

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4090H.02I  
Bill No.: HB 2039  
Subject: Tax Credits; Taxation and Revenue - Income; Department of Revenue; Tax Incentives  
Type: Original  
Date: January 7, 2026

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Bill Summary: This proposal authorizes a tax credit for certain volunteer drivers.

**FISCAL SUMMARY**

**ESTIMATED NET EFFECT ON GENERAL REVENUE FUND**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue*	\$0	Up to (\$1,091,256)	Up to (\$1,099,598)
<b>Total Estimated Net Effect on General Revenue</b>		<b>Up to (\$1,091,256)</b>	<b>Up to (\$1,099,598)</b>

\*Oversight notes the above fiscal impact represents the maximum allotted tax credit cap of \$1 million in FY 2028 (adjusted by the CPI increase/decrease annually, thereafter) and (1) FTE for the Department of Revenue.

**ESTIMATED NET EFFECT ON OTHER STATE FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Total Estimated Net Effect on Other State Funds</b>		<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

**ESTIMATED NET EFFECT ON FEDERAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Total Estimated Net Effect on All Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	0 FTE	1 FTE	1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>0 FTE</b>	<b>1 FTE</b>	<b>1 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.

**ESTIMATED NET EFFECT ON LOCAL FUNDS**

FUND AFFECTED	FY 2027	FY 2028	FY 2029
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

#### **§135.2555 - Tax Credit for Certain Volunteer Drivers**

Officials from the **Department of Revenue (DOR)** assume this proposal attempts to provide a tax credit for people who volunteer to support a qualified organization. This proposal starting January 1, 2027, creates a tax credit for all volunteer drivers as defined in this proposal, in the amount of the standard business mileage rate published by IRS for the tax year in which the tax credit is claimed but not to exceed \$3,000. This proposal says that a taxpayer shall not claim a tax credit for any miles driven to the extent the taxpayer has claimed a deduction or any other tax benefit for federal tax purposes, or for which the taxpayer has received reimbursement from a qualified organization.

This newly created tax credit would have an annual cap of \$1,000,000 a year, which is to be adjusted annually for inflation based on the Consumer Price Index for All Urban Consumers in future years. This proposal would allow both the tax credit amount and taxpayer limit to be CPI adjusted under this proposal.

This tax credit is not refundable, transferable, sellable, or assignable. This credit can, however, be carried forward for three subsequent years or until the credit is fully claimed. This tax credit will automatically be sunset on December 31, 2032.

This credit will result in a loss to general revenue of \$1,000,000 starting in FY 2028, the first year the tax credit will be claimed on a tax return. For fiscal note purposes, DOR uses a 2% inflation rate for calculating future years credit limit.

Fiscal Year	Loss in Revenue
FY 27	\$0.00
FY 28	(\$1,000,000)
FY 29	(\$1,020,000)
FY 30	(\$1,040,400)

This proposal creates a new tax credit that would require a new line being added to the Form MO-TC and updates to Department website (\$2,200). This would also require changes to the individual income tax computer system (\$1,887). These changes are estimated to cost \$4,087. 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 the 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 \$42,953 (including the year of service pay).

**Oversight** notes DOR assumes the need for one (1) Associate Customer Service Rep at a salary of \$42,953. Oversight does not have any information to the contrary. Therefore, Oversight will reflect the estimated cost of FTE in the fiscal note.

Additionally, the DOR requests a one-time cost of \$4,087 for website income-tax changes and updates to comply with the proposed language; however, Oversight notes that DOR receives appropriation for routine website updates and will not show those costs in the fiscal note.

Officials from the **Office of Administration – Budget and Planning (B&P)** assume beginning with tax year 2027, a taxpayer may claim a tax credit equal to the standard business mileage reimbursement rate, up to \$3,000 in total, as a volunteer for a non-profit organization. This credit shall sunset August 28, 2032, unless reauthorized.

B&P notes that the tax year 2025 standard business mileage rate published by the IRS is \$0.70 per mile. B&P further notes that this amount is adjusted annually.

In addition, this proposal allows the \$3,000 per taxpayer maximum to be adjusted annually for inflation.

The tax credits shall be non-refundable, cannot be sold, transferred, or assigned, but may be carried forward for three years. A taxpayer may not claim this credit if they are also claiming a federal deduction / credit for the same mileage or if the non-profit organization has reimbursed them for the mileage.

