

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4980H.011
 Bill No.: HB 1782
 Subject: Tax Credits; Taxation and Revenue - Income; Taxation and Revenue - General;
 Department of Revenue; Food; Charities
 Type: Original
 Date: March 13, 2026

Bill Summary: This proposal removes the sunset provisions of the "Donated Food" Food Pantry Tax Credit.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
General Revenue	\$0	Up to (\$1,750,000)	Up to (\$1,750,000)
Total Estimated Net Effect on General Revenue	\$0	Up to (\$1,750,000)	Up to (\$1,750,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

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

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
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 2027	FY 2028	FY 2029
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§135.647 - “Donated Food” Food Pantry Tax Credit

Officials from the **Department of Revenue (DOR)** assume that starting August 28, 2026, this proposal will remove the sunset language from the food pantry tax credit allowing it to continue into the future.

The food pantry tax credit program is an apportioned tax credit, and it has been apportioned the last several years from claims exceeding the cap. Currently the cap is set at \$1,750,000.

For informational purposes, the Department notes the Food Pantry tax credit program was created in 2007 and it had a sunset. In 2013, the sunset was extended, and the cap was lowered to \$1,250,000. Then in 2014, the cap was increased to its current \$1,750,000. In 2018, the sunset was extended until 2026. Below is information on the authorization, issuance and redemption of the credits over the last few years.

Year	Redeemed
FY 2025	\$1,697,778.00
FY 2024	\$1,749,996.00
FY 2023	\$1,749,990.00
FY 2022	\$1,749,992.00
FY 2021	\$1,749,992.00
FY 2020	\$1,131,882.00
FY 2019	\$1,380,894.00
FY 2018	\$1,679,924.00
FY 2017	\$1,584,566.00
FY 2016	\$1,155,480.00
FY 2015	\$1,118,866.00
FY 2014	\$840,234.00
FY 2013	\$72,822.00
FY 2012	\$796,156.10

Since this is an existing credit DOR already has the forms and procedures in place. DOR will need to update the computer programming for the removal of the sunset date which is estimated at \$1,887.

Oversight notes that 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.

Oversight notes that by removing the Sunset language, the tax credit will continue each year after December 31, 2026 (claimed in FY27); therefore, **Oversight** will reflect the continuing cost of the tax credit (up to the cap) to general revenue, beginning in tax year 2027 (FY28).

Oversight, for information purposes, provides more detailed tables retrieved from the Sunset Review conducted by Oversight in 2025.

The table below provides total corporate and individual redemptions for the past five fiscal years. Note: The fiscal year cap was met in FY 2021, FY 2022, FY 2023 and FY 2024.

Year	Corporate	Individual	Total Redemptions
FY 2025	\$5,435	\$1,662,122	\$1,667,577
FY 2024	\$0	\$1,749,996	\$1,749,996
FY 2023	\$6,181.38	\$1,743,808.62	\$1,749,990
FY 2022	\$5,073	\$1,744,919	\$1,749,992
FY 2021	\$2,520	\$1,747,472	\$1,749,992

*Source: Department of Revenue

The table below provides the total number of Donated Food Tax Credit participants and the average dollar amount of tax credit issued per fiscal year.

	Participants	Average Tax Credit Issued
FY 2025	3,136	\$531.75
FY 2024	2,743	\$637.99
FY 2023	3,969	\$440.91
FY 2022	3,195	\$547.73
FY 2021	3,183	\$549.79

*Source: Department of Revenue

If the cumulative total exceeds the fiscal year cap, the tax credits are apportioned. The apportionment percentage is determined by the Department of Revenue by taking the fiscal year cap divided by the full amount claimed. The cap was met in FY 2021 - FY 2024 requiring the Department of Revenue to reduce the credit accordingly.

Officials from the **Office of Administration – Budget & Planning** assume this proposal would extend/remove the sunset provision of the Food Pantry tax credit. As this is only a sunset extension, this proposal will not impact TSR, the calculation under Article X, Section 18(e), or B&P.

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.

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

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
GENERAL REVENUE			
Cost - (\$135.647) Removes sunset language for the Food Pantry Tax Credit p.4	\$0	Up to (\$1,750,000)	Up to (\$1,750,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0	Up to (\$1,750,000)	Up to (\$1,750,000)

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

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill repeals the sunset on the existing food pantry tax credit, which is set to expire on December 31, 2026.

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
Department of Revenue
Joint Committee on Administrative Rules
Office of the Secretary of State
Oversight Division



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March 13, 2026



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March 13, 2026