0 to <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON THE SAFE PLACE FOR NEWBORNS FUND*</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>ZERO COST ADOPTION FUND</b>			
<u>Transfer-In</u> – (\$453.650.1) "Zero-Cost Adoption Fund" – General Assembly	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Revenue Gain</u> – (\$453.650.1) "Zero-Cost Adoption Fund" – gifts, grants, donation, & bequests	\$0	\$0 to \$5,000,000	\$0 to \$5,100,000
<u>Costs</u> – (\$453.650.4) Various adoption related services	\$0	\$0 to Could Exceed <u>(5,000,000)</u>	\$0 to Could Exceed <u>(5,100,000)</u>
<b>ESTIMATED NET EFFECT ON ZERO COST ADOPTION FUND*</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

\* Oversight assumes all funds will be utilized in the year in which they were received.

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
<b>LOCAL GOVERNMENT ENTITIES</b>			
<u>Transfer In</u> - (§210.950) Reimbursement from the Safe Place for Newborns Fund to install incubators	\$0 to <u>Unknown</u>	\$0 to <u>Unknown</u>	\$0 to <u>Unknown</u>
<b>ESTIMATED NET EFFECT TO LOCAL GOVERNMENT ENTITIES</b>	<b>\$0 to <u>Unknown</u></b>	<b>\$0 to <u>Unknown</u></b>	<b>\$0 to <u>Unknown</u></b>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill establishes a fund and an accompanying tax credit known as the "Zero-Cost Adoption Fund Act". There is created in the State Treasury the "Zero-Cost Adoption Fund", which will be administered by the Department of Social Services and of which moneys must be used to: (1) Support Missouri residents in paying for nonrecurring adoption expenses; (2) Provide post-adoption assistance; (3) Promote adoption and recruit potential adoptive families; (4) Support community-based intervention methods to prevent children from entering foster care; and (5) Award grants to implement adoption-sensitive care services in health care settings.

Priority shall be given to adoptions of children out of foster care, though funds may be used for in-state or out-of-state adoptions provided that the person seeking to adopt a child is a Missouri resident. (§§ 135.315 & 453.650)

This bill changes the tax credit provisions as they relate to maternity homes and diaper banks. (§§ 135.600 & 135.621)

The bill creates the "Safe Place for Newborns Fund" and provides that the state of Missouri will match moneys from the General Revenue Fund, in the amount of up to \$10,000 per installation of newborn safety incubators. (§ 210.950)

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

Budget and Planning  
Department of Corrections  
Department of Health and Senior Services  
Department of Revenue  
Department of Social Services  
Joint Committee on Administrative Rules  
Office of the Secretary of State  
Office of the State Treasurer  
Oversight Division  
Phelps County Sheriff's Department  
Branson Police Department  
Kansas City Police Department  
St. Louis County Police Department  
Fruitland Area Fire Protection District



Julie Morff  
Director  
May 8, 2025



Jessica Harris  
Assistant Director  
May 8, 2025