The total amount of tax credits authorized shall be \$1 million, adjusted annually for inflation. Table 1 shows the potential tax credit limits, assuming 2% annual inflation.

Tax Year	Per Mile	Max Per Taxpayer	Max Annual Authorizations
2025	\$0.70		
2026	\$0.71		
2027	\$0.72	\$3,000	\$1,000,000
2028	\$0.73	\$3,060	\$1,020,000
2029	\$0.74	\$3,121	\$1,040,400
2030	\$0.75	\$3,183	\$1,061,208
2031	\$0.77	\$3,247	\$1,082,432
2032	\$0.79	\$3,312	\$1,104,081

*\*Assumes 2% annual inflation.*

B&P notes that while the tax credit begins for tax year 2027, taxpayers will not claim the credit until FY28 when they file their annual income tax return. Therefore, B&P estimates that this proposal could reduce TSR and GR by up to \$1,000,000 in FY28. By FY33, this proposal could reduce TSR and GR by up to \$1,104,081 annually.

**Oversight** notes that there is at least one such company in Missouri. The New Growth Transit, a network of volunteer drivers providing free rides for residents in west central Missouri, including Bates, Benton, Cass, Cedar, Dallas, Henry, Hickory, Morgan, Polk, St. Clair, and Vernon counties.

Additionally, a recent news report titled [Volunteers provide 1M miles to connect rural Missourians with essential services](#) on the KCTV 5 website stated that in just 10 months, more than 1 million miles of free rides have been given to Missouri residents. The organization, which includes a network of about 70 drivers, shuttles residents to healthcare, employment, or food services.

Oversight notes that if 70 drivers elected to take advantage of the tax credit, under the proposal, the volunteers could claim up to \$210,000 ( $70 \times \$3,000 = \$210,000$ ).

Oversight is unsure of how many organizations there are in Missouri that would utilize this tax credit. Therefore, Oversight will reflect the maximum impact of the allotted tax credit cap each year (\$1M), including the CPI increase annually.

The **Oversight Division** is responsible for providing a Sunset Report pursuant to Section 23.253 RSMo; however, Oversight can 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 2027 (10 Mo.)	FY 2028	FY 2029
<b>GENERAL REVENUE</b>			
		Up to...	Up to...
Cost – DOR ( <u>§135.2555</u> ) p.4	\$0	(\$43,812)	(\$44,688)
Personnel Service	\$0	(\$33,957)	(\$34,310)
Fringe Benefits	\$0	(\$13,487)	(\$600)
Total Costs – DOR	\$0	(\$91,256)	(\$79,598)
FTE Change - DOR	0 FTE	1 FTE	1 FTE
Cost – ( <u>§135.2555</u> ) Tax credit for volunteer drivers p.4-5	\$0	(\$1,000,000)	(\$1,020,000)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<u>\$0</u>	<u>Up to (\$1,091,256)</u>	<u>Up to (\$1,099,598)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### FISCAL IMPACT – Small Business

A direct fiscal impact to small businesses who participate in the tax credit would be expected as a result of this proposal.

### FISCAL DESCRIPTION

For all tax years beginning on or after January 1, 2027, this bill authorizes a taxpayer to claim a tax credit in an amount equal to federal mileage reimbursement rate, but not to exceed \$3,000, for providing qualified transportation as a volunteer driver, as defined in the bill, for a not-for-profit organization. The amount of the tax credit must be adjusted annually for inflation. Tax credits authorized by the bill are not refundable and cannot be transferred, sold, or assigned, but may be carried forward for three tax years. A taxpayer cannot claim a credit for any miles driven to the extent the taxpayer has claimed a deduction or any other tax benefit for federal tax purposes, or for which the taxpayer has received reimbursement from a qualified organization. The total amount of tax credits authorized by the bill must not exceed \$1 million in any fiscal year, with the amount adjusted annually for inflation. This bill sunsets on December 31, 2032. 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  
Joint Committee on Administrative Rules  
Oversight Division  
Office of Administration – Budget & Planning  
Office of the Secretary of State



Julie Morff  
Director  
January 7, 2026



Jessica Harris  
Assistant Director  
January 7, 2026